

Federal Student Aid

Fiscal Year 2024

ANNUAL REPORT



Federal
Student
Aid

AN OFFICE OF THE
U.S. DEPARTMENT OF EDUCATION

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

United States Department of Education

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November 14, 2024

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Federal Student Aid operates on a fiscal year, which begins on October 1 and ends on September 30. Information included in the *Federal Student Aid Annual Report* is based on the fiscal year unless otherwise noted.

Federal Student Aid strives to improve and enhance the content quality, report layout, and public accessibility of its *Annual Report*. Suggestions on how this report can be made more informative and useful are welcome. The public and other stakeholders are encouraged to submit all questions and comments to AFRComments@ed.gov.

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Introduction (Unaudited)



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Letter from the Chief Operating Officer of Federal Student Aid

Dear Federal Student Aid Community:

I am pleased to present the Federal Student Aid (FSA) *Fiscal Year 2024 Annual Report* that summarizes the vital work we did to serve students, families, borrowers, postsecondary institutions, and other financial aid stakeholders.

In addition to providing aid, our work during fiscal year (FY) 2024 included returning millions of borrowers to repayment after a three-and-a-half-year pause, delivering the loan forgiveness that borrowers earned, launching a modernized student loan environment, and holding schools and vendors accountable. We launched the 2024–25 *Free Application for Federal Student Aid* (FAFSA®) form with the most far-reaching changes to the financial aid application process in decades; these changes aim to reduce burdens for families and help more students from low- and middle-income backgrounds get the help they need to pay for college.

Unfortunately, technical issues initially made submitting an application difficult or impossible for some students and contributors, which marred the new FAFSA experience for many students and institutions across the country.



Denise Carter
Acting Chief Operating Officer

FSA teams and colleagues across the U.S. Department of Education engaged with students, families, the organizations that support them, and postsecondary institutions to gather feedback, implement technical fixes, and address issues affecting user experiences. Our persistent and dedicated efforts led to solutions that had major positive impacts; by the end of FY 2024, successful form submissions were within 2% of the forms submitted by the end of FY 2023. Also, more than 650,000 FAFSA applicants were eligible for Federal Pell Grants in late October 2024 compared to late October 2023, which equated to an 8% increase.

FSA's teams immediately leveraged the lessons learned during the 2024–25 FAFSA cycle to improve the 2025–26 FAFSA experience. The organization put new project leadership and experts in place to design and implement a structured approach for a successful 2025–26 cycle. FSA planned a beta testing program that launched on October 1, 2024. This approach is consistent with software industry best practices and allows FSA to identify and resolve the kind of system errors that can derail students, contributors, and colleges. FSA intends to launch the full 2025–26 FAFSA form with availability to all students and contributors on or before December 1, 2024.

As directed by Congress, FSA returned more than 28 million borrowers to repayment following the COVID-19 pandemic. FSA conducted extensive outreach to engage borrowers and supporting organizations to help borrowers understand affordable repayment options. FSA also implemented an on-ramp to ease borrowers' transition to repayment and held vendors accountable when they failed to meet their contractual obligations related to borrower services.

As the cost of postsecondary education rose in FY 2024, students and their families turned to the federal government to help them achieve their higher education dreams. In FY 2024, FSA provided approximately \$120.8 billion in federal grants, loans, and work-study funds to more than 9.9 million students at 5,378 colleges and career schools. At the end of FY 2024, approximately 45 million borrowers held more than \$1.6 trillion in federal student loans.

Through enhancements to existing loan forgiveness programs and administrative adjustments to address servicers' misuse of forbearance, FSA delivered record levels of targeted student debt relief. In FY 2024, FSA specifically provided more than \$90 billion to approximately 2.4 million borrowers through income-driven repayment (IDR); the Saving on a Valuable Education (SAVE) Plan; borrower defense to repayment, closed school discharges, and related court settlements; automated total and permanent disability discharges through the Social Security Administration; and Public Service Loan Forgiveness (PSLF).

FSA successfully transitioned management of PSLF from a designated servicer to [StudentAid.gov](https://studentaid.gov). Now, borrowers can see the status of their submitted PSLF forms, payment counts, and loan and payment details when they log in to their [StudentAid.gov](https://studentaid.gov) account, rather than navigating between FSA's and their servicer's websites.

In addition, FSA brought its new loan servicing environment—the Unified Servicing and Data Solution—online, an effort that has been a decade in the making. The new loan servicing environment enables FSA to improve the experience and repayment outcomes for millions of federal student loan borrowers. The modernized environment also provides increased oversight of loan servicers and better safeguards borrowers' personal information through higher cybersecurity standards.

Moreover, FSA continued to maintain the integrity of the federal student aid programs by holding postsecondary schools accountable for following the laws and regulations that govern our programs. FSA conducted thorough investigations that resulted in numerous enforcement actions in FY 2024, including fining an institution \$14 million—a record for *Cleary Act* violations—and requiring close monitoring for two years. During FY 2024, FSA facilitated greater transparency for students and their families about schools, including publishing a new [enforcement webpage](#).

The heart of FSA's work remains enabling students to receive federal financial aid—especially those who need it most—to achieve their education goals. To ensure that FSA keeps our mission at the forefront of our operations, I revamped the leadership team to increase accountability across FSA, including leveraging experienced senior leaders from within the Department and outside industry experts on term assignments. I also strengthened project and program management protocols, increased frequency and engagement via FSA's governance and decision-making bodies, and updated business strategy and acquisition procedures to hold contractors accountable for performance issues.

While FSA undergoes this essential period of transition, employees remain wholly focused on delivering for students, families, and partners in every way possible.

Sincerely,

A handwritten signature in black ink that reads "Denise L. Carter". The signature is written in a cursive, flowing style.

Denise Carter
Acting Chief Operating Officer
Federal Student Aid
United States Department of Education
November 14, 2024

About This Report

FSA, a principal office of the United States (U.S.) Department of Education (Department), is required by law to produce an annual report, which details the organization's fiscal year financial and program performance. The *Federal Student Aid FY 2024 Annual Report (Annual Report)* is a comprehensive document that provides an analysis of FSA's financial and program performance results for FY 2024 and exhibits the organization's effectiveness in accomplishing its mission. The *Annual Report* enables the President of the United States, the U.S. Congress, and the public to assess the organization's performance relative to its mission and to determine whether FSA has shown itself to be accountable for the resources entrusted to it.

This report presents information about FSA's performance as a Performance-Based Organization (PBO), along with its initiatives, accomplishments, and challenges, as required by the U.S. Office of Management and Budget (OMB) Circular A-11, *Preparation, Submission and Execution of the Budget, Part 6, Section 260*, and Circular A-136, *Financial Reporting Requirements*. The report also satisfies various requirements included in the following federal statutes:

- *Higher Education Act of 1965, as amended*
- *Federal Managers' Financial Integrity Act of 1982*
- *Chief Financial Officers Act of 1990*
- *Federal Credit Reform Act of 1990*
- *Government Performance and Results Act of 1993*
- *Government Management Reform Act of 1994*
- *Federal Financial Management Improvement Act of 1996*
- *Reports Consolidation Act of 2000*
- *Improper Payments Information Act of 2002, amended*
- *Government Performance and Results Modernization Act of 2010*
- *Improper Payments Elimination and Recovery Act of 2010*
- *Improper Payments Elimination and Recovery Improvement Act of 2012*
- *Payment Integrity Information Act of 2019*

The Department produces the [U.S. Department of Education FY 2024 Agency Financial Report \(AFR\)](#), which provides a comprehensive view of the Department's stewardship of its resources and includes a summary of the information contained in this *Annual Report*.

The *Annual Report* is available at StudentAid.gov/strategic-planning-reporting.

Overview of the Federal Student Aid Annual Report

The *Annual Report* is organized into the following sections:



Management's Discussion and Analysis

This section provides an overview of the *Annual Report* and includes forward-looking information, the mission and organizational structure, highlights of performance management details, financial statement analysis, and a discussion of FSA's systems, controls, and compliance with laws and regulations.



Annual Performance Report

This section discusses the strategic goals included in the *Federal Student Aid Five-Year Strategic Plan for Fiscal Years 2023–27 (FY 2023–27 Strategic Plan)*, its strategic objectives, performance indicator results, and fiscal year accomplishments.



Additional Required Reporting

This section includes the additional reports specifically required by the *Higher Education Act of 1965, as amended (HEA)*.



Financial Reporting Section

This section includes the Consolidated Balance Sheet, related notes, and the report from the independent auditors.



Other Information

This section includes the unaudited financial statements and related notes, required supplementary information, a summary of the financial statement audit, links to the summary of management assurances and FSA's Management Challenges in the Department's [AFR](#), and *Payment Integrity Information Act* reporting details.



