

F I S C A L Y E A R

2020

T H R O U G H

2024

S T R A T E G I C

PLAN

**Federal Student Aid**  
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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the AMERICAN MIND®

## U.S. Department of Education

**Betsy DeVos**

Secretary

## Federal Student Aid

**Mark A. Brown**

Chief Operating Officer

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# CONTENTS

## **05 Letter from the Chief Operating Officer**

## **09 Organization Overview**

## **14 Trends in the Federal Student Aid Environment**

- 15 The size and performance of FSA's portfolio of loans has direct implications for taxpayers.
- 21 Students are making high-impact financial decisions without the benefit of adequate financial knowledge.
- 25 Digital fluency and mobile ubiquity are driving new service expectations among customers.
- 28 Increased volume of student data has created new opportunities, obligations, and risks.

## **31 Updating the FSA Mission: Keeping the Promise**

## **39 FSA's Future Goals and Objectives**

- 40 Empower a High-Performing Organization
- 44 Provide World-Class Customer Experience to the Students, Parents, and Borrowers We Serve
- 50 Increase Partner Engagement and Oversight Effectiveness
- 54 Strengthen Data Protection and Cybersecurity Safeguards
- 57 Enhance the Management and Transparency of the Portfolio

## **63 Performance Measures**

## **71 Relationship to the Department of Education Strategic Plan**

## **73 Evaluating Progress**

# EMPOWER

A HIGH-PERFORMING  
ORGANIZATION

# PROVIDE

WORLD-CLASS CUSTOMER EXPERIENCE  
TO THE STUDENTS, PARENTS, AND  
BORROWERS WE SERVE

# INCREASE

PARTNER ENGAGEMENT  
AND OVERSIGHT EFFECTIVENESS



# STRENGTHEN

DATA PROTECTION AND  
CYBERSECURITY SAFEGUARDS

# ENHANCE

THE MANAGEMENT AND  
TRANSPARENCY OF  
THE PORTFOLIO

## LETTER FROM THE CHIEF OPERATING OFFICER

### DEAR COLLEAGUES, PARTNERS, CUSTOMERS, AND FEDERAL STUDENT AID FAMILY:

Since being appointed Chief Operating Officer of the U.S. Department of Education's (ED) office of Federal Student Aid (FSA) in March 2019, I have been humbled by our mission, excited about our strategies, and eager to take on the challenges that lie ahead. Mostly, I have been blown away by FSA's collective dedication to the crucial higher education work it performs to serve our country's students and families.

I am pleased to present FSA's *Five-Year Strategic Plan for Fiscal Years 2020–24 (Five-Year Plan)*. This plan establishes ambitious goals and objectives to ensure that we continue to provide access to higher education regardless of one's past educational experiences or socioeconomic status.

Our mission—Keeping the Promise: Funding America's Future, One Student at a Time—is deeply rooted in the *Higher Education Act of 1965*, as amended (*HEA*). For more than 50 years, the ideals that frame this law have permeated every segment of our economy, society, and our pursuit of knowledge.

In the early 1960s, America was a different place: just 1 in 10 adults graduated from college, 19 percent of American families lived in poverty, and the median income barely surpassed \$6,000. The average annual cost of one year at a public college was just under \$1,000, yet completely out of reach for many Americans.

That's when, by signing the *HEA*, President Lyndon B. Johnson made a promise to “swing open a new door for the young people of America ... the door to education.”

Presently, in large part due to the dedication of our employees and partners, three times more Americans receive degrees, the poverty rate has been almost cut in half, and the median income has grown by 1,000 percent. However, we also recognize that a college degree, by itself, is no longer the symbolic marker it once was. This is demonstrated by the numerous college graduates who are underemployed or unemployed, unable to pay back their student loans, and who are in default or are unable to adequately pay down their loan principal.

Today's average \$20,000-price tag for one year of tuition, fees, room, and board at a public four-year institution of higher education outpaces inflation, leaving too many students and families with considerable financial decisions. As costs rise, so too does the demand for federal student aid to pursue educational dreams. Each year, FSA provides more than \$120 billion in federal loans, grants, and workstudy funds to approximately 10 million students attending nearly 5,700 institutions.

While expanding access continues to be our goal, we are cognizant of the size of the federal student loan portfolio, which now exceeds \$1.5 trillion. Stewardship of such a vast portfolio requires steady leadership, active management, and transparency. Through internal portfolio analytics and feedback from our stakeholders, we recognize there is room to improve our programs, products, services, and operations.

Using our insights and stakeholder input, we launched Next Gen FSA. This initiative will transform nearly every aspect of the federal student aid programs. It will streamline our student aid systems and processes, strengthen cybersecurity, and, over time, save taxpayer dollars by making our operations more efficient. We have begun to modernize the way we connect with our customers, allowing us to meet them where they are in today's digital world. Through Next Gen FSA, we will provide customers with the necessary financial tools and literacy to help them make practical plans, leading to more informed borrowing, less long-term debt, and better repayment outcomes.

The need for both financial assistance and guidance has never been greater. The cost of college continues to climb, well outpacing the median household income. For this reason, more students and families must turn to loans to cover costs. In addition, support for public policy intended to assist students with their college debt has increased oversight requirements. FSA's *Five-Year Plan* will be our roadmap to meet existing and new requirements, operationalize Next Gen FSA, and support our millions of customers.

This plan reflects our efforts to create a more student-focused, agile, and transparent organization that is better equipped to fulfill our mission. Operating in the 21st century means that we must be able to respond quickly to our customers' needs, as well as shifts in public policy. In March 2020, COVID-19, a global pandemic, increased FSA's need to be responsive to students, parents, borrowers, institutions, and other higher education stakeholders.

During the COVID-19 pandemic, we reaffirmed our commitment to customer

service, continued our Next Gen FSA transition to an improved digital environment, and worked to instill a stronger culture of performance with our loan servicers. Working closely with our partners we were able to quickly ensure our student loan servicers were 100% compliant with the *Coronavirus Aid, Relief, and Economic Security Act (CARES Act)* student loan relief provisions that suspended payments on loans and temporarily set the interest rate on all ED-held loans to 0%. Our work continues as we safeguard the careful implementation of the COVID-19 emergency relief efforts for the students and families we serve.

We do not yet know the full extent of the implications of COVID-19 on our operations and customers, but the goals outlined in this plan are a roadmap for how FSA will successfully operate, respond to change, and execute our mission moving forward. The plan is composed of five strategic goals:

- **Goal One:** Empower a High-Performing Organization
- **Goal Two:** Provide World-Class Customer Experience to the Students, Parents, and Borrowers We Serve
- **Goal Three:** Increase Partner Engagement and Oversight Effectiveness
- **Goal Four:** Strengthen Data Protection and Cybersecurity Safeguards
- **Goal Five:** Enhance the Management and Transparency of the Portfolio

To inform this *Five-Year Plan*, our team reviewed guidance from the Secretary of Education, examined congressional and federal audit recommendations, and sought feedback from stakeholders in higher education. FSA also used student

and borrower feedback to help focus on improving customer service. Additionally, our team analyzed data from vendors and Institutions of Higher Education (IHEs) to ensure future consistency and accountability.

The strategic goals, objectives, and metrics in this plan will allow FSA to successfully implement Next Gen FSA while strengthening oversight of our vendors, institutions, and extended workforce. Not only will the *Five-Year Plan* increase external oversight, it will also improve our own accountability to our stakeholders. FSA is committed to continuing effective outreach, conducting ongoing evaluations, and fostering innovation through collaboration. Through meaningful metrics, FSA will gauge our performance in all areas and make data-driven decisions to enable positive outcomes for customers, other stakeholders, and taxpayers.

I am confident that this *Five-Year Plan* lays the foundation to achieve our vision to be the most trusted and reliable source of student financial aid, information, and services in the nation.

I invite you on this journey to transform our organization, enhance its outcomes, and collectively keep the promise to improve opportunities for students and families across America.

Sincerely,

*Mark A. Brown*

**Mark A. Brown**

Chief Operating Officer  
Federal Student Aid  
United States Department of Education



## FSA MISSION, VISION, AND CORE VALUES

<b>MISSION</b>	Keeping the Promise: Funding America’s Future, One Student at a Time.
<b>VISION</b>	To be the most trusted and reliable source of student financial aid, information, and services in the nation.
<b>VALUES</b>	FSA’s six core values are as follows:
<b>INTEGRITY</b>	Do the right thing above other interests and hold everyone accountable.
<b>CUSTOMER SERVICE</b>	Provide accurate and timely information to customers throughout the student aid lifecycle.
<b>EXCELLENCE</b>	Strive to be the very best in all we do by embracing a culture of continuous improvement.
<b>RESPECT</b>	Value individuals by acknowledging the diversity of their contributions, ideas, and beliefs.
<b>STEWARDSHIP</b>	Uphold the sacred trust of taxpayers as we work to support the goals of Congress and the Administration.
<b>TEAMWORK</b>	Work in collaboration with our colleagues and partners to produce the best possible results.



# 01

ORGANIZATION

# OVERVIEW

# Federal Student Aid

An OFFICE of the  
U.S. DEPARTMENT of EDUCATION

PROUD SPONSOR of  
*the AMERICAN MIND*®

The numbers are an approximation based on Federal Student Aid Fiscal Year 2019 Annual Report<sup>1</sup>



# 1,400

**FULL-TIME EMPLOYEES**  
ACROSS ONE HEADQUARTERS  
AND 10 REGIONAL OFFICES



# 1.5

**TRILLION**  
DOLLARS IN LOAN PORTFOLIO



# 121.8

**BILLION**  
DOLLARS IN TITLE IV AID DELIVERED TO  
OVER 10 MILLION STUDENTS



# 18

**MILLION**

**TOTAL FREE APPLICATION FOR FEDERAL  
STUDENT AID (FAFSA®) FORMS PROCESSED**



# 5,700

**POSTSECONDARY  
INSTITUTIONS**  
OVERSEEN AND SUPPORTED



# 1965

President Lyndon B. Johnson signed the *HEA* with the vision of improving access to postsecondary higher education for all qualified individuals. This vision remains the core responsibility and mission of FSA—Keeping the Promise: Funding America’s Future, One Student at a Time—and helping millions of Americans achieve their education dreams.

# 1998

As a principal office of the United States Department of Education, FSA administers student financial aid programs authorized under *Title IV* of the *HEA*. These programs include grants, loans, and work-study funds for students enrolled in postsecondary programs and institutions. In 1998, amendments to the *HEA* established FSA as the first Performance Based Organization (PBO) in the federal government. As a PBO, FSA has fewer bureaucratic burdens and greater organizational flexibility than traditional government agencies. However, with greater regulatory freedom came expectations to yield exceptional results.

# NOW

Today, more than \$120 billion in federal student aid is provided each year to eligible Americans supported by more than 1,000 dedicated employees based in Washington, D.C. and nearly 400 employees who work at one of the 10 regional offices across the country. Over 20,000 contractors and servicers also partner with FSA employees. Together, this combined workforce serves customers across the full student aid life cycle.

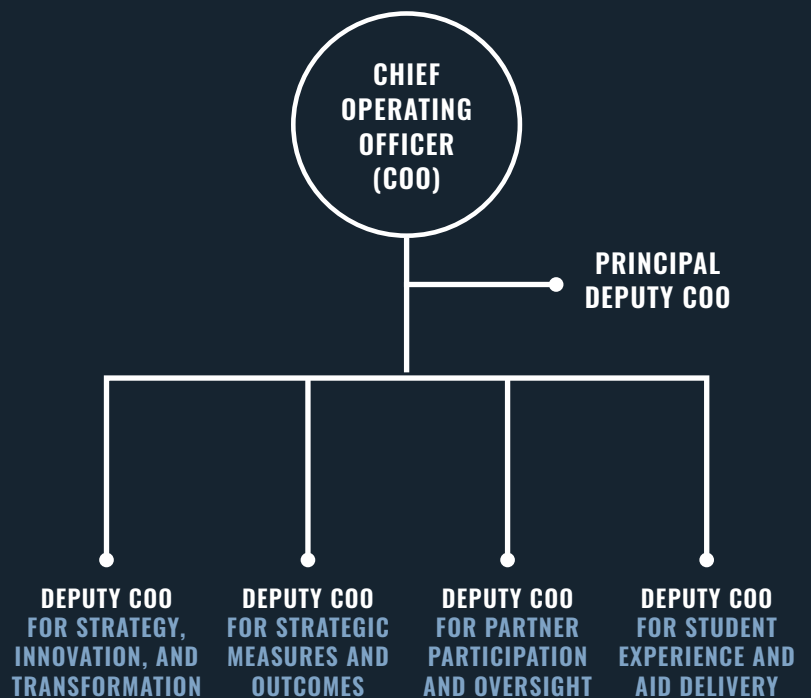
As a PBO, FSA is held to high standards and is expected to produce strong results. This means that FSA is expected to provide outstanding customer service, engage in effective oversight of its operating partners, exercise fiscal discipline, and reduce risk to students and taxpayers.

# FUTURE

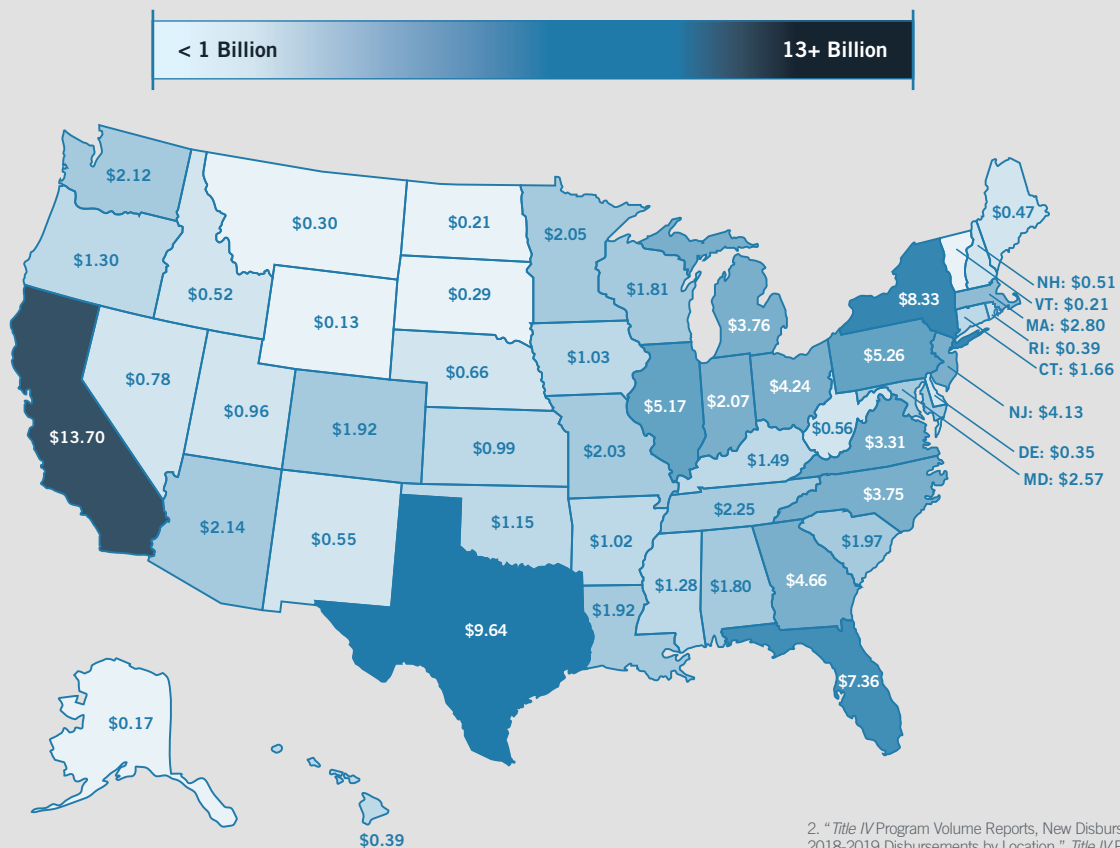
Consistent with the goals and objectives outlined in this plan, FSA will focus on systems modernization and data-driven decision-making to improve its products and services. With the federal student loan portfolio now accounting for nearly a third of the federal balance sheet, FSA has responsibilities and obligations that were not anticipated when it was designed—and those responsibilities are likely to grow. For that reason, FSA will continually evaluate its internal organization of staff and work streams to support the Department of Education’s sustainability of the student aid programs.

# EXHIBIT 1: FEDERAL STUDENT AID LEADERSHIP

FSA currently operates under an organizational structure that aligns the key business areas closely with its strategic goals, objectives, and vision for the 21st century. A Chief Operating Officer (COO), who is appointed for a three to five-year term by the Secretary of Department of Education (Secretary), leads FSA; with five Deputy COOs as leaders over distinct operational areas. The graphic illustrates the current organizational structure of FSA.