Appendices

This section includes the discontinued or revised items of the *FY 2023–27 Strategic Plan*, the data validation and verification of performance information, the glossary of acronyms and terms, and the availability of the *Annual Report*.

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Management's Discussion and Analysis (Unaudited)



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Overview of Management's Discussion and Analysis

Management's Discussion and Analysis provides an overview of the *Annual Report*. It includes the following subsections:

- **Fiscal Year 2024 Organizational Highlights:** Fiscal Year 2024 Organizational Highlights present Looking Forward at Federal Student Aid, which details the most important events and challenges that FSA faces and discusses the actions taken and progress made by FSA in addressing those challenges. This subsection also includes a presentation of Federal Student Aid by the Numbers.
- **Mission and Organizational Structure:** Mission and Organizational Structure provides the history of FSA and its mission, organizational structure, vision, and core values. The section also includes discussion of the federal student aid programs.
- **Performance Management:** Performance Management presents an overview of FSA's strategic planning and performance management framework. This subsection includes an overview of the *FY 2023–27 Strategic Plan*, a discussion of the agency priority goals, and the quality of FSA's performance data.
- **Analysis of Financial Statements:** Analysis of Financial Statements provides an overview of FSA's financial data, an analysis of the financial data presented in the financial statements, and the limitations of financial statements.
- **Analysis of Systems, Controls, and Legal Compliance:** Analysis of Systems, Controls, and Legal Compliance provides FSA's management assessment in conjunction with the Department's assessment on FSA's internal controls related to the *Federal Manager's Financial Integrity Act of 1982* and its compliance with other laws and regulations related to the compliance of financial systems with federal requirements.

Fiscal Year 2024 Organizational Highlights

Looking Forward at Federal Student Aid

In FY 2024, Federal Student Aid (FSA) continued to align its operations with administrative priorities to support programs authorized by *Title IV of the Higher Education Act of 1965*. FSA is committed to deploying various strategies to empower students and families with the financial aid information and tools necessary to make informed decisions about the best repayment plan. By utilizing a multi-channel communication approach, grant applications, loan application tools, and borrower feedback, FSA aims to improve the student's and borrower's federal aid experience.

As the organization moves into FY 2025, FSA is focused on enhancing the accessibility and efficiency of its services to better support students, borrowers, and families. The key initiatives include:

1. **Support borrowers in repayment:** FSA will continue to support borrowers in repayment, including by enrolling borrowers in income-driven repayment, ensuring servicers support borrowers with unaffordable payment amounts, taking critical actions to help borrowers reduce delinquency and avoid default, and ensuring borrowers eligible for forgiveness, including Public Service Loan Forgiveness (PSLF) and Income-Driven Repayment (IDR) Forgiveness, receive this forgiveness in a timely fashion.
2. **Deliver an easy-to-use FAFSA for all students and families:** FSA experienced delays in the 2024–25 FAFSA cycle due to technical issues related to implementing the new FAFSA Simplification and FUTURE Act capabilities. The Department took action to address the issues and launched the FAFSA College Support Strategy to deploy federal personnel and expertise to help colleges process FAFSA forms and package federal student aid. This strategy also includes directing funding for technical assistance and on-the-ground support for colleges most in need and releasing tools to help colleges prepare to process student records and deliver financial aid packages quickly and accurately. In FY 2025, FSA will align with software industry best practices and conduct multiple beta tests before making the FAFSA form fully available to all students on or before December 1, 2024. The Department's top priority remains ensuring the 2025–26 form is stable and delivers a smooth and secure experience for families, school, states, and other partners.¹
3. **Safeguard student interests:** FSA is committed to increasing outreach and support for underserved communities to ensure equitable access to financial aid. Future targeted initiatives will help to raise awareness and aid those who need it most.² In FY 2025, FSA will continue to prioritize safeguarding student interests by ensuring equitable access to financial resources for higher education. Initiatives will focus on simplifying the application process, enhancing transparency, and providing comprehensive support to students and families. By streamlining the FAFSA and improving outreach efforts, the Department aims to reduce barriers and make it easier for students to obtain the aid they need. Additionally, ongoing efforts to improve financial literacy and provide clear

¹ <https://www.ed.gov/about/news/press-release/us-department-of-education-announces-successful-beta-1-testing-2025-26>

² [Federal Student Aid Fiscal Year 2025 Budget Proposal](#)

information about repayment options will help students make informed decisions about their education and financial future. These measures are designed to promote fairness, accessibility, and success for all students pursuing higher education.

4. **Increase transparency of academic programs:** The Department anticipates awarding \$135 billion in new federal student aid, including funding for more than \$39 billion in Pell Grants and \$93 billion in student loans. These resources will help more than 9 million students pursue their postsecondary education goals. FSA's intent is to share information publicly about FSA's school oversight and enforcement activities to increase transparency in its efforts, provide guidance regarding acceptable conduct, and deter misconduct by schools participating in Title IV programs. In addition, FSA will continue to implement Financial Value Transparency (FVT) and Gainful Employment (GE) requirements to protect students from career training programs that leave graduates with unaffordable loan payments or low earnings.
5. **Invest in effective and secure technology:** Leveraging the latest technology, FSA will enhance digital platforms to provide more efficient and accessible services. This includes improving online tools and resources to better support students in managing their financial aid. The new Chief Technology Officer will lead the Enterprise Technology Directorate (ETD) as it continues to serve as a trusted partner delivering innovative technology solutions to shape the future of FSA. ETD will increase the protection of borrower data, prevent identity theft, and ensure continuity of service. Additionally, ETD will guide FSA's development of a unified cloud platform with cloud-centric design, monitoring, and response capabilities. ETD will increase the use of automation and remain agile in implementing legislative actions and business unit requirements. ETD will enhance communication and collaboration with all FSA business units, the Department, and external stakeholders. FSA aims to be a leader among federal efforts to maintain privacy, integrity, and accessibility for its customers. In addition, FSA will continue to improve its cybersecurity posture to protect borrower data and prevent identity theft. This includes implementing advanced security measures and protocols to safeguard information systems and ensure the continuity of services. FSA will also focus on increasing operational efficiency and capacity by establishing an operational framework for complaint handling, quality assurance, and data reporting and analysis. Continuous process improvement will be prioritized, leveraging lessons learned and results from quality assurance reviews.
6. **Investigate potential fraud and harmful practices:** In FY 2025, FSA will continue to investigate and eliminate fraud and harmful practices that jeopardize student interests and the integrity of financial assistance programs. By leveraging data-driven models, deploying risk detection tools, and strengthening oversight, the Department aims to identify and address deceptive practices swiftly. Collaboration with law enforcement agencies and enhanced whistleblower protections will play a crucial role in these initiatives. Additionally, increased transparency and accountability measures will help ensure that funds are used appropriately, safeguarding students from predatory practices. These efforts will not only protect students but also uphold the credibility and effectiveness of federal student aid programs, fostering a fairer and more reliable system for all.
7. **Improve operations through governance, processes, and decision-making:** In FY 2024, FSA launched the Federal Student Aid Starting Point, which serves as the governing body to support more effective decision making across the organization and to

guide enterprise-wide operational improvements. Moving into FY 2025, FSA remains committed to enhancing its operations through robust governance, refined processes, and informed decision-making. Implementing stringent governance frameworks ensures that financial aid programs are administered transparently and effectively, fostering accountability and trust. Streamlined processes are continuously developed and optimized to enhance the efficiency and accessibility of financial aid, reducing administrative burdens on both students and staff. Informed decision-making, driven by data and analytics, allows for strategic planning and resource allocation, ensuring that the aid system adapts to evolving educational needs and economic conditions. These efforts collectively aim to improve the operational efficiency of federal student aid, making it more responsive and supportive of students' educational goals.

8. **Align staffing with priorities:** To align staff with Department priorities in FY 2025, FSA will clearly communicate goals, set measurable objectives, invest in training and development, implement a more robust performance management system, recognize and reward efforts, and ensure leadership engagement. Its strategies will foster a unified and motivated workforce, driving improved performance and success.

Looking to FY 2025, FSA will maintain its strategy of providing students, families, and borrowers with clear, accurate, and timely information needed to apply for grants, manage their loans, make decisions about repayment plans, and participate in loan forgiveness programs. By focusing on these areas, FSA aims to provide more efficient, transparent, and supportive financial aid services that empower students to achieve their educational aspirations.

Federal Student Aid by the Numbers

Figure 1: FSA Net Outlays³

FY 2020–24

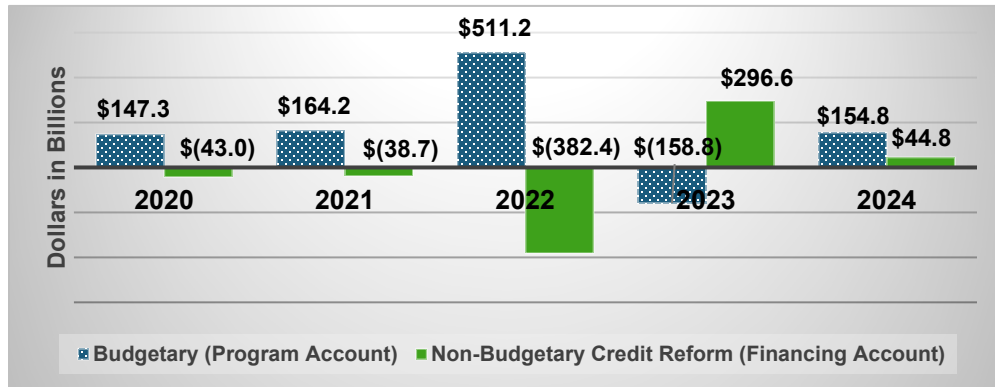


Figure 2: FSA Administrative Budget

FY 2020–24

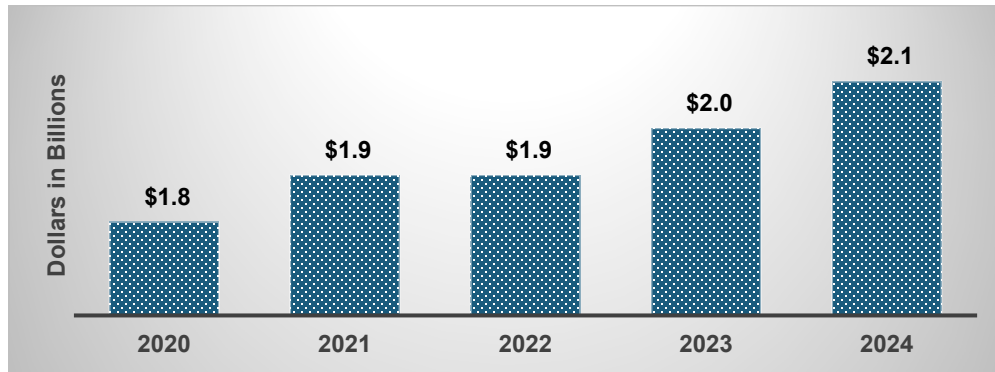
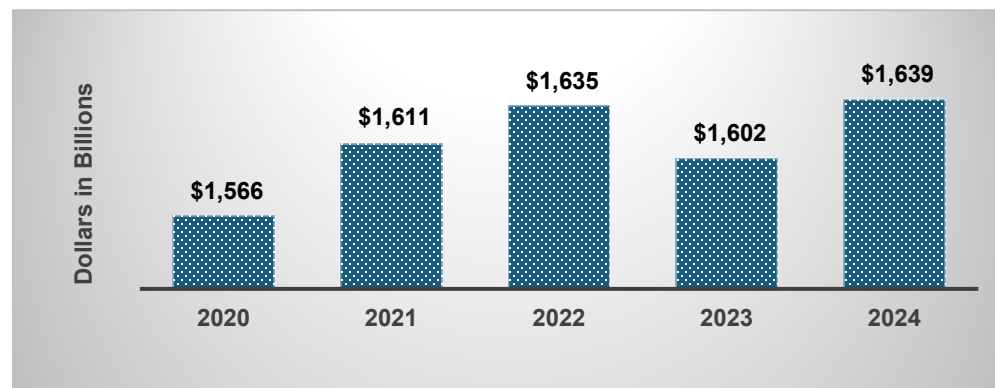


Figure 3: FSA Student Loan Portfolio⁴

FY 2020–24



³ The Budgetary account is also known as the Program account; the Non-budgetary credit reform account is also known as the Financing account. For more information on these two accounts, please refer to Note 5.

⁴ The amounts in Figure 3 include both lender-held FFEL loans and School-held Perkins loans.

Figure 4: Total FAFSA® Forms Processed and Total Students Receiving Aid

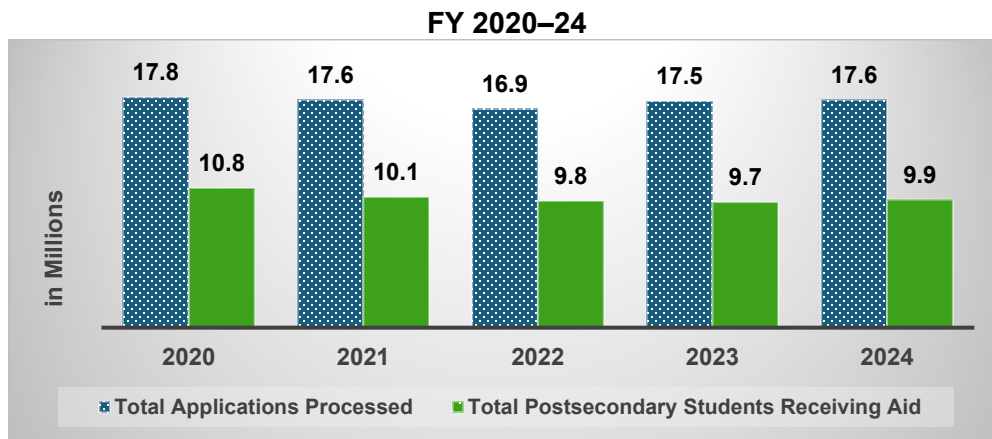


Figure 5: Total Federal Student Aid Delivered

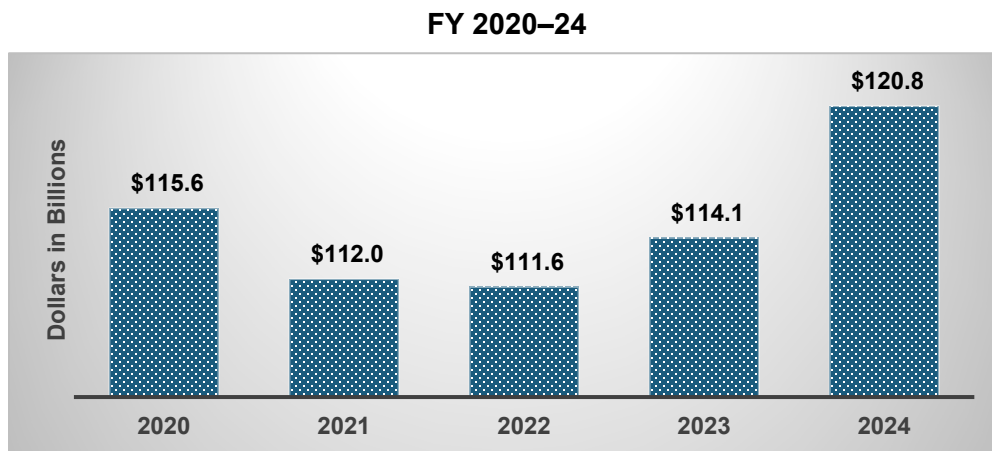
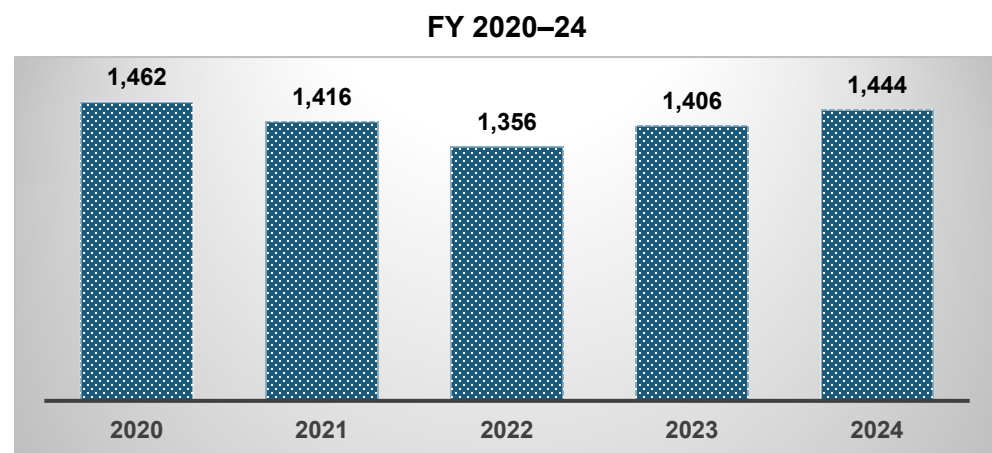


Figure 6: FSA Federal Employees⁵



⁵ Number of employees listed is as of September 30 of each fiscal year.