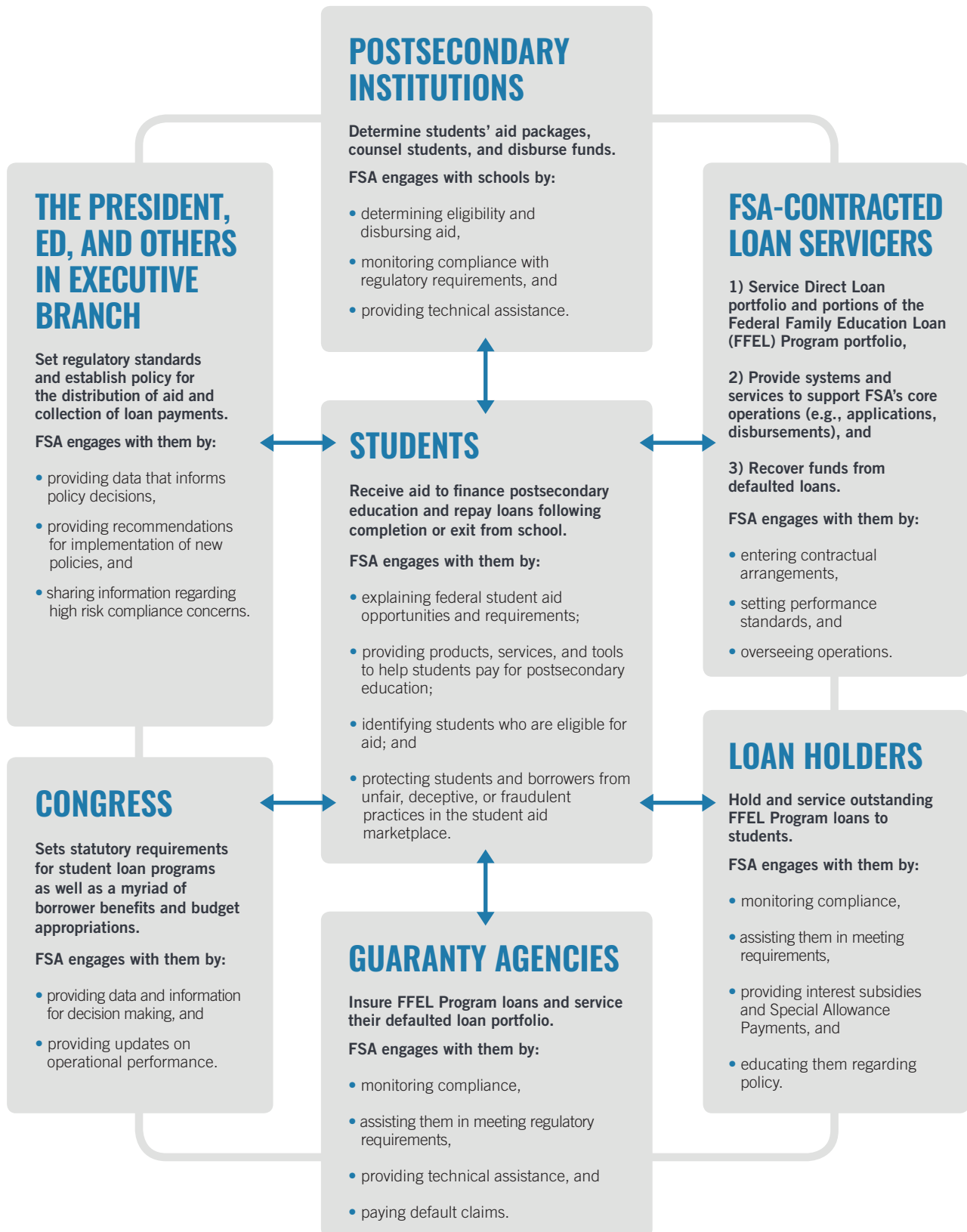


# EXHIBIT 2: 2019 DIRECT LOANS AND GRANTS: AID DISBURSED TO STUDENTS BY STATE OF RESIDENCE (IN BILLIONS)<sup>2</sup>



<sup>2</sup> "Title IV Program Volume Reports, New Disbursements by Location, 2018-2019 Disbursements by Location," Title IV Program Volume Reports, Federal Student Aid, accessed June 29, 2020, <https://studentaid.gov/data-center/student/title-iv>.

# FEDERAL STUDENT AID ECOSYSTEM



# TRENDS

IN THE  
FEDERAL STUDENT AID  
ENVIRONMENT

# TREND 1

—

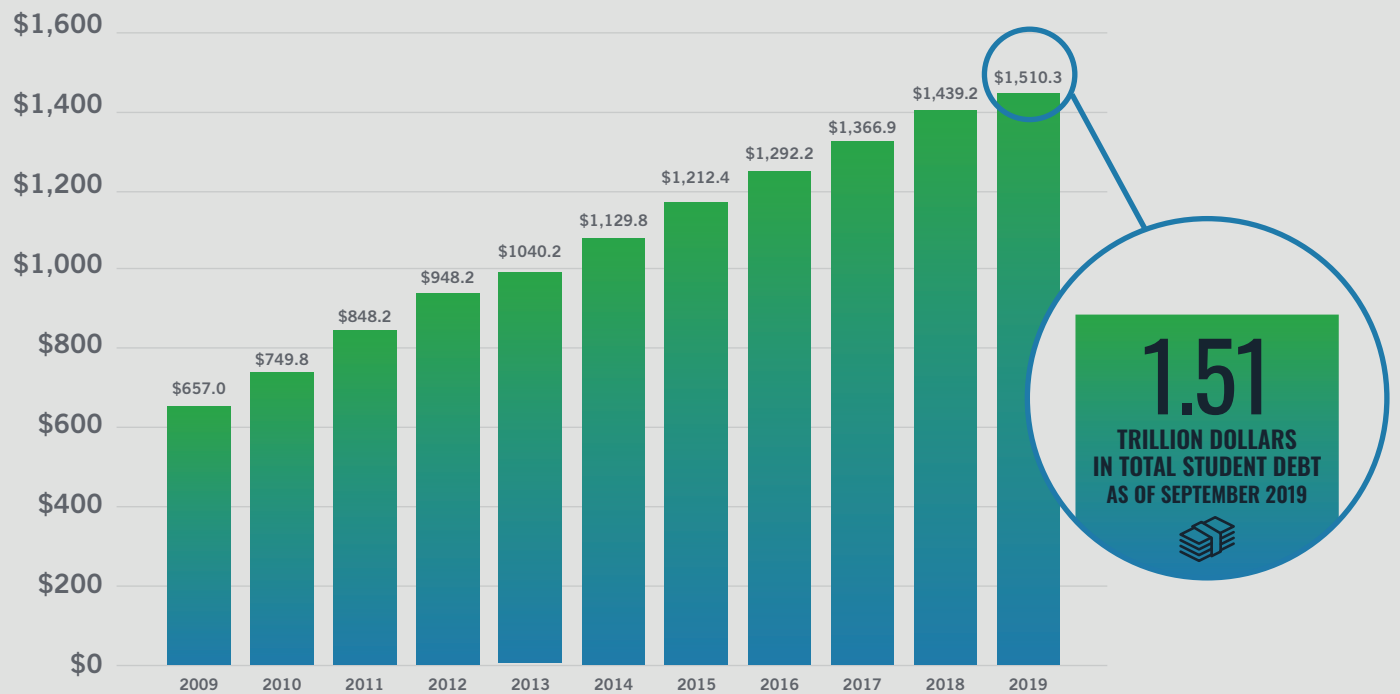
**THE SIZE AND PERFORMANCE OF FSA'S PORTFOLIO OF LOANS HAS DIRECT IMPLICATIONS FOR TAXPAYERS.**



Between 2009 and 2019, outstanding federal student loan debt has increased from \$657 billion to \$1.5 trillion (Exhibit 3). In fact, the federal student loan portfolio has grown more over the last decade than it had during the prior 45 years. There are now 42.9 million recipients with outstanding student loan debt.<sup>3</sup>

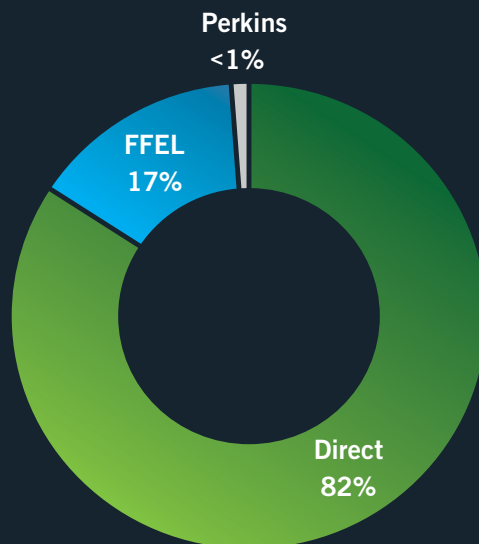
3. "Federal Student Aid Portfolio Summary," Federal Student Aid, accessed June 29, 2020, <https://studentaid.gov/sites/default/files/fsawg/datacenter/library/PortfolioSummary.xls>.

### EXHIBIT 3: OUTSTANDING PRINCIPAL AND INTEREST BALANCES ON FEDERAL EDUCATION LOANS (IN BILLIONS) <sup>4</sup>



### EXHIBIT 4: FEDERAL STUDENT AID PORTFOLIO BY LOAN TYPE <sup>5</sup>

Percentage of Dollars Outstanding



4. "Federal Student Aid Portfolio Summary," Federal Student Aid, accessed June 29, 2020, [https://studentaid.gov/sites/default/files/sawg\\_datacenter/library/PortfolioSummary.xls](https://studentaid.gov/sites/default/files/sawg_datacenter/library/PortfolioSummary.xls).

5. Ibid.



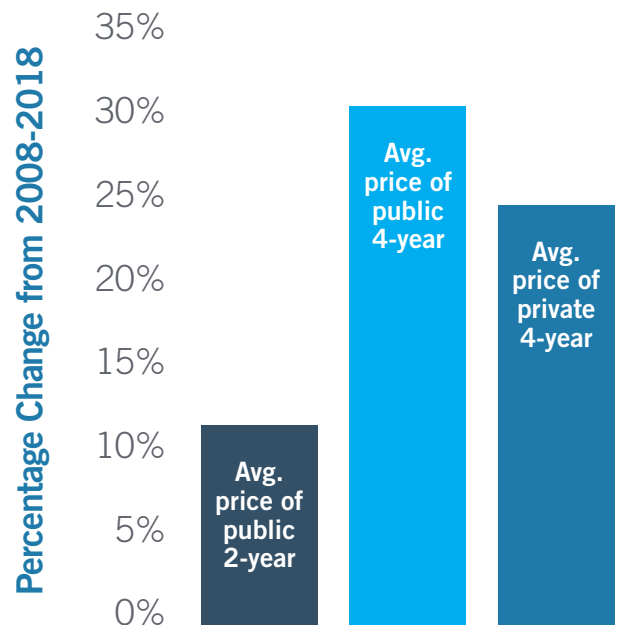
The loan portfolio is made up of three federal student aid programs: the William D. Ford Federal Direct Loan (Direct Loan) Program, the Federal Family Education Loan (FFEL) Program, and the Federal Perkins Loan Program. A direct loan is any debt instrument issued to the public by the federal government. A FFEL Program loan guarantee is a guarantee, insurance, or other pledge with respect to the payment of all or part of the principal or interest on any debt obligation of a non-federal borrower to a non-federal lender. The Federal Perkins Loan program provides low-interest loans to eligible postsecondary school students.<sup>6</sup> Student loan debt is spread across these programs, with 82 percent of that debt accumulating within the Direct Loan Program (Exhibit 4).

The number of recipients within the Direct Loan Program has increased significantly between 2009 and 2019, from 9.2 million to 35.1 million. The recipients may be associated with one or more of the four types of loans offered within the Direct Loan Program: Stafford, Unsubsidized Stafford, Parent Loan for Undergraduate Students (PLUS), and Consolidation. Evidence of financial need is required for an undergraduate student to receive a subsidized Stafford loan. The other three loan programs are available to borrowers at all income levels. Loans can be used only to meet qualified educational expenses.<sup>7</sup>



## EXHIBIT 5: GROWTH IN HIGHER EDUCATION PRICE<sup>8</sup>

Percentage Change in Average College Price Per Student\* by School Category 2008-2018



\*College price is measured by tuition, fees, room, and board (TFRB) and students are measured as full-time enrollments (FTEs).

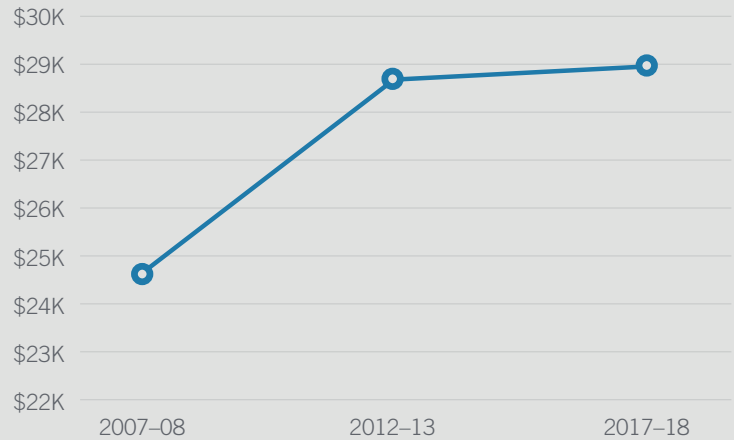
The continuing rise in postsecondary tuition and related expenses, including increases in living expenses, have contributed significantly to the increase in student debt. From 2007–8 to 2017–18, average published tuition, fees and room and board at two-year public, four-year public, and four-year private institutions increased by 11 percent, 30 percent, and 24 percent, respectively (Exhibit 5).

6. "Federal Student Aid Fiscal Year 2019 Annual Report," U.S. Department of Education, accessed January 24, 2020, <https://www2.ed.gov/about/reports/annual/2019report/lsa-report.pdf>.

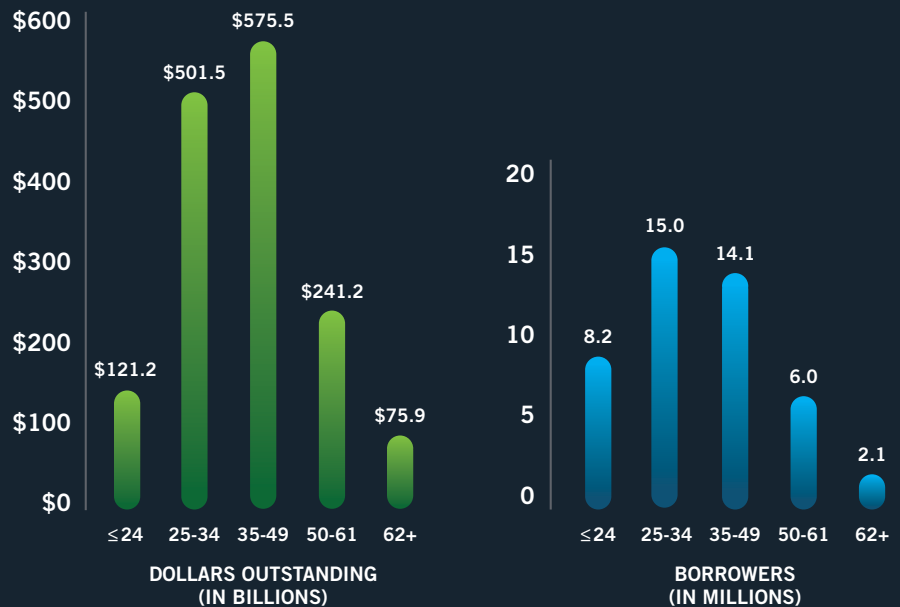
7. "Federal Student Aid Portfolio Summary," Federal Student Aid, accessed June 29, 2020, <https://studentaid.gov/sites/default/files/fsawg/datacenter/library/PortfolioSummary.xls>.

8. "Trends in College Pricing 2019," Research, College Board, accessed June 29, 2020, <https://research.collegeboard.org/trends/college-pricing>.

## EXHIBIT 6: GROWTH OF AVERAGE DEBT PER BACHELOR'S RECIPIENT<sup>9</sup>



## EXHIBIT 7: DIRECT LOAN PORTFOLIO BY AGE<sup>10</sup>



The average debt at graduation per loan recipient has also continued to rise. At the close of the 2007–8 academic year, the average debt per borrower was \$24,700. By 2017–18, the latest available data, that amount had increased by 17 percent to \$29,000 (Exhibit 6).

In 2019, customers in their prime earning years—those 35 to 49 years old—held the greatest amount of loan debt with approximately \$576 billion outstanding. Borrowers age 50 and older carried more than \$317 billion in debt (Exhibit 7),

though much of this debt is the result of Parent PLUS loan debt that may be debt taken after the age of 50.

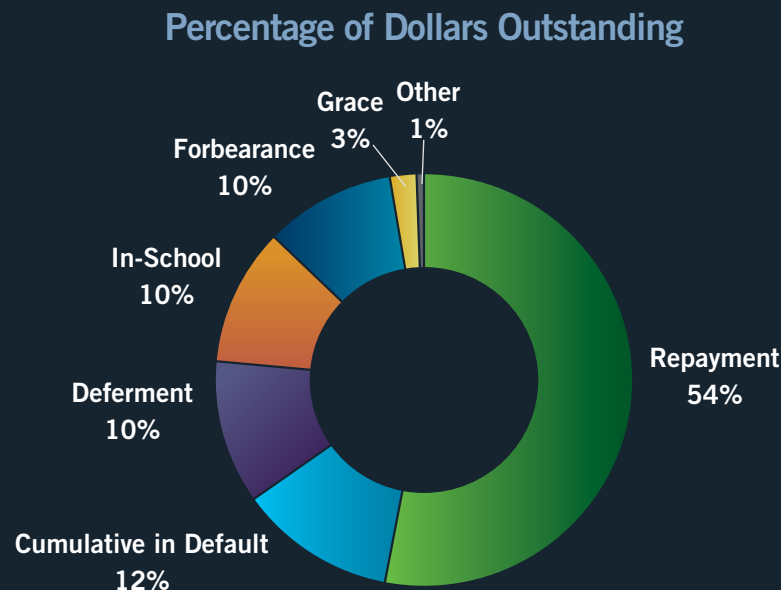
For instance, out of the \$317 billion attributed to this age group, approximately \$110 billion was due to parent PLUS loan debt. Within the smaller subset of ages 62 and older, it was approximately \$30 billion out of \$76 billion.<sup>11</sup>

9. "Average Cumulative Debt of Bachelor's Degree Recipients," Research, College Board, November 2019, <https://research.collegeboard.org/trends/student-aid/figures-tables/average-cumulative-debt-bachelors-degree-recipients>.