Mission and Organizational Structure

Mission

FSA, a principal office of the U.S. Department of Education (the Department), seeks to ensure that all eligible individuals can benefit from federal financial assistance for education beyond high school. As the nation's largest provider of federal student financial aid, FSA is responsible for implementing and managing federal student financial assistance programs authorized under the *Higher Education Act of 1965*, as amended (HEA). *Title IV* of the *HEA* specifically authorizes the federal student financial assistance programs for which FSA is responsible. These programs provide grants, loans, and work-study funds to students attending colleges or career and technical schools.

To execute the *Title IV* programs, FSA is responsible for a range of functions across the student aid lifecycle, including:

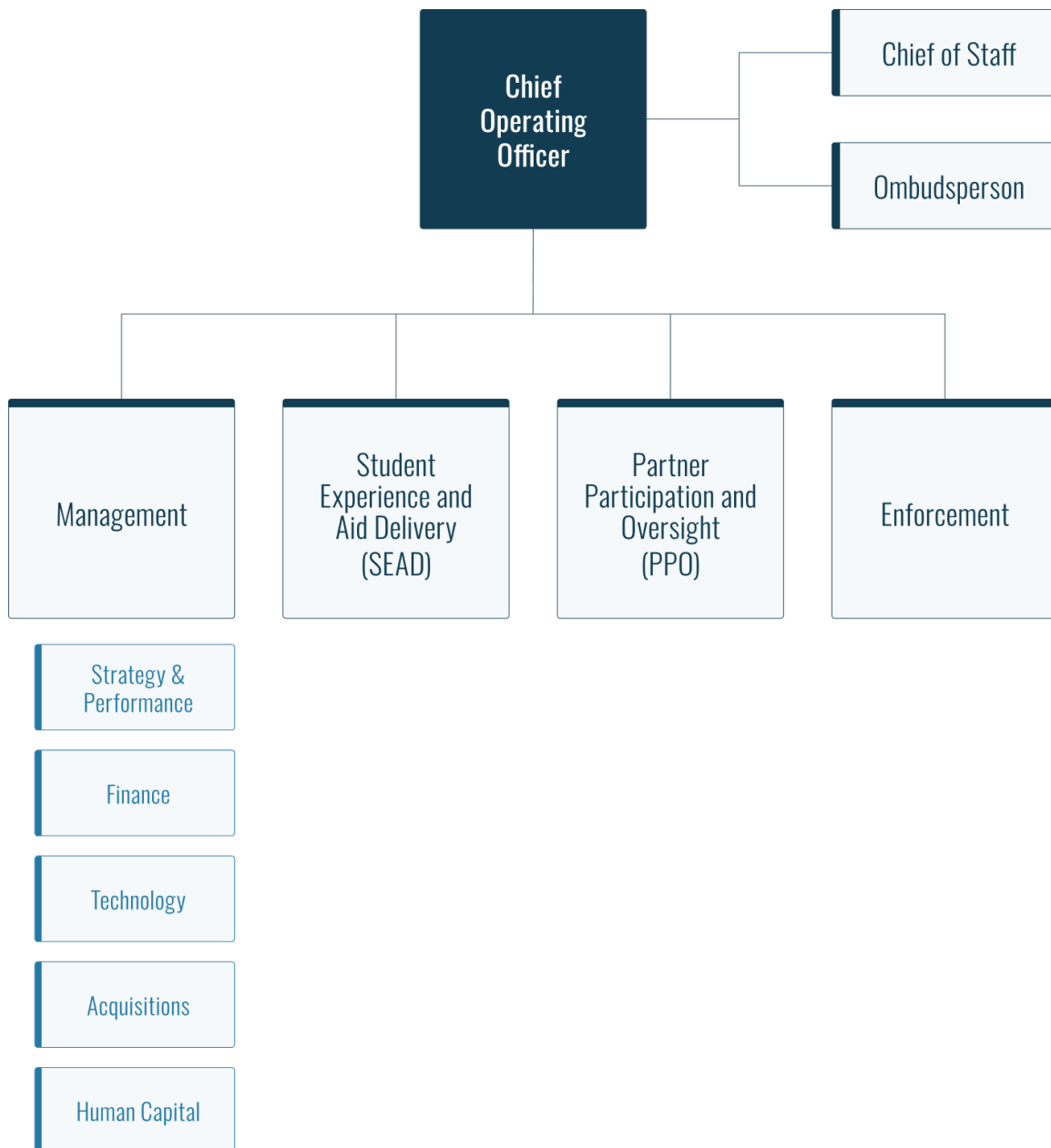
- informing students and families about the availability of the federal student aid programs and the process of applying for and receiving aid from those programs,
- developing the *Free Application for Federal Student Aid*® (FAFSA®) form and processing millions of FAFSA forms each year,
- accurately disbursing, reconciling, and accounting for billions of dollars of federal student aid funds delivered to students annually,
- managing the outstanding federal student loan portfolio and securing repayment from federal student loan borrowers,
- informing borrowers about loan forgiveness programs and helping borrowers access the forgiveness for which they are eligible,
- offering free assistance to students, parents, and borrowers throughout the entire financial aid process, and
- providing oversight and monitoring of all program participants—schools, financial entities, and students—to ensure compliance with the laws, regulations, and policies governing the federal student aid programs.

This complex, multifaceted mission calls on a range of staff skills, and demands coordination by all levels of management. Designated as a Performance-Based Organization (PBO) by Congress in 1998, FSA emphasizes tangible results and efficient performance, as well as continuous improvement of the processes and systems that support its mission.

Organizational Structure

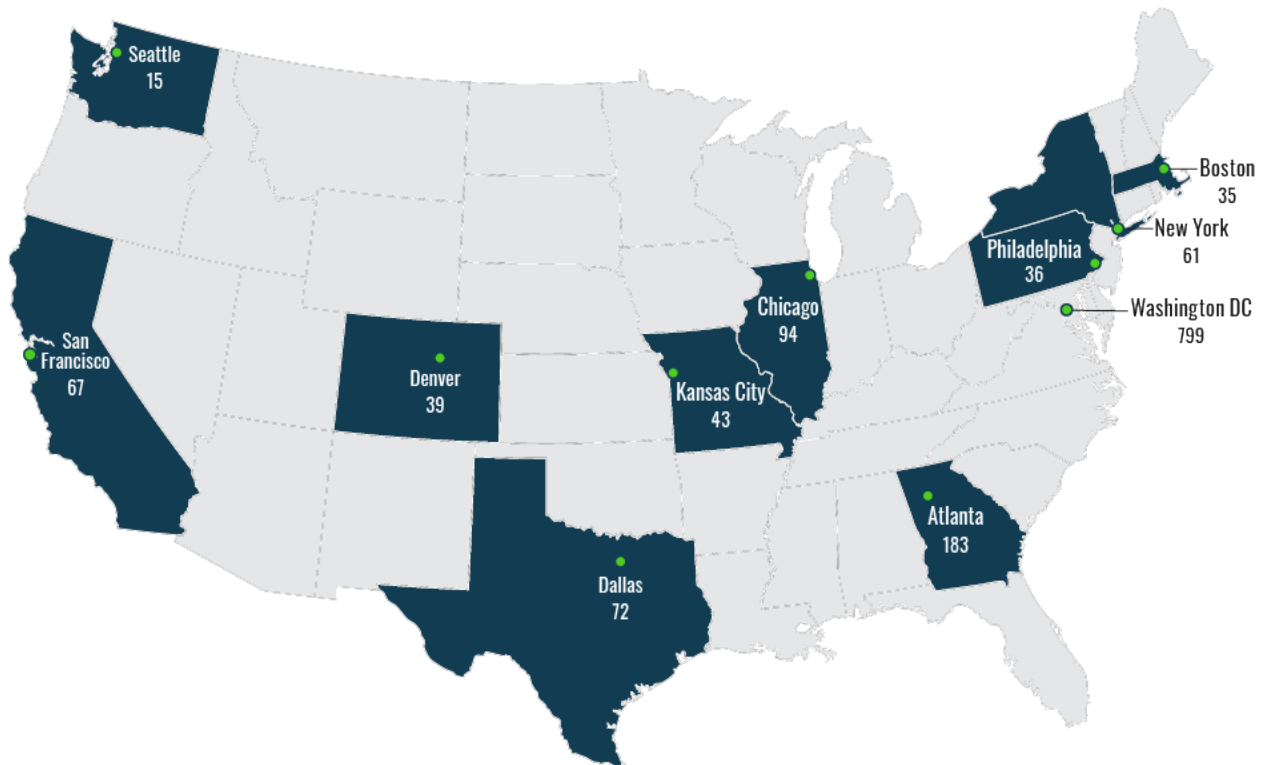
FSA currently operates under a functional organizational structure that aligns the key business areas with its strategic goals, business objectives, and vision. A Chief Operating Officer (COO), who is appointed by the Secretary of Education, leads FSA, with four Deputy COOs as leaders over distinct operational areas. In 2024, the Secretary appointed Denise Carter as FSA's Acting Chief Operating Officer. The figure below illustrates the functional organizations within FSA.

Figure 7: FSA Organizational Chart



During FY 2024, FSA operated on an annual administrative budget of approximately \$2.1 billion. As of September 30, 2024, FSA was staffed by 1,444 full-time employees and augmented by contractors who provide outsourced business operations. The workforce is primarily based in FSA's headquarters located in Washington, DC, with 10 regional offices located throughout the country (See Figure 8). The number of full-time employees at each location is shown in parentheses immediately following the location name.

Figure 8: FSA Regional Map



Mission, Vision, and Core Values

FSA's mission focuses on students and borrowers. This mission drives the organization's vision to be a reliable provider of federal student aid and services and to be the most trusted source of postsecondary education information for students and their families. As part of its vision, FSA strives to assist students and families in making better decisions about their postsecondary education funding. The core values reflect a culture of integrity, excellence, and collaboration—key components in building a high-performing organization.

Table 1: FSA Mission, Vision, and Core Values

MISSION	
Mission	<i>Funding America's Future, One Student at a Time.</i>
VISION	
Vision	To be the most trusted and reliable source of student financial aid, information, and services in the nation.
CORE VALUES	
Integrity	Do the right thing regardless of personal interests and hold everyone accountable.
Diversity	Develop a team that is reflective of our nation's diverse tapestry of cultures, backgrounds, geographies, and experiences.
Customer Service	Provide accurate and timely information to customers and support to colleagues, customers, and partners.
Excellence	Strive to deliver effective programs, products, and services by adapting to change and continuously improving business practices and processes.
Respect	Treat individuals with dignity and gratitude by acknowledging their contributions, ideas, and talents.
Collaboration	Coordinate cohesively with colleagues, customers, and partners to produce enterprise-focused solutions.

As discussed in detail in the **Performance Management** subsection and **Annual Performance Report** section, FSA has translated this vision into a set of clearly defined strategic goals and objectives, with related measurable performance indicators. The realization of these goals will enable the organization to accomplish its mission successfully.

Significant Legislation that Directs the FSA Mission

Several legislative acts guide FSA's mission. The *HEA* established FSA as a PBO to administer the *Title IV* programs. The following table, while not all-inclusive, identifies legislation that has significantly influenced FSA's mission.

Table 2: Overview of Legislative Authority

Legislation	Purpose
<i>Higher Education Act of 1965, as amended</i>	Created the federal student financial assistance programs known as <i>Title IV</i> programs.
<i>Student Loan Reform Act of 1993</i>	Authorized a multi-year phased implementation of the William D. Ford Federal Direct Loan Program.
<i>Higher Education Reconciliation Act of 2005</i>	Allowed graduate and professional students to use the Parent Loan for Undergraduate Studies Loan Program.
<i>College Cost Reduction and Access Act of 2007</i>	Authorized the Teacher Education Assistance for College and Higher Education Grant Program, created the Public Service Loan Forgiveness Program, and established Income Based Repayment plans.
<i>Ensuring Continued Access to Student Loans Act of 2008</i>	Provided the Department with the authority to implement programs to ensure eligible students and parents were not denied access to federal student loans during the credit market disruptions of 2008.
<i>SAFRA Act of 2009</i>	Provided that, beginning July 1, 2010, no new loans would be originated under the Federal Family Education Loan Program.
<i>Bipartisan Student Loan Certainty Act of 2013</i>	Established that federal student loan interest rates will be tied to financial markets and that each loan will have a fixed interest rate for the life of the loan.
<i>Consolidated Appropriations Act, 2014</i>	Transferred all Health Education Assistance Loan Program loans as of July 1, 2014, from the U.S. Department of Health and Human Services to the Department.
<i>Fostering Undergraduate Talent by Unlocking Resources for Education Act, 2019</i>	Reauthorized mandatory funding programs for historically black colleges and universities and other minority-serving institutions.
<i>FAFSA Simplification Act</i>	Made it easier to apply for federal student aid by replacing the expected family contribution with the student aid index, modifying family definitions in FAFSA formulas, expanding access to federal Pell Grants, and streamlining the FAFSA form,
<i>Coronavirus Response and Relief Supplemental Appropriations Act, 2021</i>	Established the Free Application for Federal Student Aid (FAFSA) simplification and expanded Federal Pell Grant Program eligibility.

FSA Stakeholders

The community of stakeholders in the student aid delivery system includes students, parents, lenders, guaranty agencies (GAs), postsecondary institutions, and contracted servicers, as well as taxpayers and other federal entities such as Congress and OMB.

FSA's responsibilities include coordinating and monitoring the activity of the large number of federal, state, nonprofit, and private entities involved in delivering federal student aid within the statutory framework established by Congress and regulatory framework established by the Department. The following table displays the role of FSA and the participants in the FSA system.

Table 3: Role of FSA and Participants in the FSA System

Participants	Participants' Role	FSA's Engagement with Participants
Students	<ul style="list-style-type: none"> Receive aid to finance postsecondary education and repay loans following completion or exit from school. 	<ul style="list-style-type: none"> Explaining federal student aid opportunities and requirements, Providing products, services, and tools to help students pay for postsecondary education, Identifying students who are eligible for aid, and Protecting students and borrowers from unfair, deceptive, or fraudulent practices in the student aid marketplace.
Guaranty Agencies	<ul style="list-style-type: none"> Insure Federal Family Education Loan Program loans and service their defaulted loan portfolios. 	<ul style="list-style-type: none"> Monitoring compliance, Assisting them in meeting regulatory requirements, Providing technical assistance, and Paying default claims.
Loan Holders	<ul style="list-style-type: none"> Hold and service outstanding Federal Family Education Loan Program loans to students. 	<ul style="list-style-type: none"> Monitoring compliance, Assisting them in meeting requirements, Providing interest subsidies and Special Allowance Payments, and Educating them regarding policy.
FSA-Contracted Loan Servicers	<ul style="list-style-type: none"> Service William D. Ford Federal Direct Loan Program portfolio and portions of Federal Family Education Loan Program portfolio, Provide systems and services to support FSA's core operations (e.g., applications, disbursements), and Recover funds from defaulted loans. 	<ul style="list-style-type: none"> Entering contractual agreements, Setting performance standards, and Overseeing operations.

Participants	Participants' Role	FSA's Engagement with Participants
Postsecondary Institutions	<ul style="list-style-type: none"> Determine students' aid packages and disburse funds. 	<ul style="list-style-type: none"> Determining eligibility and disbursing aid, Monitoring compliance and regulatory requirements, and Providing technical assistance.
Congress	<ul style="list-style-type: none"> Sets statutory requirements for student loan programs as well as a myriad of borrower benefits and budget appropriations. 	<ul style="list-style-type: none"> Providing data and information for decision-making, and Providing updates on operational performance.
The President, the Department, and others in the Executive Branch	<ul style="list-style-type: none"> Set regulatory standards and establish policy for the distribution of aid and collection of loan payments. 	<ul style="list-style-type: none"> Providing data that informs policy decisions, Providing recommendations for implementation of new policies, and Sharing information regarding high-risk compliance concerns.

Federal Student Financial Aid Programs

Each year, FSA delivers billions of dollars in financial aid to students through the *Title IV* programs of the *HEA*. These programs collectively represent the nation's largest source of federal financial aid for postsecondary education students. This aid covers expenses such as tuition and fees, room and board, books and supplies, and transportation. Federal financial aid is mainly distributed to students through:

- **Loans:** Student aid funds that are borrowed to help pay for eligible education programs and must be repaid with interest,
- **Grants:** Student aid funds that do not have to be repaid, unless other conditions apply, and
- **Work-Study:** Part-time employment program that allows students enrolled in college to earn money to help pay for school.

To obtain federal financial aid, prospective aid recipients must complete the FAFSA form. In FY 2024, FSA processed more than 17.6 million FAFSA forms, resulting in the delivery of approximately \$120.8 billion in *Title IV* aid to more than 9.9 million postsecondary students and their families. These students attended 5,378 active institutions of postsecondary education that participate in federal student aid programs, and which are accredited by agencies recognized by the Secretary.