10. "Portfolio by Borrower Age," Federal Student Loan Portfolio, Federal Student Aid, accessed June 29, 2020, <https://studentaid.gov/sites/default/files/fsawg/datacenter/library/Portfolio-by-Age.xls>.

11. U.S. Department of Education, Federal Student Aid Enterprise Data Warehouse, September 30, 2019.

## EXHIBIT 8: FY 2019 FEDERALLY MANAGED PORTFOLIO BY LOAN STATUS<sup>12</sup>



Even with rising debt, borrowers are becoming more adept at avoiding delinquency and default. The national federal student loan Cohort Default Rate (CDR) for fiscal year 2016, released in September 2019, is 10.1 percent—a 6.5 percent decline from the fiscal year 2015 rate (10.8 percent) released in September 2018. The fiscal year 2016 CDR represents the lowest national CDR since the three-year rate was first published in September 2012 for fiscal year 2009.<sup>13</sup>

Additionally, the delinquency rates and the percentage of new defaults in the repayment portfolio of the Direct Loan Program have declined gradually but steadily for several years.<sup>14</sup> It is important to note that the federal government has no provision to write off defaulted federal student loans that are not collectable. Despite lower default rates, the cumulative defaulted portfolio continues to grow over

time, increasing from 99 billion in 2016 to over 161 billion in 2019.

More than 50 percent of the federally-managed portfolio, inclusive of the outstanding principal and interest balance of Direct Loans and ED-held FFEL Program loans, is in repayment. The rest of the portfolio is in a non-repayment status such as in school, grace, deferment, forbearance or the previously mentioned default (Exhibit 8).

To mitigate delinquency and default, over 30 percent of the current borrowers rely on an Income-Driven Repayment (IDR) plan to manage their loan repayment. An IDR plan establishes a borrower's

12. "Direct Loan Portfolio by Loan Status," Federal Student Aid, accessed July 22, 2020, <https://studentaid.gov/sites/default/files/fsawg/datacenter/library/PortfolioByLoanStatus.xls>.

13. "National Federal Student Loan Cohort Default Rate Continues to Decline," U.S. Department of Education, September 25, 2019, <https://www.ed.gov/news/press-releases/national-federal-student-loan-cohort-default-rate-continues-decline>.

14. "Direct Loans Entering Default," Federal Student Aid, December 31, 2019, <https://studentaid.gov/sites/default/files/DLEnteringDefaults.xls>.



monthly student loan payment based on his or her debt level, income, and family size. This plan sets a borrower's payment at an amount intended to be affordable; subsequently, borrowers who are in IDR plans have been less likely to default on their loans. However, whenever a borrower makes lower payments or extends the repayment period, the borrower may pay more in interest over time.

At the close of 2019, Direct Loan IDR borrowers' outstanding loan balances totaled \$469.6 billion, a 13.4 percent increase from September 2018 and a 123 percent increase from September 2015. IDR loan balances represent more than 50 percent of all Direct Loan dollars in repayment, deferment, and forbearance—compared to one-third four years ago.<sup>15</sup> Collectively, the data offered in this trend provide evidence of a growing portfolio with significant complexity based on evolving costs as well as the types of loans and repayment options available to borrowers. The increasing costs of postsecondary education are not simply

related to tuition and attendance at an IHE, but with the potential long-term debt associated with repayment decisions. While borrowers are minimizing the risk of facing delinquency and default through the utilization of IDR plans, the increased usage of IDR may generate increased program costs in the Direct Loan and FFEL Programs. These costs may have a negative impact on the student loan portfolio.

Because the student loan program is funded by taxpayer dollars, it is important for FSA to be good stewards of these resources. To positively impact the student loan portfolio, FSA must assist borrowers in identifying the appropriate information and financial pathways to meet their educational goals and lessen long-term debt associated with their choices.

15. U.S. Department of Education, Federal Student Aid Enterprise Data Warehouse, September 30, 2019.

# TREND 2

## STUDENTS ARE MAKING HIGH-IMPACT FINANCIAL DECISIONS WITHOUT THE BENEFIT OF ADEQUATE FINANCIAL KNOWLEDGE

As students continue to weigh the pros and cons of increasingly expensive four-year degree programs, some are expressing a growing interest in lower-cost alternatives, such as community colleges, apprenticeships, accelerated degree programs, career and technical education, and short-term programs.

A 2020 Educational Credit Management Corporation (ECMC) group study found that more than half of the high-school students ages 14 to 18 are open to alternatives to a four-year degree, and 70 percent want to follow their own educational path. While the majority of the survey respondents regarded education as important to their future success, 74 percent of them believed a skills-based education—such as trade skills, nursing, science, technology, engineering, and mathematics—makes sense in today’s world.<sup>16</sup>

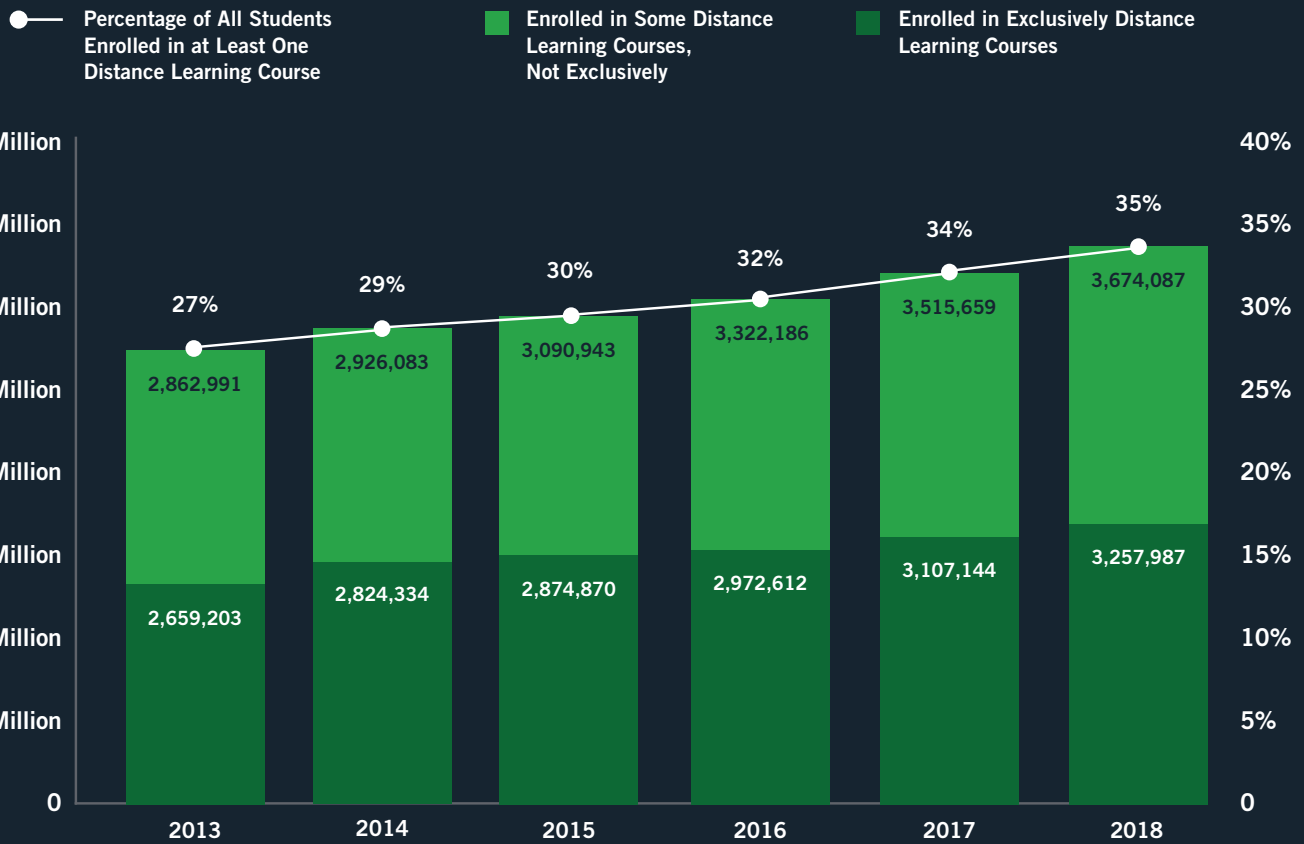


In addition, many learners are turning to online distance learning to complete some of their classes or entire degree programs (Exhibit 9). In 2018, 6.9 million students (35 percent of the entire postsecondary student population) were enrolled in any distance learning course. This represents an increase of over 300,000 students from 2017.<sup>17</sup>

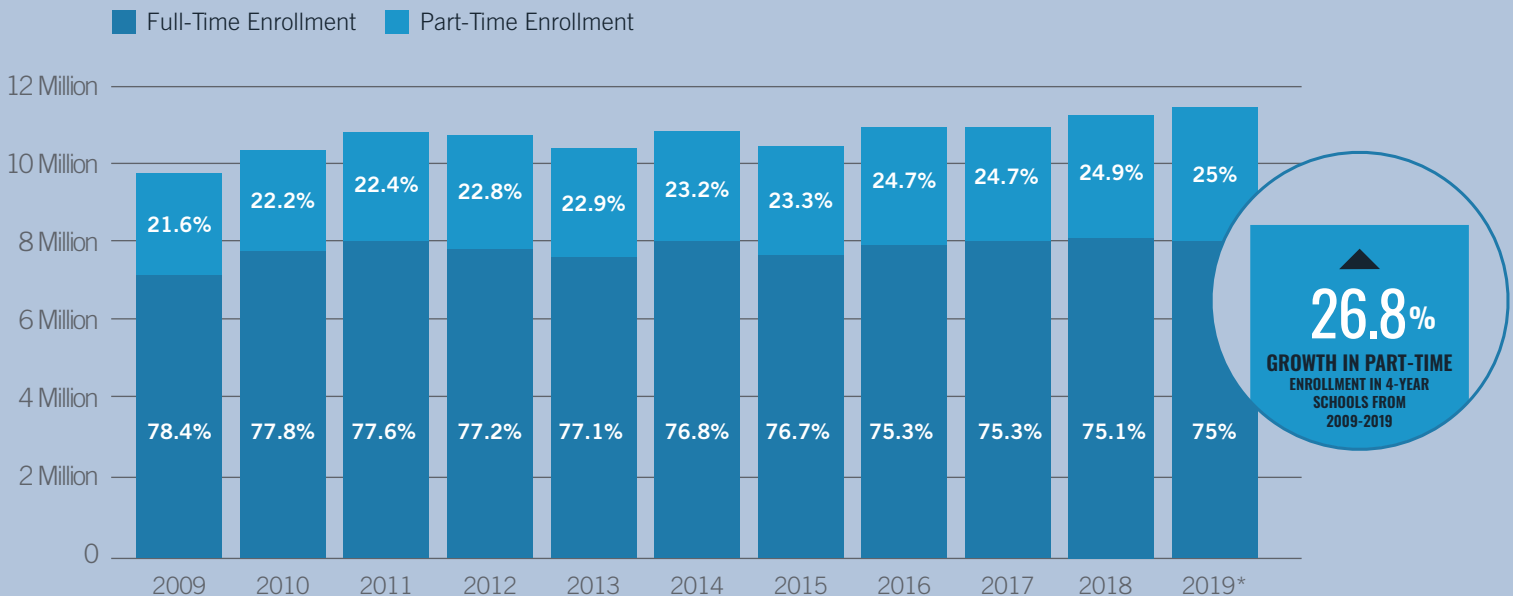
16. “Generation Z views traditional college path as old school,” ECMC Group, accessed July 9, 2020, <https://www.ecmcgroup.org/news-generation-z-views-traditional-college-old-school.html>.

17. “Table 311.15. Number and percentage of students enrolled in degree-granting postsecondary institutions, by distance education participation, location of student, level of enrollment, and control and level of institution: Fall 2017 and Fall 2018.” *Digest of Education Statistics*, National Center for Education Statistics, 2019. [https://nces.ed.gov/ipeds/data/digest/tables/dt19\\_311.15.asp](https://nces.ed.gov/ipeds/data/digest/tables/dt19_311.15.asp).

## EXHIBIT 9: DISTANCE LEARNING TRENDS <sup>18</sup>



## EXHIBIT 10: PART-TIME VS. FULL-TIME ENROLLMENT IN 4-YEAR SCHOOLS <sup>19</sup>



\*Forecasted data.

18. "Table 311.15. Number and percentage of students enrolled in degree-granting postsecondary institutions, by distance education participation, location of student, level of enrollment, and control and level of institution: Fall 2013–2018." *Digest of Education Statistics*, National Center for Education Statistics, 2014–2019. <https://nces.ed.gov/programs/digest/>.

19. "Table 303.70. Total undergraduate fall enrollment in degree-granting postsecondary institutions, by attendance status, sex of student, and control and level of institution: Selected years, 1970 through 2019." *Digest of Education Statistics*, National Center for Education Statistics, 2019. [https://nces.ed.gov/programs/digest/d19/tables/dt19\\_303.70.asp](https://nces.ed.gov/programs/digest/d19/tables/dt19_303.70.asp).

More students are also attending four-year undergraduate colleges and universities part-time. In 2018, 2.71 million students (25 percent of the entire population of students enrolled in four-year undergraduate programs) were attending four-year programs part-time. For 2019, the population increased by 14,340 students (forecasted data). This represents an increase of 575,725 part-time students, which is a 26.8 percent increase over the last 10 years (Exhibit 10).

As noted, after robust growth for decades, enrollment in four-year programs has stalled, increasing by 0.4 percent or less for the past three years. Similarly, two-year programs,

despite their lower price, have seen steady enrollment declines since 2011. In 2019, there were 1.9 million fewer students expected to enroll in two-year programs as compared to the enrollment peak in 2010 (Exhibit 11).

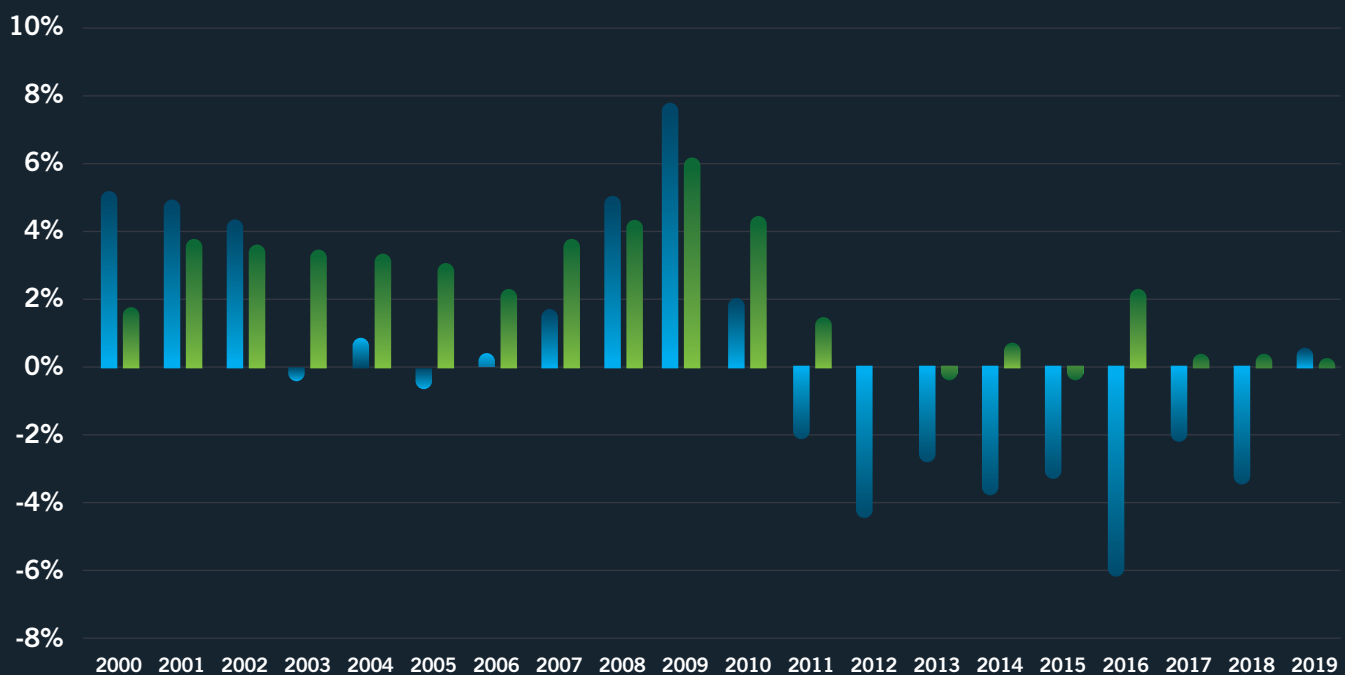
Improved education about the risks and benefits of student borrowing could help students make better decisions about which degrees, schools, and programs make the most sense for them. From 1998 to 2020, the number of states requiring students to complete a financial literacy course to graduate from high school increased from one to 21.<sup>20</sup> However, despite an increase in the number of states with financial literacy

## EXHIBIT 11: ENROLLMENT TRENDS IN 2-YEAR AND 4-YEAR SCHOOLS<sup>21</sup>

■ 2-Year Growth vs. Previous Year

■ 4-Year Growth vs. Previous Year

Year-Over-Year Percentage Growth in Enrollment



20. "2020 Survey of the States," Council for Economic Education, February 2020, <https://www.councilforeconed.org/wp-content/uploads/2020/02/2020-Survey-of-the-States.pdf>.