The following table presents a comparison of the amounts of *Title IV* aid disbursed to students by program in FY 2024 and FY 2023. A summary discussion of each *Title IV* program is presented in the paragraphs after the table.

Management's Discussion and Analysis (Unaudited)

Table 4: Summary of Federal Aid Disbursed to Students by Program⁶
(Dollars in Millions)

Programs	2024 Aid Disbursed to Students	2023 Aid Disbursed to Students	Difference	Percentage Change
Federal Loan Program				
William D. Ford Federal Direct Loan Program	\$ 85,802.4	\$ 83,295.3	\$ 2,507.1	3.0%
Federal Grant Programs				
Federal Pell Grant Program	\$ 32,995.7	\$ 28,689.2	\$ 4,306.5	15.0%
Federal Supplemental Educational Opportunity Grant Program	871.5	893.8	(22.3)	(2.5)%
The Teacher Education Assistance for College and Higher Education Grant Program	42.3	82.1	(39.8)	(48.5)%
Iraq and Afghanistan Service Grant Program	0.7	0.6	0.1	(16.7)%
Subtotal Grant Programs	\$ 33,910.2	\$ 29,665.7	\$ 4,244.5	(14.3)%
Federal Work Study Program				
Federal Work-Study Program	\$ 1,103.5	\$ 1,150.2	\$ (46.7)	(4.1)%
Grand Total	\$ 120,816.1	\$ 114,111.2	\$ 6,704.9	5.9%

Federal Loan Programs

In fulfilling its program responsibilities, FSA directly manages or oversees a loan portfolio of more than \$1.6 trillion, representing approximately 217.2 million student loans to more than 45.0 million borrowers. These loans were made primarily through the first two federal student loan programs described below.

The **William D. Ford Federal Direct Loan (Direct Loan) Program** lends funds directly to students and parents through participating schools. Created in 1993, this program is funded primarily by borrowings from the U.S. Department of the Treasury (Treasury), as well as an appropriation for subsidy costs. Four different types of Direct Loans are available for borrowers:

- **Direct Subsidized Loans:** Federal loans based on financial need made to undergraduate students for which the federal government generally does not charge interest while the borrower is in school, in grace, or in deferment status. If the interest is not paid during the grace period, the interest is added to the loan's principal balance.
- **Direct Unsubsidized Loans:** Federal loans made to undergraduate students and graduate students for which the borrower is fully responsible for paying the interest regardless of the loan status. Interest on unsubsidized loans accrues from the date of disbursement and continues throughout the life of the loan.

⁶ Aid disbursed to students as cited in the table above, and in the following sections concerning the Federal Loan Programs, the Federal Grant Programs, and the Federal Work-Study Program in the Management's Discussion and Analysis are fiscal year amounts derived from amounts from FSA's and the Department's financial systems. The number of awards or recipients reported in the Management's Discussion and Analysis is derived from a variety of sources including FSA's Common Origination and Disbursement System and data used to support the President's Budget. Recipient counts are based on award year.

- **Direct Parent Loans for Undergraduate Students (PLUS) Loans:** Federal loans made to graduate or professional students and parents of dependent undergraduate students for which the borrower is fully responsible for paying the interest regardless of the loan status.
- **Direct Consolidation Loans:** Federal loans that allow the borrower to combine multiple existing federal student loans into one new loan. The borrower will only have to make one monthly payment on the consolidation loan, and the repayment term of the loan may be longer than the terms of the original loans, which may result in a lower monthly payment.

As of September 30, 2024, FSA's portfolio of Direct Loans included approximately \$1,041.3 billion in credit program receivables, net. In FY 2024, the Department made more than \$85.8 billion⁷ in net loans to more than 6.7 million recipients.

Under the **Federal Family Education Loan (FFEL) Program**, students and parents obtained federal loans through private lenders. GAs insure lenders against borrower default; the federal government, in turn, reinsures the GAs. Federal subsidies ensure private lenders earn a certain yield on the loans they hold.

The passage of the SAFRA Act, which was included in the *Health Care and Education Reconciliation Act of 2010 (HCERA)* (Pub. L. 111-152), ended the origination of new FFEL Program loans as of July 1, 2010. Nevertheless, FSA, lenders, and GAs continue to service and collect outstanding FFEL Program loans. FSA, FFEL lenders, and GAs held a FFEL Program loan portfolio of approximately \$97.1 billion as of September 30, 2024. Of this portfolio, \$36.8 billion represented FSA's credit program receivables, net, comprised of \$25.5 billion in loans acquired under the *Ensuring Continued Access to Student Loans Act of 2008 (ECASLA)* authorization and \$11.2 billion acquired under the "traditional" (Non-ECASLA) guaranteed loan program. In FY 2024, FSA made gross payments of approximately \$2.0 billion to lenders for interest and special allowance subsidies and \$3.7 billion to GAs for reinsurance claims and fees paid for account maintenance, default aversion, and collection activities.

ECASLA authorized the Department to implement several programs to ensure credit market disruptions did not deny eligible students and parents the access to federal student loans for the 2008–09 and 2009–10 academic years. The authority for two *ECASLA* Programs, the Loan Purchase Commitment Program and the Loan Participation Interest Purchase Program, expired after September 30, 2010. The third *ECASLA* Program, the Asset-Backed Commercial Paper Conduit (ABCP Conduit) Program, ended in January 2014.

The **Federal Perkins Loan Program** was one of three campus-based student aid programs. These federal loans were made by schools to undergraduate and graduate students who demonstrated financial need. Historically, participating schools received a certain amount of funds each year from FSA for distribution under this program, which supplemented funds in a school's revolving fund, from which new disbursements were made. These funds enabled eligible institutions to offer low-interest loans to students based on financial need. Once the full amount of the school's funds had been awarded to students, no additional loans were to be made under this program for the year. The *Federal Perkins Loan Program Extension Act of 2015* eliminated the authorization for schools to make new Federal Perkins loan disbursements as of September 30, 2017, and ended all Perkins loan disbursements by June 30, 2018. Credit

⁷ Excludes consolidation loans of \$62.2billion.

program receivables, net of allowance for subsidy, were approximately \$1,429 million for FY 2024.

The **Health Education Assistance Loan (HEAL) Program** was transferred to the Department from the U.S. Department of Health and Human Services in FY 2014 under the *Consolidated Appropriations Act, 2014* (Pub. L. 113-76). This program enabled graduate students in schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, public health, pharmacy, chiropractic, and programs in health administration and clinical psychology to obtain federally insured loans through participating lenders. Since September 30, 1998, no new loans have been originated through this program; however, borrowers are still obligated to repay any outstanding loans obtained through the program.

The Department assumed responsibility for the program and the authority to administer, service, collect, and enforce the loans. Credit program receivables, net of allowance for subsidy, were approximately \$401 million for FY 2024.

Federal Grant Programs

In fulfilling its responsibility for administering *Title IV* aid, FSA oversaw the disbursement of approximately \$33.9 billion in grants to more than 6.3 million recipients. The following provides a summary for each grant program, including aid disbursed in FY 2024.

The **Federal Pell Grant (Federal Pell Grant) Program** helps ensure financial access to postsecondary education by providing grant aid to low-income and middle-income undergraduate students. Considered the foundation of a student's financial aid package, Federal Pell Grants vary according to the financial circumstances of students and their families. In FY 2024, the Department disbursed approximately \$33.0 billion in Federal Pell Grants averaging \$5,218 to more than 6.3 million students. The maximum Federal Pell Grant award was \$7,395 in the 2023–24 award year and remained \$7,395 in the 2024–25 award year. The FAFSA Simplification Act removed the requirement for a student to be enrolled at least half-time to receive Pell Grant funds of more than 100% of the student's Scheduled Award. Therefore, to be eligible for the additional Pell Grant funds, the student must only be otherwise eligible to receive Pell Grant funds for the payment period to receive funds more than 100% of the student's Scheduled Award.

The **Federal Supplemental Educational Opportunity Grant Program** is one of three campus-based programs through which the Department provides funds directly to eligible institutions. Funds provided through this program enable eligible institutions to offer grants to students based on need. Federal grants distributed under this program are administered directly by the financial aid office at each participating school. Each participating school receives a certain amount of Federal Supplemental Educational Opportunity Grant funds each year from FSA. Once the full amount of the school's grant funds has been awarded to students, no additional awards can be made under this program for the year. This form of aid does not require repayment. In FY 2024, approximately \$871.5 million were disbursed through more than 1.6 million campus-based awards.

The **Teacher Education Assistance for College and Higher Education (TEACH) Grant Program** provides individual awards up to \$4,000 per year to students agreeing to teach mathematics, science, or other specialized subjects in a high-poverty school for at least four years within eight years of their graduation. This grant program began July 1, 2008. The

maximum TEACH Grant award was \$3,772 in the 2023-24 award year and remained \$3,772 in the 2024-25 award year. If students fail to fulfill the service requirements specific to the program, their TEACH Grants convert to Direct Unsubsidized Loans, with interest accruing from the time of the award. During FY 2024, there were approximately 10,713 involuntary conversions and 2,091 voluntary conversions from TEACH grant status to direct unsubsidized loans. Those grantees who are involuntarily converted to loan status have the right to appeal an involuntary conversion. During FY 2024, there were approximately 2,801 reinstatements from loan status back to grant status. In FY 2024, the Department disbursed more than 23,000 grants totaling \$42.3 million under the TEACH Grant Program. Credit program receivables, net of allowance for subsidy, were approximately \$555 million for FY 2024.

The **Iraq and Afghanistan Service Grant Program**, which became effective July 1, 2010, provides non-need-based grants to students whose parent or guardian was a member of the Armed Forces and died in Iraq or Afghanistan because of military service after September 11, 2001. These grants are awarded to students who are not eligible for a Federal Pell Grant based on financial need, but meet the remaining Federal Pell Grant eligibility requirements, and:

- Have a parent or guardian who was a member of the U.S. Armed Forces and died as a result of military service in Iraq or Afghanistan after the 9/11 events, and
- Were under 24 years old or enrolled in college at least part-time at the time of the parent or guardian's death.

For any award year 2023–24 Iraq and Afghanistan Service Grant that was first disbursed on or after October 1, 2023, and before October 1, 2024, the maximum award is approximately \$6,974. The Department disbursed approximately \$0.7 million to support more than 100 awards in FY 2024. As a result of the FAFSA Simplification Act, no new Iraq and Afghanistan Service Grants will be made in the 2024–25 award year. Instead, eligible students will receive a maximum Pell award under the Special Rule described in HEA Section 401(c), as amended.

Federal Work-Study Program

The **Federal Work-Study Program** is one of three campus-based programs through which the Department provides funds directly to eligible institutions. Funds provided through this program enable eligible institutions to offer part-time employment to undergraduate, graduate, and professional students based on financial need, allowing them to earn money to help pay education expenses. The program is available to full-time or part-time students and encourages community service work. The work is often related to the student's course of study. In FY 2024, approximately \$1.1 billion were disbursed in more than 600,000 campus-based awards.

Performance Management

The Performance Management section of the *Annual Report* provides a general overview of the performance management processes at FSA. The foundation of performance management within FSA is the five-year strategic plan. The key strategic drivers relevant to the strategic planning process within FSA are listed below.

Table 5: Key Strategic Drivers Relevant to FSA Strategic Planning

Key Strategic Driver	Relevance to FSA's Strategic Planning Process
The <i>Higher Education Act of 1965</i> legislation and Department regulations	Prescribes Title IV program and PBO requirements (i.e., improve service, reduce costs, improve and integrate support systems, develop delivery and information systems, and enhance staff development and talent).
Student and borrower needs	Students and borrowers are key customers of FSA services and products.
Key external and internal factors that influence FSA's operations	Indicate student aid environment within which FSA must operate. Listed below are key factors that may affect the student aid operational environment. <ul style="list-style-type: none"> Legislative mandates that guide FSA's operational priorities. Priorities set by the Department and FSA leadership. Input collected through FSA's multiple customer feedback channels. GAO/OIG recommendations to improve operational efficiencies.
The Department's Five-Year Strategic Plan	Require FSA's support of the Department's strategic goals related to postsecondary education.
Office of Inspector General's (OIG) Management and Performance Challenges	Require the Department and FSA senior management's consideration for establishing priorities. OIG's Management Challenges for FY 2024 include: <ul style="list-style-type: none"> Implementing Pandemic Relief Laws for Higher Education, Oversight and Monitoring of Student Financial Assistance Programs, Data Quality and Reporting, Improper Payments, and Information Technology Security.
OIG and Government Accountability Office (GAO) audits	Require FSA senior management's consideration for establishing priorities to address findings and recommendations.
Federal financial management laws and regulations	Prescribe financial management requirements.
Federal performance reporting legislation and requirements	Prescribe performance and reporting requirements.

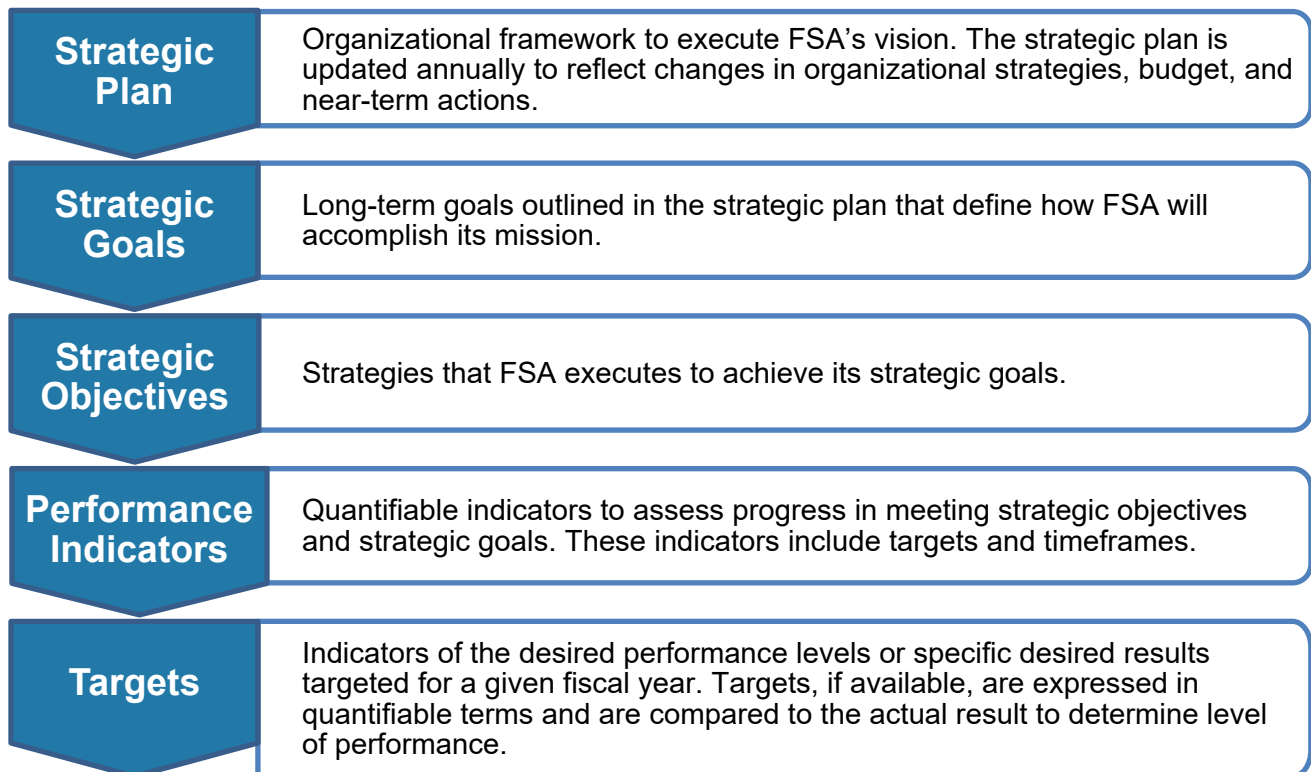
Key Strategic Driver	Relevance to FSA's Strategic Planning Process
Federal budget deficits	Require FSA to look for opportunities to reduce operating costs through improved efficiency.

The key strategic drivers inform the strategic planning process, aligning FSA with the PBO requirements outlined in the *HEA* while ensuring future consistency and accountability. The key strategic drivers influence the development and implementation of FSA's strategic plan, as well as the development and tracking of performance indicators. The Performance Management section discusses the following:

- FSA's performance management processes,
- FSA's FY 2023–27 strategic goals,
- FSA's alignment to the *Department of Education Strategic Plan for Fiscal Year 2022–26 (FY 2022–26 Strategic Plan)*, and
- FSA's efforts to validate the quality of performance data reported.

Figure 9 provides a summary of the strategic plan elements that are fundamental to the development and execution of the five-year strategic plan.