21. "Table 303.70. Total undergraduate fall enrollment in degree-granting postsecondary institutions, by attendance status, sex of student, and control and level of institution: Selected years, 1970 through 2029." *Digest of Education Statistics*, National Center for Education Statistics, 2019, [https://nces.ed.gov/ipeds/data/digest/d19/tables/d19\\_303.70.asp](https://nces.ed.gov/ipeds/data/digest/d19/tables/d19_303.70.asp).



programs, a direct correlation to reduced delinquency and default has not yet been established. In addition, it is unclear how many of these required financial literacy programs include information to assist students in decision-making on whether to invest in traditional postsecondary education, and on whether financing a college education is a better pathway to long-term economic security than making other financial investments or transactions. Research from the Federal Reserve Bank of New York suggests that financial literacy training leads to a decline in the likelihood of having outstanding debt, as well as a small decline in delinquency.<sup>22</sup> However, this report is inclusive of other forms of consumer debt, not just student loan debt that may come with the potential of loan forgiveness and greater repayment flexibilities.

The Department of Education is working hard to provide the information students and

parents need to make informed enrollment choices. For example, in 2019 the Department released the expanded College Scorecard, which is the first effort to provide program-level debt and earnings data. FSA will increase access to information about how to apply for federal student aid that will enable students to make informed decisions about how much a student can reasonably afford to repay, and to help borrowers identify the right repayment option.

22. Meta Brown, et. al., "Financial Education and the Debt Behavior of the Young," Federal Reserve Bank of New York Staff Reports, Staff Report No. 634, September 2013, revised 2015, [https://www.newyorkfed.org/medialibrary/media/research/staff\\_reports/sr634.pdf](https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr634.pdf).



# TREND 3

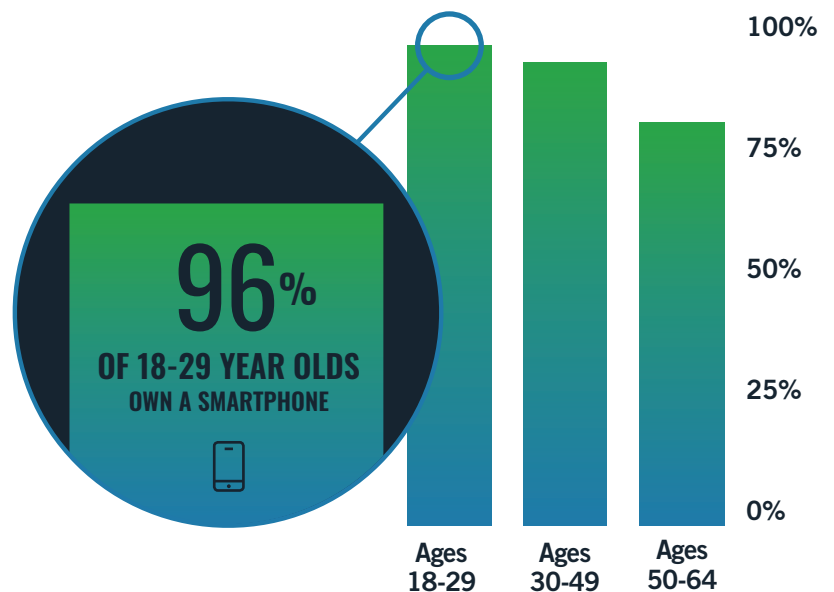
## DIGITAL FLUENCY AND MOBILE UBIQUITY ARE DRIVING NEW SERVICE EXPECTATIONS AMONG CUSTOMERS.

In general, society has become increasingly reliant on digital technologies for communicating and learning. By February 2019, 81 percent of all Americans owned a smartphone (Exhibit 12). This represents a sharp rise since the end of 2014, when only 59 percent of the U.S. adult population owned a smartphone (Exhibit 13).

Not only do more Americans own smartphones, the amount of time that smartphone and other mobile device owners spend using these devices has also increased. A Pew Research study found that 92 percent of mobile device users go online daily, with one in three reporting that they are online “almost constantly.”<sup>23</sup>



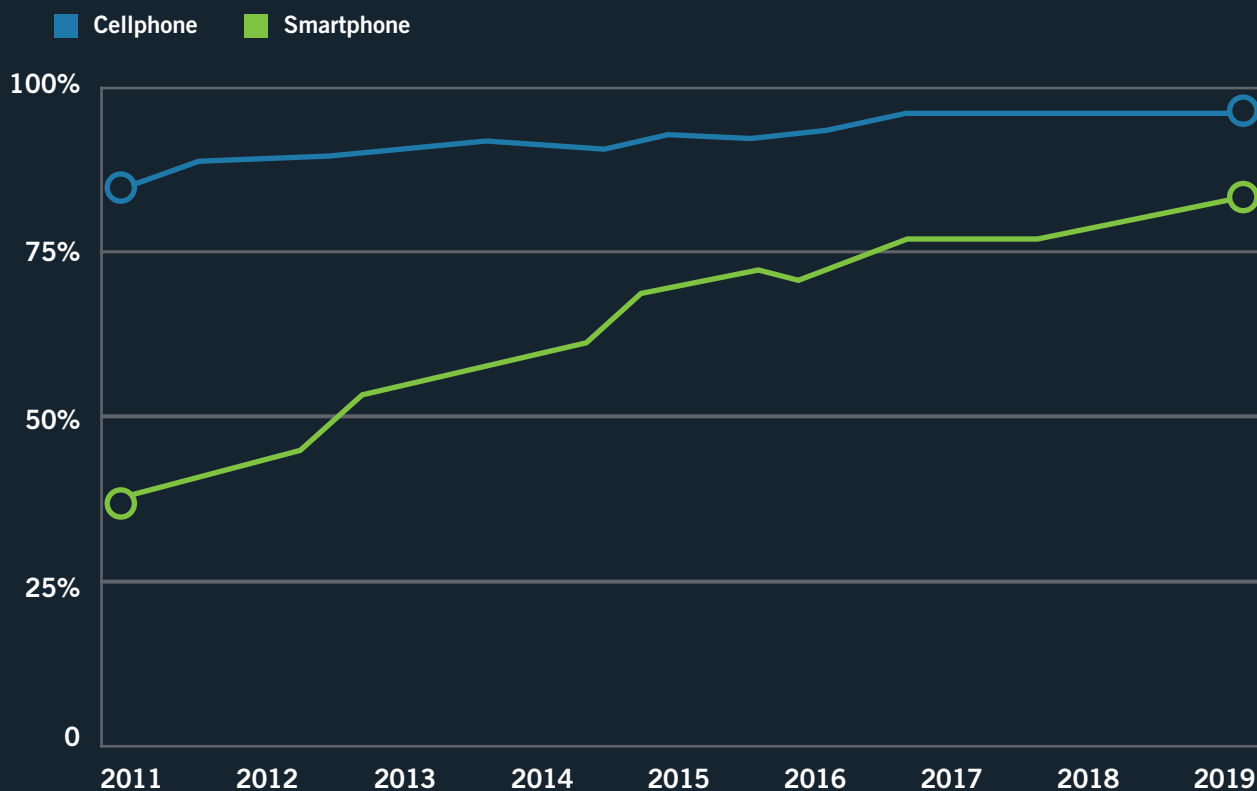
### EXHIBIT 12: SMARTPHONE OWNERSHIP BY AGE <sup>24</sup>



23. Andrew Perrin and Kumar Madhu, “About Three-in-ten U.S. Adults Say They Are ‘Almost Constantly’ Online,” *FACTANK NEWS IN THE NUMBERS*, Pew Research Center, July 25, 2019, <https://www.pewresearch.org/fact-tank/2019/07/25/americans-going-online-almost-constantly/>.

24. “Mobile Fact Sheet,” *Internet & Technology*, Pew Research Center, accessed June 29, 2020, <https://www.pewresearch.org/internet/fact-sheet/mobile/>.

## EXHIBIT 13: SMARTPHONE ADOPTION OVER TIME <sup>25</sup>



Growth from May 2011 to February 2019:  
Cellphone Adoption +16%; Smartphone Adoption +131%.

In 2019, almost half of 18- to 29-year-old respondents reported they were online “almost constantly,” a nine-point increase over the previous year. As a result of the ubiquity of smartphones and mobile devices, the entire population is shifting toward mobile-friendly digital experiences.

Mobile-friendly experiences benefit students in myriad ways. First, they meet the needs and expectations of users. Second, with the mobile device, students have greater access to learning opportunities anywhere and anytime.



25. “Mobile Fact Sheet,” Internet & Technology, Pew Research Center, accessed June 29, 2020, <https://www.pewresearch.org/internet/fact-sheet/mobile/>.



Customers seek new digital experiences that are more convenient. Notably, FSA has worked to modernize and improve customers' overall experience through continuous development and increased availability of the Department's first mobile platform, the myStudentAid app. This, coupled with 21st century technologies being developed with the Next Gen project, will create mechanisms by which borrowers can apply for, monitor, and repay their student loans.

# TREND 4

## — INCREASED VOLUME OF STUDENT DATA HAS CREATED NEW OPPORTUNITIES, OBLIGATIONS, AND RISKS.

As FSA's digital activities increase, so too will the threat of cyber-attacks. FSA collects many types of data, from anonymous web utilization data to highly sensitive personal information—such as financial data and social security numbers. The amount of data FSA stores is growing every day. Better utilization of collected data will enable FSA to improve student, parent, and borrower services.

Increasingly, as a result of advances in the commercial finance industry, account holders expect customer service representatives to have access to their complete record so they do not have to explain their situation multiple times. Customers expect to be alerted when potential fraud is detected on their accounts. And they expect access to tools—budget builders, payment predictors, and growth forecasts that can



help them better manage their money. The President's Management Agenda recognizes the opportunities provided through data analytics and artificial intelligence and calls for agencies to “provide the tools to deliver visibly better results to the public, while improving accountability to taxpayers for sound fiscal stewardship and mission results.”<sup>26</sup>

While reliance on technology may improve the customer experience and enable us to do our work more accurately and efficiently, it also creates new risks. Failure to adequately safeguard customer data can result in data breaches that compromise customer privacy and increase fraud.

26. “The President's Management Agenda: Modernizing Government for the 21st Century,” President's Management Council and Executive Office of the President, White House, 2018, <https://www.whitehouse.gov/wp-content/uploads/2018/04/ThePresidentsManagementAgenda.pdf>.

## EXHIBIT 14: THE STATE OF CYBERSECURITY BY INDUSTRY<sup>27</sup>

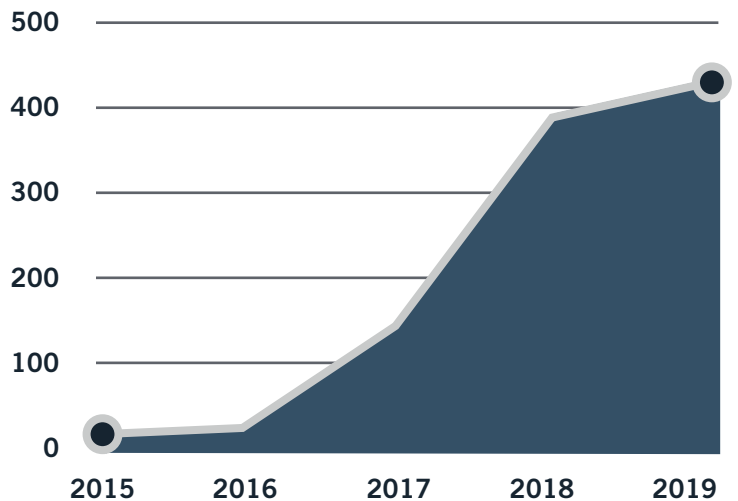


The Department of Education and FSA received high ratings on data security.<sup>28</sup> The SecurityScorecard *2018 Education Cybersecurity Report* ranks 17 industries in terms of cybersecurity safety (Exhibit 14).

The number of reported actual and potential cybersecurity breaches at postsecondary education institutions has risen dramatically, from 15 in 2015 to 432 in 2019—as reported by the Federal Student Aid Post-Secondary Institution Cyber Team (Exhibit 15).

In addition to meeting consumer expectations, FSA must meet government regulations—which can include directives set forth in the *Family Educational Rights and Privacy Act*, the *Federal Information*

## EXHIBIT 15: SCHOOL-REPORTED BREACHES TO FSA<sup>29</sup>



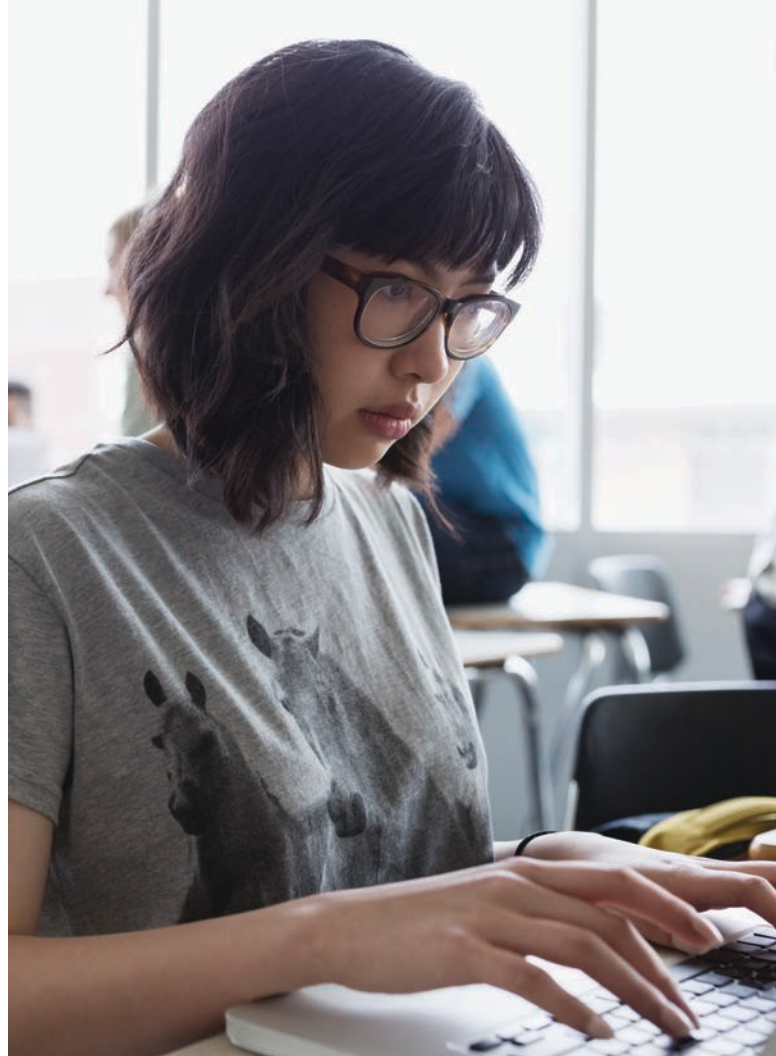
27. "2018 Education Cybersecurity Report," SecurityScorecard, 2018, <https://securityscorecard.com/resources/2018-education-report>.

28. Jordan Smith, "Federal CIOs and Tech Teams Bring Home FITARA Awards." *Meritalk*. February 7, 2020. <https://www.meritalk.com/articles/federal-cios-and-tech-teams-bring-home-fitara-awards/>.

29. Federal Student Aid.

*Security Modernization Act of 2014*, the *Health Insurance Portability and Accountability Act*, and the *HEA*. In addition, the Federal Trade Commission considers *Title IV*-eligible institutions that participate in *Title IV* Educational Assistance Programs as “financial institutions.” As such, they are subject to the *Gramm-Leach-Bliley Act (GLBA)*<sup>30</sup> and are required to ensure the security and all confidentiality of all student financial aid information. To ensure compliance, the Department has included elements of the *GLBA* requirements in the Single Audit Compliance Supplement for public and not-for-profit institutions and worked with the Office of Inspector General to ensure audit coverage of those elements for proprietary institutions.

In this environment, where data are transferred out of necessity and convenience to the student, IHEs need to be vigilant at all times—especially regarding student aid data. FSA must continue to work with its partners to share its expertise, learn about new threats, and enhance data security. Although improved cybersecurity is of primary importance to institutions, cybersecurity vulnerabilities may be greatest at small institutions—many of which lack the resources to hire experts or procure state-of-the-art technology. Consequently, FSA must work with its partner institutions and be mindful of the costs associated with increased cybersecurity and the impact those costs may have on student tuition and fees.



30. “2 CFR PART 200, APPENDIX XI Compliance Supplement,” Office of Management and Budget, accessed January 2, 2020, [https://www.whitehouse.gov/wp-content/uploads/2019/07/2-00-Appendix-XI-Compliance-Supplement-2019-FINAL\\_07.01.19.pdf](https://www.whitehouse.gov/wp-content/uploads/2019/07/2-00-Appendix-XI-Compliance-Supplement-2019-FINAL_07.01.19.pdf).

U P D A T I N G   T H E  
F S A   M I S S I O N

# KEEPING THE PROMISE

In his famous “Great Society” speech from 1964,<sup>31</sup> President Lyndon B. Johnson argued that the Great Society could only become a reality if higher education became a possibility for all qualified individuals without regard to their affluence or where they lived. As a result of that vision, FSA’s mission was born. The *HEA* promised that qualified individuals would not be denied an opportunity to earn a college credential simply because of their inability to pay the tuition bill.



Fifty-five years later, FSA’s mission continues to reflect that vision. We are still keeping the promise by funding America’s future, one student at a time—even though our customers have changed. Like any business that wants to stay relevant, we now must move at the pace our customers demand. We face new challenges like technology, regulations, competition, and increasing market complexity. Despite those challenges, we enter 2020 with renewed vigor and resolve, and with a clear objective: to implement the next generation of federal student aid.

31. Lyndon B. Johnson, “May 22, 1964: Remarks at the University of Michigan,” audio transcript, University of Virginia Miller Center (Sourced from the National Archives), May 22, 1964, <https://millercenter.org/the-presidency/presidential-speeches/may-22-1964-remarks-university-michigan>.



## PUT PEOPLE FIRST

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The 1,400 FSA public servants who share the office's mission are FSA's most important asset. It is FSA's responsibility to provide them with the support, resources, and training they need to perform meaningful work that has a material impact on customers' lives.

## REINVENT FSA TO SUPPORT IMPROVED CUSTOMER OUTCOMES

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Next Gen FSA is the enabler of our strategy to improve our customers' experiences in two key ways: lower financial barriers to educational attainment, and reduce the burden of overwhelming student loan debt. We identified the need for a modern aid delivery and repayment enterprise by talking to our customers, reviewing website analytics and customer satisfaction surveys, examining complaints from our feedback system, monitoring our social media feedback, and listening to calls from our contact centers. We have already taken great strides in improving customer service by introducing new tools, such as the myStudentAid mobile app and a mobile-friendly website. But that is just the beginning. Next Gen FSA will transform our ecosystem and processes into a customer-centric approach—through improved analytics, dedicated partners, and innovative technology. The ultimate aim of Next Gen FSA is to create a customer-first culture that aligns our operations with our mission to help students succeed.



## PROVIDING PORTFOLIO TRANSPARENCY

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Through greater transparency, we can better manage our portfolio and mitigate risks to students, borrowers, and taxpayers. We must close our skills and operational gap by utilizing approaches similar to the banking industry and achieving the same level of analytical expertise. Improved portfolio and data management will allow us to identify borrowers at risk and act earlier to avoid negative outcomes. It helps us build segments of customers that can be more successfully paired with the right payment plans and options. By increasing data sharing and making it easier to access the data we have available, we will improve our ability to provide enhanced reporting, and to communicate the impact of policy (or economic stressors) on our stakeholders. Doing so makes FSA a more reliable partner to those we serve: students, parents, borrowers, and taxpayers.

## OPERATE AS A PREMIER PBO

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The *HEA Amendments of 1998* made FSA the federal government's first PBO. As a PBO, FSA is afforded greater flexibility and opportunities to benefit from performance incentives in exchange for greater accountability and better results. In this way, the PBO legislation directs us to integrate disparate systems, improve service to our customers, reduce operating costs, and restore integrity to the systems and processes that deliver our programs. But with a loan portfolio that exceeds \$1.5 trillion, the PBO operates at a different



scale than was anticipated when the PBO legislation was enacted. At that time, FSA was more of a lender of last-resort and a guarantor of student loans to private lenders; the organization was not designed to be among the country's largest banks. In the wake of increased change in the landscape of Higher Education as a response to the COVID-19 pandemic, FSA must utilize its authority to prepare for the future.

Given the size of the student loan portfolio, and the potential impact the associated debt could have on the national economy, it is time to consider whether a different organizational or governance structure is in order. Large financial institutions typically benefit from the collective expertise of a highly qualified board of directors, and perhaps FSA would be better served by a similar governance structure. Such a governing body could set policy and oversee operations while shielded from political influence. The number of programs, the unique requirements and limitations of each, as well as the challenges COVID-19 has brought to post-secondary enrollment and borrowers' ability to repay, has created the need for FSA to continue to evolve in order to fully execute these obligations.



# RECOGNIZING MAJOR MILESTONES

The following is a recognition of significant milestones, objectives, and accomplishments leading towards FSA's transformation into a 21st century organization:

Strategic Goal Alignment	Objective	Milestone	Accomplishment
<b>Goal 1: Empower a High-Performing Organization</b>	Attract, retain and develop a workforce capable of driving and implementing organizational change.	Streamlined hiring process to enable FSA to compete for talent with the private sector and comparable federal government entities.	As of September 2019, FSA had utilized its administratively determined hiring authority to execute on the hiring of over 100 employees, known as the Next Gen 100.
	Align employee and managerial performance throughout the organization with FSA's <i>Five-Year Strategic Plan</i> .	Developed performance management training for both bargaining unit and non-bargaining unit employees.	FSA conducted training of internal staff throughout FY 2019 for all employees in the areas of strategic alignment and performance accountability.
<b>Goal 2: Provide World-Class Customer Experience to the Students, Parents and Borrowers We Serve</b>	Make it easier for students and parents to access and complete the FAFSA form by using non-technical language, and allowing access on a device that works best for them.	Launched myStudentAid mobile app.	Over 1.2 million app downloads and more than 2 million FAFSA forms submitted via a mobile device as of September 2019.
	Improve efficiency and simplicity of borrowers' digital experience.	Consolidated primary FSA websites into StudentAid.gov.	As of September 30, 2019, more than 184 million unique visits have occurred on the consolidated website.
	Increase public knowledge about FAFSA deadlines and borrower eligibility.	Conducted "But First, FAFSA" awareness campaign.	As of March 8, 2019, 2.9 million additional site visits and more than 380,000 completed FAFSA forms attributed to the campaign.
	Provide consistent and personalized support to borrowers.	Streamlined borrower communication through a single contact center entry point.	In October 2019, FSA consolidated multiple contact numbers into a single toll-free number—1-800-4-FED-AID—for students, families, and borrowers to reach FSA's contact centers, including loan servicers. The phone number now includes an interactive, voice-activated function that directs callers to the appropriate place, eliminating customer confusion and frustration.

Strategic Goal Alignment	Objective	Milestone	Accomplishment
<b>Goal 2 Cont'd: Provide World-Class Customer Experience to the Students, Parents and Borrowers We Serve</b>	Expand the functionality of the myStudentAid App and integrate customer touchpoints.	FSA awarded a contract for services collectively known as Digital and Customer Care on February 20, 2019.	On December 22, 2019, the contract allowed FSA to create a “digital front door” for all customer interactions, consolidating multiple customer-facing websites and expanding the functionality available in the myStudentAid mobile app.
	Increase self-service options for students, families, and borrowers.	Developed a mechanism to assist customers with questions about federal student aid in a virtual environment.	In December 2019, FSA launched a beta version of Aidan <sup>SM</sup> , a virtual assistant that helps users get answers to their questions without contacting a call center.
<b>Goal 3: Increase Partner Engagement and Oversight Effectiveness</b>	Increase efforts to ensure postsecondary institutions are acting in the best interest of students and are operating in compliance with laws, regulations, policies and the <i>Higher Education Act of 1965 (HEA)</i> .	In FY 2019, FSA conducted oversight of over 5,700 institutions participating in <i>Title IV</i> programs.	As of September 30, 2019, FSA resolved over 2,400 deficient audits and flagged financial statements; issued more than 385 Program Review Reports; expedited Determination Letters and Final Program Review Determinations to institutions; and processed more than 6,400 eligibility-related actions.
	Provide borrowers and institutions impacted by hurricanes Harvey, Irma, Maria, and other natural disasters ongoing support, information, and assistance.	Executed Disaster Response Effort.	Throughout fall and early winter 2017, FSA supported the recovery efforts of nearly 1,700 institutions that enrolled more than 2 million impacted students.

Strategic Goal Alignment	Objective	Milestone	Accomplishment
<p><b>Goal 3 Cont'd: Increase Partner Engagement and Oversight Effectiveness</b></p>	<p>Manage and support the Experimental Sites Initiatives in accordance with the requirements of the <i>HEA</i> and policy guidance provided by senior Department officials.</p>	<p>A) Initiated and continues to administer the Second Chance Pell (SCP) experiment authorized under the <i>Sec. 487A(b)</i> of the <i>HEA</i>.</p> <p>B) Administered a Federal Work-Study (FWS) experiment to see if private-sector FWS jobs improve student retention, completion, workforce readiness, and earnings.</p>	<p>A) From when the experiment launched in the 2016-2017 award year, over 20,000 Pell Grant awards totaling nearly \$64,000,000 have been disbursed. Approximately 8,300 incarcerated students at 64 participating Institutions of Higher Education (IHEs) have been assisted. In 2020, a new cohort of participating institutions will be selected to expand the experiment.</p> <p>B) In May 2019, the FWS experiment was initiated to reduce regulatory burden, encourage greater private-sector employer participation, and enable institutions to pay students FWS wages for required work-based learning—such as clinical rotations, externships, and student teaching.</p>
	<p>Reduce the overall improper payment rates for the Pell Grant.</p>	<p>Implemented a new methodology to estimate improper payments, based on a larger, random sample of schools and data obtained from compliance audits performed by external authors.</p>	<p>By the close of FY 2019, the new methodology reduced the overall improper payment rate to 0.93 percent from 4.95 percent.</p>
<p><b>Goal 4: Strengthen Data Protection and Cybersecurity Safeguards</b></p>	<p>Protect FSA's customers with stronger Information Technology (IT) system security.</p>	<p>Strengthened enterprise IT system security.</p>	<p>In August 2018, FSA implemented a Continuous Diagnostics and Monitoring (CDM) program for the primary FSA data center, with capabilities and tools that identify cybersecurity risks on a continuous basis and prioritize these risks based on potential impacts.</p>

Strategic Goal Alignment	Objective	Milestone	Accomplishment
<p><b>Goal 4 Cont'd: Strengthen Data Protection and Cybersecurity Safeguards</b></p>	<p>Increase cybersecurity assistance with IHEs.</p>	<p>In 2018, FSA set up a dedicated IHE Cyber Team, in collaboration with FSA's Office of Partner Participation and Oversight and the Department, to conduct analysis of cybersecurity events. The Team worked with schools to properly track breaches, identify trends, and assist in preventive and recovery activities.</p>	<p>In FY 2019, 432 cybersecurity events were reported to FSA (October 2018 to June 2019), compared to just 15 in FY 2015. While not celebrating the rise in cybersecurity events, FSA does credit the increased disclosure of events taking place to the work of the Cyber Team.</p>
<p><b>Goal 5: Enhance the Management and Transparency of the Portfolio</b></p>	<p>Integrate full student aid lifecycle data on a single platform with business intelligence tools for improved data accuracy, enhanced consistency, and increased data-driven management.</p>	<p>Launched Enterprise Data Warehouse &amp; Analytics (EDWA).</p>	<p>In October 2014, FSA first deployed a parallel data platform with student aid lifecycle data, enterprise business intelligence licenses, and an advanced analytics toolset—making key datasets available for customer and stakeholder usage.</p>
	<p>Continue to develop sophisticated analytical and research capabilities, maintain data governance, and proactively identify risk.</p>	<p>Built out descriptive reporting on federal student loan portfolio.</p>	<p>By the end of FY 2019, FSA implemented nearly 40 quarterly loan portfolio reports on FSA data center, while establishing common definitions and governance for loan portfolio concepts and creating a foundation for data science, advanced analytics and modeling work.</p>



F S A ' S F U T U R E

# GOALS AND OBJECTIVES



# STRATEGIC GOAL 1: EMPOWER A HIGH-PERFORMING ORGANIZATION

FSA's employees are its greatest resource and their knowledge, skills, and abilities are essential to building and sustaining a high-performing organization. Our goal is to ensure that staff are trained, aligned, and equipped to provide best-in-class customer service while fulfilling the fiduciary responsibilities of the organization.

**Strategic Objective 1.1: Increase employee engagement and workplace inclusion to develop and retain talent, improve employee satisfaction, and engage in effective succession planning**

FSA remains committed to providing equal opportunity to all employees by fostering and supporting a diverse workforce where all employees feel included, connected, and engaged in its mission.

Our recruitment strategy will be inclusive of using strategic hiring initiatives for people with disabilities and veterans, conducting barrier analysis, and supporting Special Emphasis Programs to promote diversity

within FSA. To support this approach, we will design and perform strategic outreach initiatives and use recruitment vehicles to reach all segments of a diverse population. We believe that this will ensure a diversified skill set and perspective among our employees, which in turn will build the high-performance workforce FSA needs to achieve its goals and outcomes.

To retain critical talent and engage in succession planning, FSA will cultivate a culture that encourages collaboration, flexibility, and fairness. Such an environment will enable individuals to contribute to their full potential, and will promote diversity and inclusion in leadership development, in our workforce, and in succession planning programs.

In addition to talent acquisition and succession planning, FSA will cultivate a supportive, welcoming, inclusive, and fair work environment. We intend to continue to employ existing policies that encourage employee engagement and empowerment—including telework, flexiplace, wellness programs, and other work-life flexibilities and benefits.

We also recognize the importance of ensuring that all employees understand how their work contributes to our success in serving students, parents, and borrowers. We believe that there are three actions FSA must take to improve employee engagement and workplace inclusion over the next five years:

- Improve our communication capabilities throughout the organization to ensure that employees understand expectations, engage in information sharing, and enable



both employees and managers to provide and receive instructive feedback on their performance.

- Review results of barrier analyses required under *Equal Employment Opportunity Commission Management Directive 715*, develop action plans to eliminate any identified barrier(s), and coordinate implementation of action plans to build stronger connections among FSA employees and leaders.
- Increase leadership accountability for providing improved customer service, both internally and externally, and for ensuring that new products and services are effective in educating and serving borrowers while reducing portfolio risk.



Our employees' commitment to the FSA mission and the students we serve is critical to staff motivation, accountability, and trust. Workplace diversity and inclusion are necessary for any organization to reach its full potential, and we intend to serve as a model organization for engaging all employees and leveraging the talents and expertise each brings to the organization. Therefore, it is leadership's responsibility to ensure that FSA is thoughtful, specific, and intentional in its programming, opportunities, and communication around this most important asset: the employees of FSA.

FSA is dedicated to doing a better job of recognizing employee accomplishments and measuring and

benchmarking employee engagement. The organization is also focused on enhancing internal communications around all work performed across FSA, so that employees understand decision-making processes and resulting outcomes. In this way, we will cultivate a more equitable and collaborative work environment—one where ideas are shared, valued, and appreciated—for today’s and tomorrow’s employees.

**Strategic Objective 1.2: Expand employee skills and capabilities to support Next Gen FSA**

Next Gen FSA’s success hinges on employees understanding their roles in the organization and how their work drives the achievement of Next Gen FSA goals and objectives. As we harness modern technological solutions to improve our customer service outcomes, we must also build new capabilities within the organization to support Next Gen FSA. Leadership will emphasize how current and future roles and responsibilities tie to performance outcomes, so that individuals and teams have clear markers of success. To this end, we will ensure that our staff develops the comprehensive skill set needed to welcome diverse perspectives and support FSA customers.

To achieve this objective, FSA will build robust human capital and workforce development capabilities through the establishment and implementation of a human capital framework and an organizational training and development roadmap. This effort will:

- focus on FSA’s mission-driven workforce requirements;



- fully optimize FSA’s workforce (e.g. deliver best-in-class programs and capabilities to accomplish the mission); and
- provide solutions that address FSA’s current and future workforce skill gaps.

A highly skilled, engaged, and stable workforce is critical to providing outstanding customer service. To excel in this area over the next five years and to enhance the capabilities of all FSA employees, we must take several actions:

- Identify, assess, and validate required skill competencies that will align strategically to organizational needs in accordance with FSA’s workforce requirements study results.

- Augment FSA staff by continuing to hire, develop, and retain high-caliber, specialized personnel.
- Analyze the quality and benefits of attended training and developmental opportunities and evaluate the return on these investments for both employees and the organization.

The implementation of an organizational training and development roadmap will allow us to pool budgetary resources and set training standards that improve team flexibility and achieve economies of scale. In addition, the training and development plan will map to FSA's future state, and measure individual employee progress toward support of organizational goals. Employee development will align to specific objectives that increase internal capabilities while promoting professional development for staff. As competition for advanced employee talent increases, FSA must adjust its recruitment and development pipeline—leveraging its PBO authorities to attract and retain personnel critical to the success of the organization's mission.

**For Strategic Goal 1, FSA will assess its progress using four related metrics.**

The first metric is designed to improve the Federal Employee Viewpoint Survey (FEVS) score, specifically in the Employee Engagement Index. The Index provides an assessment of the engagement potential of a work environment. It is critical for our work environment that leadership is more engaged in supporting staff to meet the associated goals and objectives within the *Five-Year Plan*.

To ensure FSA has the right people in the right positions to meet the goals of the plan, an organizational workforce requirements study has been initiated. This study will provide us with the ability to better forecast human capital needs and inform planning for staff training, transfers, promotions, and talent acquisition.

The workforce requirements study will also inform our second metric: the degree of alignment between the competencies needed for each position (as identified in the study), and the competencies of individuals actually in each job. For the third metric, we will design employee development opportunities to reduce any gaps between the competencies a job requires and those our employees possess.

Lastly, FSA will measure the effectiveness of employee training through detailed analysis and evaluation. We will develop a strategic evaluation program that will incorporate various components to assess both the knowledge and performance growth of the workforce. Managers will play a pivotal role in this program to help identify and assess competency gaps using measurable training outcomes. This analysis will help to measure performance growth, provide extant data to support developmental resources, and assess the quality and benefits of attended training to evaluate the return on investment for the employees and the organization.

These performance metrics taken collectively will strengthen FSA's workforce and increase our capacity to meet the expectations for the organization over the next five years.

## **STRATEGIC GOAL 2: PROVIDE WORLD- CLASS CUSTOMER EXPERIENCE TO THE STUDENTS, PARENTS, AND BORROWERS WE SERVE**

FSA manages one of the largest consumer loan portfolios in the world; therefore, it needs to deliver a customer experience on par with other large financial service companies. This should include a single point of connection to assist students and borrowers with federal student aid needs, readily available personalized customer information, and informed borrower tools for assistance.

Over the next five years, FSA will modernize its systems and operations to deliver world-class customer and partner experiences. To do so, we will pursue four strategic objectives:

### **Strategic Objective 2.1: Ensure that all students can easily access information on federal student aid, apply for federal student aid, and have information on repayment options**

FSA is committed to continuously improving the information available to students, parents, and borrowers to assist

them in making sound financial decisions about their education and student loan repayment options. In conjunction with this goal, the team is also focused on creating a single online platform and a single mobile application for customers to receive information as often as they may need it on a device of their choice. Our goal encompasses a digital solution that will progressively simplify how students learn about and apply for federal student aid as well as repay their student loans. However, the focus of this objective is the maintenance and enhancement of key access points for students to gain both the information and tools to apply for financial aid. To that end, FSA will continue to enhance the user experience on StudentAid.gov and the myStudentAid app to ensure customers have access to the FAFSA, borrower account, and repayment information: anytime, anywhere, and on any device.

FSA is continuing to work toward improving not only access to the FAFSA, but also the ease of completing the application itself. We understand that the most important step in receiving assistance is understanding and accurately filling out the FAFSA, so we will continue to place an emphasis on increasing customer knowledge about the product and the associated application periods. We will also continue to support FAFSA simplification through technological enhancements such as the data retrieval tool or flexibilities provided to FSA through the *Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act)*. As advancements in access occur, we will provide information to students, parents, and borrowers through various communication channels beyond the

StudentAid.gov website; these channels will include social media, blogs, partnerships with states and college access non-profits, and targeted communications to current and future borrowers.

FSA will enhance its financial literacy materials to strengthen outreach for students and families. Over the span of the next five years, the outreach efforts to students and their families will start as early as middle school, to help them plan for the financial demands of college. In early 2020, the StudentAid.gov website began hosting new tools that promote financial literacy and educate borrowers about basic loan concepts—such as interest accrual and capitalization, repayment options, and the difference between federal and private loans. Based on enhanced customer analytics and customer feedback, we will continuously update these tools to make sure borrowers understand their rights and responsibilities.



## **Strategic Objective 2.2: Provide seamless, easy, personalized digital interactions equal with top financial institutions in the delivery of financial aid products and services**

Leading financial services institutions innovate by providing digital solutions that simplify and personalize the customer experience and incorporate account identification data to help callers access the appropriate information. FSA believes its borrowers should have seamless, easy, personalized experiences across a range of technology and engagement options. To connect with the nearly 81 percent of adults who have smartphones<sup>32</sup>, we will expand upon the myStudentAid app and develop a digital platform that will perform major tasks—such as loan counseling, personalized communication, and repayment of student loans— at customers' fingertips. These improvements will help create a better customer experience and improve information to positively impact repayment outcomes.

The new digital offering will enable an integrated experience that allows customers to engage with us and give them incentives to use self-service options such as a virtual assistant. It will also facilitate live conversations with highly trained customer service representatives who will continue to be available. FSA's vision is to directly handle more complex customer questions and concerns over the phone, and make resources available to

32. "Mobile Fact Sheet," Internet & Technology, Pew Research Center, accessed June 29, 2020, <https://www.pewresearch.org/internet/fact-sheet/mobile/>.

answer the more routine borrower inquiries through self-service online products and capabilities. These improvements will also streamline the processing of applications for borrower benefits and protections (e.g., Total Permanent Disability Discharge, Public Service Loan Forgiveness, and Borrower Defense).

In December 2019, Aidan<sup>SM</sup> launched as part of the Next Gen effort to improve the way all of our customers—including students, parents, borrowers, schools, and partners—interact with and manage the programs administered by FSA. Aidan is a virtual assistant that uses advanced technology—artificial intelligence and natural language processing—to answer the most common questions on federal student aid. Whether customers want to find out about their current loan account balances, learn more about grants, make a payment (pilot), or get help contacting their loan servicer, Aidan is available to help them find an answer.

The Annual Student Loan Acknowledgement (ASLA) tool provides borrowers with information about how much they will borrow or have borrowed thus far, and their expected monthly payments based on what they have borrowed to date. Before borrowers can receive loan disbursements, they will be required to acknowledge that they have reviewed their loan balance and other financial literacy information. These actions will be supplemented with enhanced entrance and exit counseling to further increase borrowers' financial knowledge related to their federal student aid. In addition, students can leverage information from the College Scorecard to better understand the likely earnings and other outcomes associated with their chosen academic program or institution.

FSA does not intend to simply offer tools that aid borrowers in ways that the organization determines are most helpful, but to also ensure that borrowers are satisfied with the outcomes from using those resources. To do this, FSA will gather feedback from several mechanisms, to include the American Customer Satisfaction Index (ACSI) Aid Lifecycle Survey as well as customer satisfaction surveys through StudentAid.gov.

### **Strategic Objective 2.3: Streamline contact center and back-office operations to improve our customers' integrated experience**

FSA will enhance contact center operations by simplifying its structure. All contact center operations will be provided under the FSA brand and be accessible through a single toll-free phone number and website. This



simplification will help reduce borrowers' confusion and the number of repeat calls. It will also allow us to provide better oversight of contact center vendors and to hold them accountable for consistent levels of service.

Beyond streamlined operations, FSA will enhance the efficacy of its contact centers through the introduction of a Customer Relationship Management (CRM) tool. The CRM facilitates rapid digital engagement and ensures that information collected from callers is captured, creating a complete view of all caller interactions. This technology also enables customer identification and personalization of the interaction with contact center staff. FSA customers will be able to transition seamlessly across technological platforms in this new operating structure, and customer service representatives will use the most recent data via the CRM to help customers as they ask questions and make decisions. This technology will also enable contact center operators to provide feedback to us on how to improve systems and tools to further enhance the customer experience.

In conjunction with improvements to contact centers, FSA will simplify and automate back-office operations to reduce errors and accelerate processing. We will consolidate operations such as mailing and postage under a single or smaller set of vendors while still allowing service providers with unique FSA accounts to maintain visibility and ownership of key customer-facing processes. To improve back-office efficiency, FSA will leverage the CRM to deploy advanced workflow automation capabilities to provide customers with improved quality, accuracy, and speed. These improvements will enable faster notifications to customers and help reduce errors, lowering customer frustration and delivering significant cost efficiencies.

#### **Strategic Objective 2.4: Personalize borrower communication and simplify processes associated with student loan repayment**

FSA will develop a series of tools that promote positive repayment behaviors and help borrowers understand how they can repay their loans more quickly or at lower cost. The enterprise-wide, FSA-branded platform—StudentAid.gov—serves as the “digital front door” for all customer interactions. Its capabilities include phone, chat, email, a chatbot named Aidan, text, and social media. For example, when students and families log in to StudentAid.gov, an “Aid Summary” page will show them how much they have received in federal grants and loans to date, information about their remaining eligibility, and contact information if they have questions. The capabilities are managed by a centralized command center that coordinates activity across all FSA contact centers and provides performance data we will use to ensure quality customer care. As a result, customers will receive consistent and personalized information about their financial aid and repayment options through their preferred communication channel.

The Loan Simulator Tool will walk users through a series of questions and allow borrowers to compare personalized scenarios, ultimately guiding them toward a repayment path that best fits their needs. This tool helps address a major pain point FSA identified: borrowers often feel they do not have the information they need to select a repayment strategy that fits their personal financial situation. Once borrowers determine their best repayment strategy, the Loan Simulator will guide them to complete any necessary applications and processes required to enroll in the repayment plan.

In January 2020, a pilot of the Make a Payment feature was released that will provide us with a proof-of-concept for ultimately transitioning all borrowers with federally held loans onto a single servicing platform and allow them to make payments through FSA's StudentAid.gov website. The pilot provides the option for 5 to 7 million borrowers to make a payment on their loans on StudentAid.gov. Once fully implemented, this feature will improve the customer options to repay their loans.

Another example of our efforts to personalize communications to borrowers and simplify processes is the Public Service Loan Forgiveness (PSLF) Help Tool. Launched in December 2018, the tool initially helped borrowers better understand the PSLF Program and how they could successfully participate, as well as generated a form for borrowers to complete and submit. Enhancements to the tool in 2020 will expand its functionality to provide borrowers with real-time, self-service access to information about their eligibility for and progress toward successful loan forgiveness. The tool integrates with the digital customer care platform and includes a database of qualifying employers. As part of the Next Gen FSA modernization efforts, we will also have the capability to fully digitize the Employment Certification Form (ECF) and application process; doing so will allow borrowers and employers to sign and submit forms electronically.

By simplifying these customer-facing processes, engaging customers with innovative communication strategies, and providing self-service options through the mobile application, FSA will be able to quickly respond to the ever-changing



needs of an increasingly diverse student population. More importantly, students will be able to monitor their progress in repaying their student loans and understand how various repayment options may impact their balance.

**For Strategic Goal 2, FSA will determine progress using sixteen performance metrics.**

To measure our success in meeting Strategic Goal 2, it is important for FSA to monitor borrower behavior to understand if students are finding the information they need, if the information provided answers their questions, and if they take actions based on the information provided. The first way for us to determine if customers are accessing the information is to track the number of visitors that come to the StudentAid.gov website and to perform outreach efforts to simultaneously increase those visits. In conjunction, for those



who elect to utilize FSA's key resource for financial aid—the FAFSA—we will measure the percentage of high school seniors who completed an application as well as the number of customers who utilize a mobile platform to complete the application.

A basic component of customer expectations today is being able to check on financial accounts through a mobile device. To gauge the expected change in customer behavior, FSA will measure the number of customers checking loan balances via the myStudentAid mobile app as well as those who review their student loan aid summary on the website. We will also measure the usage of our virtual assistant Aidan to better understand our borrowers' questions to ensure we are providing relevant and correct answers that meet our customers' needs. Over time, we will analyze customer interactions with Aidan to improve its functionality.

In the age of constant and increased information, FSA will execute a tiered marketing and communications strategy to keep customers informed about the improved tools and resources available. The transactions and campaigns associated with this strategy will be measured by the volume of customer interactions to manage FSA's accountability for actively communicating with the public. Improved customer service throughout the student aid lifecycle will be measured through the American Customer Service Index (ACSI) Aid Life Cycle Surveys. FSA has calculated a weighted score for the ACSI surveys for FAFSA applicants, students in school, and borrowers in repayment. By fiscal year 2021, we will incorporate additional surveys on StudentAid.gov to measure customer satisfaction with both the website and the associated tools available.

Our borrower education efforts succeed only if they improve borrower decision-making, so our success must also be measured through improvement in borrower behaviors, such as increased loan repayment. FSA offers multiple repayment plans as alternatives to the ten-year standard repayment plan and is committed to helping borrowers make the most informed repayment decisions. Over the next five years, we will use enhanced customer analytics and information learned through improved exit counseling to suggest repayment strategies based on customers' individualized goals. Doing so will allow customers to seamlessly enroll in repayment plans, easily establish recurring automatic payments, and feel confident in taking the next steps toward successful repayment or loan forgiveness.

FSA is also using technology to improve the success rate of eligible borrowers who apply for PSLF utilizing the on-line tool. The performance metrics associated include increases in the number of borrowers who use the electronic tool to confirm that they work for a qualifying employer and to complete the required annual certifications of employment.

In addition to digital and technological enhancements, we are working with our external vendors to improve and streamline business operations in contact centers and back-office processing. To monitor progress in this area, FSA will measure average speed to answer (ASA) and average abandon rate (AR) for incoming calls. As the improvements in business operations of our contact centers are implemented, speed to answer should improve and abandon rates should decline. Measuring ASA and AR will continue to help us gauge the effectiveness of our efforts in this area.



## **STRATEGIC GOAL 3: INCREASE PARTNER ENGAGEMENT AND OVERSIGHT EFFECTIVENESS**

FSA's Office of Partner Participation and Oversight (PPO) will assist schools, third-party servicers, and financial institutions to deliver federal student aid, collect borrower payments seamlessly, and safeguard data integrity through oversight and monitoring. This office will ensure schools understand and comply with *Title IV* requirements. Through the expansion of PPO activities such as technical assistance, we will reassess our approach to institutional interaction and use risk-based methods to deliver the right technical assistance to the right institution at the right time—which is before a small problem becomes a large one. FSA is also proactively working to prevent and address institutional fraud, through oversight, compliance, and enforcement actions. As just one part of this effort, PPO is managing the borrower defense to repayment (BD) application process. BD is a type of federal student loan forgiveness where borrowers may be eligible for forgiveness of their federal student loans if that school misled them or engaged in other misconduct in violation

of certain laws. In total, FSA will focus on improving the efficacy of partnerships to promote better outcomes for students. To do so, we will pursue two strategic objectives:

### **Strategic Objective 3.1: Provide effective oversight of FSA's partners utilizing a comprehensive suite of monitoring tools**

The responsibilities associated with Partner Participation and Oversight play a crucial role in safeguarding *Title IV* funds through an effective, compliant student aid delivery process. These efforts are aimed at reducing program risks by monitoring the performance of schools, third-party servicers, and financial institutions to ensure that they are compliant with program participation requirements.

FSA will conduct oversight using Comprehensive Compliance Reviews. These reviews are triggered by oversight events such as recertification, initial applications, reinstatement of *Title IV* eligibility, annual deficient audits, and annual flagged financial statements. In subsequent years, FSA will expand its comprehensive suite of monitoring tools that evaluate partners' participation based on continual analysis of program risks. Monitoring tools include Institutional Assessment Reviews consisting of recertifications; initial, reinstatement, mergers/conversions applications; and policy and procedures reviews. FSA will also conduct Institutional Risk Based Reviews consisting of focused general assessments, compliance assessments, and third-party servicer reviews.

FSA will tailor oversight to the unique challenges of each individual institution. Approach may vary based on the size of the school, the resources available to it, and its engagement in sensitive activities. We will continuously improve our annual risk assessment processes, increasing our proactive monitoring of institutional financial stability and regulatory compliance. To be most effective, we will also strive for more consistent messaging in regard to how we communicate the Department's regulatory interpretations among its various regional offices. Institutions will receive the same answer to a question, or the same program review finding, no matter which regional office or which staff member performs the review.

FSA will attempt to coordinate oversight, training and engagement with institutional need, and evaluate FSA's effectiveness in providing timely and accurate technical assistance. Through various tools and programmatic processes, FSA will proactively assess program review and other oversight findings in the context of training and technical assistance provided to institutions to be sure that our training and technical assistance is effective. When findings appear in multiple program reviews, FSA will work with the Department to determine if regulatory changes or clarifications are needed, and to revise training and technical assistance programs accordingly. FSA will also provide more targeted training and technical assistance opportunities to institutions based on identified or potential risks and regulatory requirements that are complex.

### **Strategic Objective 3.2: Strengthen partner engagement and provide effective outreach and assistance**

FSA will create a more mission-focused partner approach by ensuring partners have the proper tools and information to deliver aid and service loans in a way that improves the customers' experiences. We will accomplish this by providing targeted technical support and training using a data-centric approach, ensuring policies and other pertinent information are communicated efficiently and providing streamlined systems to our partners.

FSA will generate data-driven predictive models to identify schools that have low or no participation rates with training or technical assistance services, and target outreach to those schools to increase and improve their participation rates. We will leverage existing Learning Management System tools and survey instruments to derive participation insight and establish training baselines.



FSA will establish collaborative relationships with institutions to assist them in understanding the requirements associated with financial assistance, while offering best practices from other institutions. We will measure participation rates in our training programs and perform analysis on the number of Institutional Review findings in areas associated with specific technical assistance and training. In addition, we will provide more opportunity for access to resources and assistance through our Next Gen PPO platform. The Next Gen PPO platform will house a number of resource improvements for financial aid administrators and specific enhancements to a self-service training resource platform. FSA will assess its success in delivering informative and helpful resources by measuring the number of unique and repeat users of each resource, as well as by observing user behaviors. The intention is to measure user adoption of training resources and associated compliance, collect feedback from participants on their training experience, and then use this insight to develop more targeted training offerings to meet institution needs broadly or by institution type.

**For Strategic Goal 3, FSA will gauge its performance using six metrics.**

FSA will utilize a more comprehensive suite of monitoring tools to ensure IHEs appropriately administer *Title IV* aid. To measure the effectiveness of its oversight, we will annually conduct institutional reviews that will include comprehensive compliance reviews, institutional assessment reviews, and general or focused program compliance assessment reviews. These reviews will ensure all participating partners including schools, third-party servicers, and financial institutions are assessed at least once



every five years across the duration of this strategic plan. These reviews will assess compliance with requirements for aid delivery, return to *Title IV* and student loan repayment.

FSA will measure the effectiveness of its efforts through the number of findings discovered during program reviews, and the number of partners whose reviews result in the same finding previously identified. If many partners are failing the same compliance standard, then that is a sign that we are not providing the technical assistance needed, or that our technologies and process are not meeting the needs of our partners. We will also measure the number of repeat findings during subsequent reviews. Our goal is to maintain high standards while holding FSA accountable for providing partner education and assistance that improves accuracy and consistency in administering *Title IV* programs.

Additionally, FSA is committed to continued enhancements in oversight

and improving the borrower experience by reducing institutional fraud. Methods include increased control over accounts, proactive outreach, and consolidated data management capabilities. FSA has adopted a tactical approach for application processing by creating a team of subject matter experts from across the organization to work on BD. This will allow us to make significant progress in resolving the outstanding applications that are subject to existing BD regulations within the period of this plan.

FSA will pursue opportunities in the Next Gen PPO platform to provide high quality training and encourage partner participation. We will also measure participation rates in comprehensive training and technical assistance activities

to assess the impact of training on performance, and then make data-driven changes to training delivery, methods, and content. In addition, we will provide comprehensive training and specialized technical assistance to its participating schools that receive *Title IV* aid as well.

We will also continue to conduct a survey of postsecondary institutions to gauge the “ease of doing business” with FSA. The survey will allow us to verify that institutional participants in *Title IV* programs can easily access the information they need to perform their functions and that they receive, in a timely manner, information and decisions as well as directions on how to handle unusual circumstances. Institutional feedback will allow FSA to continuously improve its interactions with institutional partners.



# 4

## **STRATEGIC GOAL 4: STRENGTHEN DATA PROTECTION AND CYBERSECURITY SAFEGUARDS**

As we adopt new technological solutions, we will continue to protect student and borrower data integrity and confidentiality. Risk management and mitigation—especially regarding data protection and cybersecurity—will remain a top priority. Over the next five years, FSA and its third-party vendors will maintain and enforce rigorous cybersecurity standards in accordance with federal requirements and three strategic objectives:

### **Strategic Objective 4.1: Implement business partner and vendor systems, focused on oversight, enforcement, infrastructure, systems, and data**

As part of the Next Gen FSA effort, we will integrate state-of-the-art cybersecurity protection across the federal student aid lifecycle. These efforts will include increased support for partner institutions and coordination with vendors to provide improved cybersecurity services.

FSA will work with financial institutions, contact centers, and other vendors to improve their student privacy and data

security practices. These efforts will include enhanced outreach and compliance efforts to ensure that our partners maintain the highest levels of cybersecurity as required by law.

FSA will require that contracted vendors adhere to existing standards and work with them to improve cyber and data protection processes. Even as we allow providers to plug into a single unified system, each provider must meet common, rigorous cybersecurity requirements, remain aware of their role to protect student information and data, and perform proactive and reactive efforts to protect data and information. While incorporating its own expertise, FSA intends to leverage vendors' experience in developing best-in-class solutions to meet robust cybersecurity requirements. Given the pace of change, we must help vendors both comply with and inform cybersecurity practices to continue protecting the sensitive information of more than 40 million customers.

### **Strategic Objective 4.2: Improve student privacy data and cybersecurity controls of IHEs through outreach and communication, to mitigate future cyber incidents and breaches**

FSA has a responsibility to protect student data and ensure that IHEs put the appropriate safeguards in place to protect such data. There is evidence that suggests IHEs are increasingly becoming targets of cyberattacks, which potentially places student and parent data, as well as the efficacy of our systems and programs, at risk.

FSA's goal is to improve the protection of *Title IV* data through increased collaboration with all *Title IV* participating institutions and third-party servicers,

inclusive of sharing best practices and threat information to ensure they take the actions needed to protect student data and student privacy. A major aspect of this effort is to ensure IHEs report cyber breach incidents when they occur to allow FSA to assist them in responding appropriately. We also will utilize existing and future legislation and relationships with non-governmental organizations to educate institutions, provide technical assistance, and support cybersecurity initiatives over the next five years.

**Strategic Objective 4.3: Build an effective cybersecurity culture through employee awareness, training and accountability focused on protecting systems and data**

As it manages the personal and financial information of more than 40 million customers, FSA has a fundamental responsibility to maintain the highest level of cybersecurity. We will continue to ensure that all employees and contractors understand and integrate effective cybersecurity practices and considerations in their daily work and recognize that cybersecurity risk management is everyone's responsibility. We will provide employees and contractors with additional training and promote a holistic, security-conscious culture throughout the organization. Beyond training, FSA will also increase its due diligence about testing the limitations of both its internal systems and staff while establishing strict accountability protocols for adherence to its guidance.

Given the rapid pace of innovation in technology and cybercrime, our employees must be conscious of their



responsibility to the public associated with their use of data and Personally Identifiable Information (PII). In conjunction, FSA must commit to the continuous development of training and appropriate tools to assist staff in making informed decisions about cybersecurity. With an organization-wide emphasis on cybersecurity, we will continue to gather insights, identify risks, and make well-informed decisions regarding cybersecurity, technology, and data management.

**In evaluating performance on Strategic Goal 4, FSA will measure its progress using four performance metrics.**

While the goal is to reduce the number of cybersecurity or data integrity incidents within FSA and among its partners, we

want our partners to seek our assistance when breaches occur. In strengthening this relationship, FSA will strive to improve the cybersecurity and data protection processes, oversight, and enforcement with its financial institutions, contact centers, and other vendors. The first metric measures partner/vendor cybersecurity effectiveness based on the number of findings that are revealed during cybersecurity assessments. Our goal is to reduce the total number of FSA system assessment findings by 20 percent per year.

In addition, FSA will expand and direct its outreach and communication for improving cybersecurity programs and protection of data and systems at IHEs. The initial focus of this effort will be centered on the number of institutions identified with cybersecurity findings based on annual OMB compliance audits. As the audit findings illustrate trends and highlight institutional strengths and weaknesses, FSA will shape its technical assistance and outreach engagements accordingly. To monitor these efforts, we will measure the increase in IHE cybersecurity effectiveness by reducing GLBA cybersecurity non-compliance.

We will proactively develop and execute a threat reduction program that is beneficial to FSA and partner schools. In response to a 2019 Office of Inspector General Urgent Information Technology memo, FSA launched the first school-focused open source threat research on a specific product to determine what a potentially malicious adversary might see on the internet. That effort has expanded to other potential attack vectors. Continuous partnering and research in these areas drives our performance target of reducing the incident reporting time at IHEs through sharing threat information, with the goal of promoting quick responses to cybersecurity incidents.



Lastly, FSA will hold itself accountable to the same standards as the vendors and IHEs it oversees, by measuring the improvement in employees' performance responding to real or simulated cybersecurity events. Cybersecurity events are those actions associated with inappropriate use, distribution, or storage of PII and financial information amongst its employees.

These metrics will be utilized by FSA to ensure data security is strengthened internally and externally.



# STRATEGIC GOAL 5: ENHANCE THE MANAGEMENT AND TRANSPARENCY OF THE PORTFOLIO

The federal student loan portfolio totals over \$1.5 trillion and is projected to reach \$3 trillion by 2030. FSA recognizes it has a significant fiduciary responsibility to effectively manage its portfolio of taxpayer-funded loans. As FSA works to become a more customer-centric and outcome-based organization, it will measure its success based on the success of its customers in making improved borrowing decisions that lessen the burden of debt associated with their education. This effort will require enhanced analytic, risk management, performance management, and quality management capabilities to provide better outcomes for students and greater value to taxpayers.

Insights from this work will help FSA guide operational interventions and inform policymakers and taxpayers about the risks and opportunities in the portfolio. We will also use these insights to allocate resources, guide customer-centric decisions, and inform legislative or regulatory changes that would allow for better overall portfolio performance.

## **Strategic Objective 5.1: Improve the management and transparency of FSA's student loan portfolio performance**

FSA will maintain its commitment to transparency through the FSA data center—the public, online repository of information about the federal student aid programs. Today, FSA regularly publishes more than 70 data sets for public consumption through the data center. These data sets provide stakeholders with self-service opportunities to access and evaluate data about the *Title IV* programs. To further our accountability to stakeholders, we will continue to expand and improve the FSA data center in alignment with stakeholder needs through direct engagement with institutional partners. To accomplish this objective, we will invest in analytical capabilities to automate current processes, resulting in the release of more frequent data sets. We will also explore opportunities to improve the user experience on the data center by making it easier to navigate and combine existing data sets.

To better manage its loan portfolio, FSA will perform analyses to help identify risks, such as large shifts in the use of IDR plans, or significant increases in the number of borrowers and outstanding loan dollars that are in non-payment or negative amortization status. FSA will monitor changes in borrower behavior and repayment trends to support the Department with data and analysis in order to manage the student loan programs in the most efficient manner. We will also measure borrowers who are in a positive repayment status within the first three years of student loan repayment.

It also is important to measure activity after a customer receives aid. By measuring persistence, FSA can track performance

across one of the desired outcomes, which is to support student persistence and completion. While access to financial aid alone does not guarantee persistence, we do want to know more about how the types and amount of federal financial aid appear to impact college persistence and completion. Persistence data may also enhance our ability to more accurately forecast the cost and risks of managing the student loan portfolio, including likely changes in delinquency and default rates.

**Strategic Objective 5.2: Provide analytics and operational support for a customer-centric, data-driven, performance-based organization**

As we work to improve service to borrowers and customers, support responsible borrowing, and encourage repayment, we recognize the need for enhanced analytical performance management and risk management capabilities. As part of these efforts, FSA will leverage its data more efficiently by sharing information internally across the organization and driving data-driven decisions in support of better outcomes for students and taxpayers. While implementing its broader data strategy, FSA will centralize its measurement of performance-based metrics to provide an enterprise-wide view of its progress in meeting its strategic goals. This data-driven, outcomes-based performance management strategy creates a centralized approach to measuring outcomes in concrete ways to track progress against set targets, and allows leadership to make decisions and recognize potential trade-offs at the highest levels of the organization.

We recognize the importance of working across the organization to develop and

implement best-in-class solutions. This requires specific expertise in both project and change management. FSA will deepen its knowledge of project and change management standards and broaden its capabilities in those areas from a single, centralized unit to support the entire organization.

FSA will also enhance its Enterprise Risk Management (ERM) strategy and framework to enable risk-intelligent decision-making for improved portfolio and operational outcomes. We will accomplish this through additional training, enhanced reporting, and increased transparency in performance accountability. This multidimensional approach includes components across governance and culture; strategy and objective-setting; performance; review and revisions; and information, communication, and reporting. A risk-intelligent environment is demonstrated by a formal governance structure for organizational decisions, candid risk conversations, risk embedded into strategy and performance, and monitoring and reporting for risk-based decision-making at multiple levels.

Additionally, we will need to galvanize our resources to fully execute program changes and meet statutory requirements to ease the administrative obstacles for our customers and partners in the delivery of aid. The *FUTURE Act* was signed into law in December 2019 and will assist FSA in reducing burden to borrowers and improving program efficiency that is in alignment with the intent of the PBO. This law allows FSA to receive customers' federal tax information from the Internal Revenue Service (IRS) under Internal Revenue Code § 6103 for the purposes of: providing income information for the FAFSA form, verifying eligibility for income-driven repayment (IDR) plans, and verifying income for a period

of three years for those who receive a total and permanent disability (TPD) discharge.

In some cases, borrowers who received a TPD discharge end up having their loans reinstated due to the lack of income verification for each of the three years following their loan discharge. Direct access to IRS data will enable the Department to perform this assessment automatically, without the need for a borrower to send additional information to the Department. During fiscal year 2019, tens of thousands of TPD borrowers had their loans reinstated—including into a default status—because they failed to provide the required proof of income. Similarly, by using IRS data to evaluate the required payment and recertify a borrower's eligibility to participate in the IDR program of their choice, FSA can reduce

burden to borrowers and ensure taxpayers that borrowers are making the appropriate payment based on their actual earnings and family size. Between April 1, 2016 and March 31, 2017, approximately 1.3 million borrowers enrolled in an IDR plan failed to recertify their continuing participation on time, which represents approximately \$74 billion in loans. While some of these borrowers purposefully chose not to recertify, a large number simply failed to recertify within the prescribed timeframes. FSA believes that data sharing with the IRS will eliminate accidental recertification failures among borrowers who simply forget to complete the recertification process.

**Strategic Objective 5.3: Leverage portfolio analytics and consumer-facing technology to drive improved outcomes for customers and taxpayers**

As FSA gains a deeper understanding of the student loan portfolio, the organization will improve how it interacts with customers throughout the loan and repayment lifecycle. While many factors influence customers' abilities to repay their loans, this objective will focus on providing data-driven analytics to support borrower decision-making and targeted engagement when interventions become necessary. FSA also has a responsibility to assist the same customer population in borrowing the right amount to adequately fund their education and improving their loan repayment rates to positively impact student debt.

FSA will use advanced analytics and track customer trends more carefully to better improve its ability to understand customer challenges. We will make proactive interventions to help improve student loan repayment, starting when the borrower takes



his or her first student loan. For example, we will encourage students to borrow responsibly and to use auto payment technologies to minimize the risk of falling behind on payments and to receive an interest rate reduction. During repayment, rather than waiting for a customer to fall several months behind or default, FSA will track and respond to early warning signs and intervene to offer a range of options to improve the borrower's likelihood of repaying. This may include helping students identify the best options for their unique situations, and preventing unnecessary interest, late fees, and negative credit bureau reporting.

As part of these efforts, FSA will work to proactively monitor borrower behavior in response to the series of tools and resources provided, as well as environmental factors that may impact student loan repayment rates such as unemployment and other economic market trends. In this way, we will utilize predictive analysis to help guide students into and through loan repayment, thus not only reducing the number of delinquent or defaulted borrowers, but also increasing the percentage of borrowers who are in repayment and actually paying down their loan balances.

FSA will also expand the role it plays to improve student and borrower financial literacy. Specifically, we will work with stakeholders in higher education to identify effective financial literacy materials and integrate them into our interactions with students and families. This integration of ideas from throughout the secondary and higher education community will improve students and family's financial literacy regarding student loans. This will empower students and families to better understand the impact of the financial decisions they

make on their future financial stability. Messaging will be tailored to address specific topics such as responsible borrowing habits, projected earnings compared to estimated student loan payments, and finding the best repayment plan based on a range of borrower scenarios.

#### **Strategic Objective 5.4: Increase vendor performance through quality management activities centered on customer service and product delivery**

As FSA adopts an outcome-based approach, it will adopt a similar approach in its vendor acquisition strategy. FSA relies on many contracts and thousands of contract staff in its delivery of financial aid. We look to leverage the best business practices of both public and private-sector financial institutions to enhance our vendor acquisition strategy and execute contracts that yield best-in-class services and outcomes. FSA aims to hold vendors accountable for their role in enabling FSA to deliver on its goals and fulfill the obligations of a PBO.

We will continue to monitor vendor performance through a stronger focus on key performance indicators and service level agreement metrics aimed at delivering more effective outcomes for students and greater value to taxpayers. Additionally, FSA will restructure how it identifies and enforces contract specifications when vendors need to improve on the delivery of services necessary to meet the outcomes for customers and taxpayers. Specifically, we are focusing efforts in five key areas:

- improved tracking and resolution of identified instances of noncompliance;
- enhanced identification and analysis of trends and recurring instances of service noncompliance;

- use of performance metrics to track servicer noncompliance;
- expanded use of contract accountability provisions to hold servicers accountable for instances of noncompliance; and
- increased evaluation of the quality of service representatives' interactions with borrowers through reporting and routine communications.

FSA will engage more closely with vendors through a higher frequency of performance meetings and collaborative discussions to develop solutions. We also aspire to drive more accountability within contract management when vendors fail to deliver the necessary outcomes for customers and taxpayers. Our improved approach to vendor performance and quality management will improve transparency and collaboration and contribute to better outcomes for students and taxpayers.

**Strategic Goal 5, FSA will measure success using fourteen related metrics.**

FSA will share data more frequently with the public and move from quarterly to monthly publishing of its data sets on the FSA data center. Within the span of the *Five-Year Plan*, we also intend to develop and provide a self-service module for customers to gain access to reportable federal student aid information and data. FSA will evaluate success by meeting the proposed timeline for transition to monthly reports, and by measuring the number of data downloads from the FSA data center. In conjunction with managing towards monthly publishing targets, FSA will also increase its efficiency in responding to legislative and directed requests for data reports.

FSA will measure institution-level repayment rates with the goal of increasing the percentage of loan dollars in repayment, and therefore reducing the number of loan dollars at risk for default or non-repayment. Our improved education and customer service efforts should result in increased repayment rates within each sector of higher education and each loan category.

FSA continues to expand its Enterprise Risk Management capabilities across all aspects of the ERM system. In 2019, FSA continued to build upon its portfolio view of risk, analyzing and incorporating changes in the business and operating environments. Cybersecurity and fraud risk areas of focus have continued to develop with the creation of formalized frameworks that integrate with the overall ERM system.

We also developed our first formal organizational risk statement to assist the organization in determining appropriate risk responses and increasing consistency and transparency in decision making throughout the organization. FSA will continue to identify, assess, and monitor its risks and corresponding mitigation strategies to support meeting its strategic goals and objectives. We will measure the efficacy of the ERM program through advancement in risk management culture, capability, and practice. This process will be assessed using the ERM Maturity Model. FSA will better understand its risk maturity as it refines its strategy over the next five years and improves the maturity level of the program.

The timeline for implementation of the *FUTURE Act* is an important measure of FSA performance because the potential outcome of the associated changes will be beneficial to borrowers and stakeholders. A measurement that we will track as a potential indicator of

the impact of implementation is the error rate associated with income verification activities. This metric will measure the error rate identified through verification of income data provided on the IDR applications.

In support of the default prevention program, which we will establish by fiscal year 2022, FSA will measure the percentage of borrowers who are more than 90 days delinquent and the loan default rate by borrower count. Comparably, to develop mitigation strategies to lessen default amongst borrowers, FSA intends to measure borrower default after the end of the specified grace period. First payment and early payment default rate data will assist us in developing literacy and outreach resources that will help borrowers to stay on a track to repayment.

Contact centers, servicers, and other vendors are key members of FSA's external workforce.

To ensure they are meeting contract and customer satisfaction requirements, we will perform quality assurance reviews annually to a specific subset of our vendor population. This performance metric is in conjunction with FSA's effort to implement a 2nd Line Enterprise Quality Assurance (QA) Program. This program is independent of the normal quality assurance efforts that occur at both the contract acquisitions and subject matter expert level within the organization. The historical absence of a fully functioning QA Program, which includes vendors and related operational processes, has left us vulnerable to inefficiencies, ineffective processes, and less than optimal quality controls. This issue negatively impacts the organization's ability to effectively operate and meet its strategic goals and objectives. This program will seek to remedy these inefficiencies and support service quality controls over time.





P E R F O R M A N C E

# MEASURES

FSA's strategic goals, objectives, and initiatives are focused on outcomes to significantly improve the organization's future performance including better service to students and parents; stronger accountability and oversight of partners and vendors; and improved borrower repayment. FSA will continuously evaluate its progress across its five strategic goals through clear and measurable strategic objectives to reinforce accountability and performance in meeting targets and successful outcomes.

The *Five-Year Plan* was drafted in early 2020, and targets were initially established to stretch FSA's performance, but also to ensure that performance measurements were realistic and attainable in the given five-year timeframe. However, FSA anticipates the impact of the COVID-19 emergency and the relief efforts that FSA immediately implemented will have a significant effect on our business partners, customers, and portfolio. Therefore, in fiscal years 2020 and 2021, FSA will establish baselines for the majority of the performance measurements within the plan.

By baselining these performance measures, FSA will establish key conditions and associated performance indicators from which change and progress can be assessed. To accomplish this, in the first fiscal year of executing the *Five-Year Plan*, FSA will perform a baseline study to determine the appropriate calculations and methodology for data collection for the performance measures identified. The study will include a variety of factors, ranging from the analysis of specific indicators within the *CARES Act* implementation for COVID-19

to the timeline associated with the execution of contracts and performance agreements therein.

The information gathered during the baseline year(s) will provide the necessary historical information to assist FSA in establishing performance targets for subsequent fiscal years and provide the framework for the evaluation of programs and an assessment of their impact beyond the current emergency. To ensure accountability and transparency, FSA will issue an annual review of the *Five-Year Plan* using new and historical data to update the performance targets listed in the Performance Measurements Table.

The Performance Measurements Table on page 64 illustrates the key areas FSA will use to measure its progress toward meeting the strategic goals outlined in this plan.





# FSA STRATEGIC GOALS AND PERFORMANCE METRICS

FY 2020–2024 Strategic Goal	Performance Metric	FY19 Baseline	FY20 Target	FY21 Target	FY22 Target	FY23 Target	FY24 Target
<b>Goal 1: Empower a High-Performing Organization</b>							
<b>Strategic Objective 1.1:</b> Improve employee engagement and workplace inclusion to develop and retain talent, improve employee satisfaction, and engage in effective succession planning.	Improve Federal Employee Viewpoint Survey score: Employee Engagement Index. FSA's scores will improve the first year and continue to increase 1-2% annually.	61%	62–63%	+1–2% prior year result	+1–2% prior year result	+1–2% prior year result	+1–2% prior year result
<b>Strategic Objective 1.2:</b> Expand employee skills and capabilities to support Next Gen FSA.	A) Identification, validation, assessment, and prioritization of skill competencies, required grades, and strategic alignment in accordance with the workforce requirements study results.	N/A	50% of organization completed	50% completed (100% of organization completed)	Update and maintain	Update and maintain	Update and maintain
	B) Development of a multi-year, targeted, training and development plan.	N/A	Baseline Year to establish performance targets	10% of workforce in targeted training	15% increase of workforce in targeted training	20% increase of workforce in targeted training	25% increase of workforce in targeted training (70% in total)
	C) Perform a training analysis at each performance review period within the fiscal period.	N/A	Baseline Year to establish performance targets	Based on previous year performance	Based on previous year performance	Based on previous year performance	Based on previous year performance
<b>Goal 2: Provide World-Class Customer Experience to the Students, Parents and Borrowers We Serve</b>							
<b>Strategic Objective 2.1:</b> Ensure that all students can easily access information on federal student aid, apply for federal student aid, and have information on repayment options.	A) Number of visits (sessions) demonstrating adoption of the updated StudentAid.gov site.	183.7 million	190 million	210 million	220 million	235 million	250 million
	B) Percentage of high school seniors submitting the FAFSA.	65.75%	66%	66.25%	66.50%	66.75%	67%
	C) Number of customers submitting the FAFSA via a mobile platform—the myStudentAid mobile app or fafsa.gov.	N/A	2.4 million submissions	2.6 million submissions	3 million submissions	4 million submissions	5 million submissions

FY 2020–2024 Strategic Goal	Performance Metric	FY19 Baseline	FY20 Target	FY21 Target	FY22 Target	FY23 Target	FY24 Target
<b>Goal 2: Provide World-Class Customer Experience to the Students, Parents and Borrowers We Serve</b>							
<b>Strategic Objective 2.2:</b> Provide seamless, easy, personalized digital interactions equal with top financial institutions in the delivery of financial aid products and services.	A) Number of customers checking loan balances via the myStudentAid mobile app.	N/A	70,000	1.5 million	2 million	3 million	3.5 million
	B) Number of borrowers who view their aid summary information on StudentAid.gov.	N/A	Baseline Year to establish performance targets	Increase number of borrowers using feature by +10%	+10%	+10%	+10%
	C) Number of users of “Aidan,” the StudentAid.gov virtual assistant.	N/A	25,000	500,000	750,000	Based on previous year performance	Based on previous year performance
	D) Number of borrowers who complete their annual certification on time for the Annual Student Loan Acknowledgement (ASLA).	N/A	Baseline Year to establish performance targets	Based on previous year performance	Based on previous year performance	Based on previous year performance	Based on previous year performance
	E) Transactional email volume for outreach and communications to borrowers.	N/A	Baseline Year to establish performance targets	Based on previous year performance	Based on previous year performance	Based on previous year performance	Based on previous year performance
	F) Recurring campaign email delivery volume for outreach and communications to borrowers.	N/A	Baseline Year to establish performance targets	Based on previous year performance	Based on previous year performance	Based on previous year performance	Based on previous year performance
	G) American Customer Satisfaction Index (ACSI) Aid Lifecycle Survey score.	70	72-74	73-75	Based on previous year performance	Based on previous year performance	Based on previous year performance
	H) Customer Satisfaction Survey(s) for StudentAid.gov site and associated tools.	N/A	Survey Development and Implementation	Baseline Year to establish targets	Based on previous year performance	Based on previous year performance	Based on previous year performance
<b>Strategic Objective 2.3:</b> Streamline contact center and back-office operations to improve our customers’ integrated experience.	A) Quality Standard for Average Speed to Answer (ASA) at all Call Centers.	N/A	Equal to or less than 60 seconds	Equal to or less than 60 seconds	Equal to or less than 60 seconds	Equal to or less than 60 seconds	Equal to or less than 60 seconds
	B) Quality Standard for Abandon Rate (AR) for Incoming Calls at all Call Centers.	N/A	Equal to or less than 2%	Equal to or less than 2%	Equal to or less than 2%	Equal to or less than 2%	Equal to or less than 2%

FY 2020–2024 Strategic Goal	Performance Metric	FY19 Baseline	FY20 Target	FY21 Target	FY22 Target	FY23 Target	FY24 Target
<b>Goal 2: Provide World-Class Customer Experience to the Students, Parents and Borrowers We Serve</b>							
<b>Strategic Objective 2.4:</b> Simplify the communication and processes associated with borrower repayment plans.	A) Number of borrowers using Make a Payment feature to pay student loans.	N/A	Implement pilot for Make a Payment feature	Baseline targets on Pilot Year Performance	Based on previous year performance	Based on previous year performance	Based on previous year performance
	B) Percentage of borrowers using auto-debit.	N/A	Baseline Year to establish performance targets	Based on previous year performance	Based on previous year performance	Based on previous year performance	Based on previous year performance
	C) Percentage of Public Service Loan Forgiveness (PSLF) applicants who had used the PSLF Help Tool and who met the requirements for PSLF.	N/A	Baseline Year to establish performance targets	Based on previous year performance	Based on previous year performance	Based on previous year performance	Based on previous year performance
<b>Goal 3: Increase Partner Engagement and Oversight Effectiveness</b>							
<b>Strategic Objective 3.1:</b> Provide effective oversight of FSA's partners utilizing a comprehensive suite of monitoring tools.	A) FSA will annually conduct an Institutional Review for its participating partners including schools, third-party servicers, and financial institutions.	N/A	Conduct Institutional Reviews for at least 40% partners	Conduct Institutional Reviews at an additional 20% of partners — 60% in total	Conduct Institutional Reviews at an additional 20% of partners — 80% in total	Conduct Institutional Reviews at an additional 10% of partners — 90% in total	Conduct Institutional Reviews at an additional 10% of partners — 100% in total
	B) Number of Borrower Defense (BD) applications adjudicated (subject to existing BD regulations).	N/A	150,000	Based on previous year performance and revised adjudication processes and platform upgrades required under the 2019 regulation	Based on previous year performance	Based on previous year performance	Based on previous year performance
<b>Strategic Objective 3.2:</b> Strengthen partner engagement and provide effective outreach and assistance.	A) FSA will provide comprehensive training and/or specialized technical assistance to its participating schools that receive <i>Title IV</i> Aid on behalf of students.	N/A	At least 35% of schools will receive comprehensive training and/or specialized technical assistance	15% of schools will receive comprehensive training and/or specialized technical assistance	15% of schools will receive comprehensive training and/or specialized technical assistance	10% of schools will receive comprehensive training and/or specialized technical assistance	10% of schools will receive comprehensive training and/or specialized technical assistance
	B) FSA will measure Partner Participation rates in training programs.	N/A	Baseline school and partner participation using all documented contacts with the training and technical assistance	Incremental percentage increase to be determined from baseline participation	Incremental percentage increase to be determined from baseline participation	Incremental percentage increase to be determined from baseline participation	Incremental percentage increase. In total, achieve 95% school and partner participation

FY 2020–2024 Strategic Goal	Performance Metric	FY19 Baseline	FY20 Target	FY21 Target	FY22 Target	FY23 Target	FY24 Target
<b>Goal 3: Increase Partner Engagement and Oversight Effectiveness</b>							
	C) FSA will enhance the self-service training resource and informational platform to improve communication with participating partners, including schools, third-party servicers, and financial institutions.	N/A	Baseline Year to establish performance targets	10%	10%	10%	+10% (40% in total)
	D) Ease of doing business with FSA.	74%	74-76%	75-77%	Based on previous year performance	Based on previous year performance	Based on previous year performance
<b>Goal 4: Strengthen Data Protection and Cybersecurity Safeguards</b>							
<b>Strategic Objective 4.1:</b> Implement business partner and vendor systems that house, manage, and provide systems supporting FSA business processes, outreach and awareness focused on oversight, enforcement, infrastructure, systems, and data.	Increase partner/ vendor cybersecurity effectiveness by reducing the total number of FSA system assessment findings by 20% per year.	N/A	1,800	2,800	2,240	1,792	1,434
<b>Strategic Objective 4.2:</b> Improve student privacy data and cybersecurity controls of Institutions of Higher Education (IHEs) through outreach and communication, to mitigate future cyber-incidents and breaches.	A) Increase Institutions of Higher Education cybersecurity effectiveness by reducing GLBA cybersecurity non-compliance by 20% per year.	N/A	Baseline set in FY21	Baseline Year to establish performance targets	Based on previous year performance	Based on previous year performance	Based on previous year performance
	B) Reduce incident reporting time at Institutions of Higher Education.	N/A	Baseline set in FY21	Baseline Year to establish performance targets	Based on previous year performance	Based on previous year performance	Based on previous year performance
<b>Strategic Objective 4.3:</b> Build an effective cybersecurity culture through employee awareness, training and accountability focused on protecting systems and data.	Decrease the number of employee-related cybersecurity events associated with inappropriate use, distribution, or storage of Personally Identifiable Information (PII) and financial information by 20% a year.	N/A	1,800	1,440	1,152	955	764

Continued from previous page

FY 2020–2024 Strategic Goal	Performance Metric	FY19 Baseline	FY20 Target	FY21 Target	FY22 Target	FY23 Target	FY24 Target
<b>Goal 5: Enhance the Management and Transparency of the Portfolio</b>							
<b>Strategic Objective 5.1:</b> Improve the management and transparency of FSA's student loan portfolio performance.	A) Initiate monthly reporting to the public through the FSA data center.	N/A	Establish specific number of public reports	Standardize reports and pilot self-service module	Implement self-service module for reports	Update and maintain reports and self-service module	Update and maintain reports and self-service module
	B) Timeliness of FSA's response to statutorily mandated reports.	N/A	Average of no more than 30 days	Average of no more than 30 days	Average of no more than 30 days	Average of no more than 30 days	Average of no more than 30 days
	C) Outstanding Direct Loan Portfolio in Current Repayment Status.	86.7%	Baseline Year to establish performance targets	Based on previous year performance	Based on previous year performance	Based on previous year performance	Based on previous year performance
	D) Percentage of borrowers who are in a positive repayment status within the first three years of student loan repayment.	N/A	Baseline Year to establish performance targets	Based on previous year performance	Based on previous year performance	Based on previous year performance	Based on previous year performance
	E) Persistence among first-time filing aid recipients.	82.8%	83-84%	Based on previous year performance	Based on previous year performance	Based on previous year performance	Based on previous year performance
<b>Strategic Objective 5.2:</b> Provide analytics and operational support for a customer-centric, data-driven, performance-based organization.	A) Using the Enterprise Risk Management (ERM) Maturity Model, move the organization towards a "Risk Intelligent" position. The model defines organizational progress in the following way: 1 = Initial; 2 = Fragmented; 3 = Integrated; 4 = Risk Intelligent.	N/A	1.5	2.5	3	3.25	3.5
	B) Implementation timeline for <i>FUTURE Act</i> .	N/A	Establish specific timeline and collaborative agreement with IRS	Develop data sharing procedures and technology interface. Enable a non-production proof of concept that will inform the FAFSA solution	Implementation of interface between IRS and FSA, including testing and performance standards	Full implementation & performance standards development	Full implementation

Continued from previous page

FY 2020–2024 Strategic Goal	Performance Metric	FY19 Baseline	FY20 Target	FY21 Target	FY22 Target	FY23 Target	FY24 Target
<b>Goal 5: Enhance the Management and Transparency of the Portfolio</b>							
	C) Error rate discovered through income verification activities for borrowers on an IDR plan.	N/A	Baseline Year to establish performance targets	Based on previous year performance	Based on previous year performance	Based on previous year performance	Based on previous year performance
<b>Strategic Objective 5.3:</b> Leverage portfolio analytics to drive improved outcomes for customers and taxpayers.	A) Identify and provide intervention actions for customers at risk of default.	N/A	Development and testing of default intervention program	Implement pilot for default prevention program	Execute default prevention program—50% customer engagement	75% customer engagement	100% customer engagement
	B) Default Rate by borrower count.	N/A	Baseline Year to establish performance targets	Based on previous year performance	Based on previous year performance	Based on previous year performance	Based on previous year performance
	C) Percent of Borrowers > 90 Days Delinquent.	9.8%	Baseline Year to establish performance targets	Based on previous year performance	Based on previous year performance	Based on previous year performance	Based on previous year performance
	D) Percentage of borrowers who did not make the first three payments.	N/A	Baseline Year to establish performance targets	Based on previous year performance	Based on previous year performance	Based on previous year performance	Based on previous year performance
	E) Percentage of customers who borrow less than the maximum loan amount.	N/A	Baseline Year to establish performance targets	Based on previous year performance	Based on previous year performance	Based on previous year performance	Based on previous year performance
<b>Strategic Objective 5.4:</b> Increase vendor performance through quality management activities centered on customer service and product delivery.	Percentage of quality assurance reviews for the external workforce (servicers) reviewed annually.	N/A	25%	+50% (75% in total)	+25% (100% in total)	Update and maintain Quality Assurance Review process	Update and maintain Quality Assurance Review process

RELATIONSHIP TO THE

# DEPARTMENT OF EDUCATION

STRATEGIC PLAN

FSA's goals support the Department of Education's overall strategic goals and directions, as defined in the Department's *Strategic Plan for Fiscal Year 2018–22*. Currently, FSA directly supports the following Department strategic goals:

**Goal 1: Expand postsecondary educational opportunities; improve outcomes to foster economic opportunity; and promote an informed, thoughtful, and productive citizenry.**

**Goal 2: Strengthen the quality, accessibility, and use of education data through better management, increased privacy protections, and transparency.**

**Goal 3: Reform the effectiveness, efficiency, and accountability of the Department through its focuses on vendor management, risk mitigation, and cybersecurity.**

The Department of Education's goals, objectives, and performance measures have been integrated seamlessly into FSA's *Strategic Plan Fiscal Years 2020–24*. Several performance measures are shared between the plans, and others are built into the objectives.

This will improve customer service, partner collaboration, and oversight throughout FSA's ongoing efforts. In addition, one of the Department of Education's Agency Priority Goals for Strategic Goal 1 encompasses several FSA performance measures:

By September 30, 2021, FSA will transform its relationship with prospective and current customers through deployment

of significant components of the Next Gen FSA that result in a personalized experience. FSA will: 1) increase the percentage of individuals submitting a FAFSA through a mobile device to 2.6 million and 2) increase the overall customer satisfaction level throughout the student aid life cycle, as measured by the FSA Customer Satisfaction score.

By utilizing the Department of Education's *Strategic Plan for Fiscal Years 2018–22* as a foundation for FSA's performance, we have increased organizational alignment and coordinated performance accountability to ensure positive outcomes for students, families, and taxpayers.





# 07

EVALUATING  
PROGRESS

## FSA Performance Evaluations and Frequency

FSA uses a variety of methods and tools to evaluate its progress. FSA continues to build and improve on the collection of data, research, and analysis to inform management decisions. Information from across the organization is used to improve the day-to-day administration of business. The following chart lists some of the significant evaluations, a description of these evaluations, and the timeframe for completion.

Evaluation	Description	Frequency
FSA Customer Listening Meetings	Provide a comprehensive assessment of customer feedback and satisfaction across multiple FSA systems (e.g., social media, FSA Customer Feedback System, etc.).	Monthly
Performance Review (Internal to FSA)	Provides a quarterly assessment of organizational performance on key strategic performance measures to FSA Senior Leadership team.	Quarterly
Performance Review with Department of Education	Reports on organizational performance towards specific FSA performance measures included within the U.S. Department of Education's <i>Strategic Plan for Fiscal Years (FY) 2018–22</i> .	Quarterly
Performance Review with OMB	Reports on organizational performance towards specific FSA performance measures within the U.S. Department of Education's <i>Strategic Plan for Fiscal Years (FY) 2018–22</i> , inclusive of an Agency Priority Goal.	Quarterly
Federal Employee Viewpoint Survey	Provides a comprehensive assessment of employee satisfaction and commitment across federal agencies.	Annually
Annual Report to Congress	Reports on the performance of the PBO, including an evaluation of the extent to which the PBO met the goals and objectives in the <i>Five-Year Strategic Plan</i> for the preceding year. It also includes FSA's financial statements, which are prepared in accordance with established federal accounting standards and are subject to an annual independent audit.	Annually

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