Figure 9: Strategic Process Building Blocks



Performance Management Processes at Federal Student Aid

During FY 2024, FSA used a multifaceted performance management framework to establish goals and communicate, measure, and report performance, including the following elements:

- *FSA FY 2023–27 Strategic Plan*
- Federal Student Aid Starting Point
- Executive Management Report
- Annual Performance Report
- Department's Quarterly and Annual Performance Reviews
- Agency Priority Goals (APGs)

FSA FY 2023–27 Strategic Plan

The *FY 2023–27 Strategic Plan* outlines goals, objectives, and performance indicators that provide a roadmap for how FSA will successfully operate, respond to change, and execute its mission moving forward. These strategic goals collectively provide the framework for continuous improvement at FSA; guide the organization in managing its programs more effectively; and offer clear strategic direction to all of FSA's internal and external constituencies. To provide the best framework to effectively achieve these outcomes, the five-year strategic goals must be:

- Appropriate to the mission of the organization,
- Realistic and measurable,
- Achievable in the time frame established,
- Challenging in their performance targets, and
- Understandable to the layperson with language that is unambiguous and terminology that is sufficiently defined.

Each strategic goal encompasses objectives and identifies performance indicators to measure FSA's level of success in meeting the strategic goal. For each performance indicator, FSA identifies a target level of performance for each fiscal year. FSA sets the target level of performance at a challenging, but realistic level that is achievable within the timeframe. Meeting or exceeding the target indicates that FSA succeeded in attaining the established performance indicator, while falling short of the target indicates that FSA did not attain the performance indicator.

The FY 2023–27 *Strategic Plan* outlines strategic goals and objectives that are used to track and evaluate FSA's progress toward meeting its mission. The following table provides an abbreviated view of the current strategic framework.

Table 6: Strategic Goals and Strategic Objectives for FY 2023–27

Strategic Goal 1	Strategic Objectives
Improve Customer Service and Outcomes for Students and Borrowers	1.1: Simplify the student loan repayment process to reduce future delinquency and default rates and improve accessibility of loan forgiveness programs.
	1.2: Enhance the quality of contact center and loan servicing operations, leveraging data to assess progress toward customer service and product delivery standards.
	1.3: Engage with stakeholders to improve delivery of student aid.
	1.4: Address complaints and inquiries regarding financial aid products and services.
Strategic Goal 2	Strategic Objectives
Advance Equity and Access to Student Financial Assistance	2.1: Enable financial education and empowerment by helping students and families understand the benefits and responsibilities of financing post-secondary education.
	2.2: Simplify the Free Application for Federal Student Aid (FAFSA) [®] process.
	2.3: Provide accurate, seamless, easy, and customized interactions throughout the student aid lifecycle.
Strategic Goal 3	Strategic Objectives
Strengthen Engagement and Accountability for Educational and Financial Institutions	3.1: Utilize a comprehensive suite of monitoring tools to oversee participating partners.
	3.2: Build enforcement capabilities, in coordination with federal and state partners, to protect students, families, and taxpayers from deceptive, fraudulent, or harmful practices in the student aid marketplace.
	3.3: Provide inclusive and effective partner outreach, training, and technical assistance.
Strategic Goal 4	Strategic Objectives
Increase Workforce and Workplace Capabilities	4.1: Promote workplace diversity, equity, inclusion, and accessibility.
	4.2: Attract, develop, and retain an agile workforce that can quickly respond to a changing environment and emerging priorities.
	4.3: Foster an organizational culture that promotes a productive, connected, and engaged workforce, particularly in a hybrid workplace environment.
Strategic Goal 5	Strategic Objectives
Boost Operational Efficiency	5.1: Strengthen enterprise-wide data analytics and information management to foster a customer-centric, data-driven, performance-based organization.
	5.2: Continuously improve systems, structures, and operations to enhance organizational efficiency and performance.
	5.3: Enhance procurement planning, management, and execution.
	5.4: Improve cybersecurity detection, prevention, and protection ensuring data confidentiality, integrity, and availability.

Federal Student Aid Starting Point

The Starting Point consists of the Leadership Council⁸, Business Unit deputies, and a group of mission support leaders and staff spanning across FSA. Every business unit is represented at the Starting Point. This group is the first point of information sharing for all enterprise-wide investments, planning, and reporting, which primarily fall into three categories:

1. New projects or lines of business.
2. Significant changes to ongoing projects or lines of business.
3. Annual and quarterly planning and reporting (budget, performance, acquisition, and risk).

The Starting Point serves as a collaborative and deliberative body that considers updates and/or issues facing formal programs and projects from working groups and/or business unit functional operations (i.e., managers and teams working within and across their functions to deliver on their objectives daily). Its function and authority are applied across the entire FSA enterprise. As a governance body, it requires structures that facilitate effective decision-making, collaboration, accountability, transparency, empowerment, and broad-based participation. The effective use of these disciplined practices and processes has optimized a systematic approach to decision-making and resource allocation. Decisions that require escalation or enterprise awareness have been managed by the Starting Point.

Executive Management Report

Throughout FY 2024, FSA measured and analyzed performance based upon performance indicator results outlined in the *FY 2023–27 Strategic Plan*, as well as various internal metrics used for operational management. The analysis of programmatic and operational performance continued to be a transparent process within the organization, executed through performance reports shared with the FSA leadership and management team. Detailed analyses of specified performance indicators were developed, and project leads directly briefed FSA leadership and management team via performance dashboards.

At the peak, the organization was updating 26 dashboards on 20 programmatic and operational topics. Areas of focus and metrics were added as FSA identified potential concerns or opportunities for improvement. These dashboards were used to identify and resolve issues that may be affecting organizational performance.

Annual Performance Report

To report progress on meeting the strategic goals, FSA prepares and publishes an *Annual Performance Report*, which is included in the *Annual Report*. In addition to the *Annual Performance Report*, the *Annual Report* includes FSA management's discussion and analysis of its financial and performance results, its financial statements and notes, and the report of the independent auditors.

⁸ This body is chaired by FSA's Chief Operating Officer and consists of FSA's most Senior Leaders. The Leadership Council meets on a recurring basis to manage the organization's enterprise strategic objectives and decisions.

The Department Quarterly and Annual Performance Reviews

The Department conducts quarterly meetings, known as Strategic Plan Progress Reviews (SPPRs), with principal offices on progress towards achieving agency priorities. The SPPR is a quarterly discussion-based review led by the Deputy Secretary, Department Performance Improvement Officer, and agency leaders. The SPPRs provide a mechanism for agency leaders to review the organization's performance and bring together the people, resources, and analysis needed to drive progress on agency priorities, both mission-focused and management goals. Best practices for an effective SPPR include key elements: narratives, visuals, and data. The SPPR quarterly cycle includes a meeting on the key projects and initiatives, an internal review with the Department, an external strategic review with OMB, and a year in review.

In the Department's strategic plan, FSA tracks the performance indicators that support the following strategic goal:

- **Goal 4:** Increase postsecondary value by focusing on equity-conscious strategies to address access to high-quality institutions, affordability, completion, post-enrollment success, and support for inclusive institutions.

Specifically, FSA is responsible for the following strategic objective under Goal 4:

- **Strategic Objective 4.2:** Improve the administration of student aid programs to help eligible students receive aid; support borrowers in successfully repaying their loans, claiming loan forgiveness benefits, and mitigating student loan default; and hold contractors accountable.

Agency Priority Goals

APGs are a performance accountability structure of the *Government Performance and Results Modernization Act of 2010* (GPRA Modernization Act) (Pub. L. 111-352) that provide agencies a mechanism to focus on leadership priorities, set outcomes, and measure results, bringing focus to mission areas where agencies need to drive significant progress and change. APG statements are outcome-oriented, ambitious, and measurable with specific targets that reflect a near-term result or achievement that agency leadership wants to accomplish within approximately 24 months. In collaboration with OMB, the Department established three APGs for FY 2024 through FY 2025 that align with the Department's FY 2022–26 Strategic Plan. FSA's quarterly progress reports are published on [Performance.gov](https://www.performance.gov).

FSA's FY 2024–25 APG Goal Statement

By September 30, 2025, the Department will launch the complete Income-Driven Repayment (IDR) capabilities and establish metrics that will monitor and track borrowers' ability to select student loan repayment plans that contribute to a reduced risk of delinquency.

Quality of Performance Data

Ensuring the integrity of the data required to determine performance results is a critical step in reporting performance. For this step, FSA developed and implemented a Validation and Verification Matrix, which serves as a tool to authenticate the completeness and reliability of the underlying data gathered and to calculate each performance indicator for the reporting period, including the performance results reported in this *Annual Report*. For each performance indicator, the matrix documents the following: the data source, availability, security procedures, and known limitations; whether data are subject to FSA's OMB Circular A-123 Internal Control Review process; and procedures for accessing the data, calculating the performance indicator, and validating and verifying the data gathered.

For a discussion of data validation and verification for each performance indicator, please see the **Data Validation and Verification** subsection, located in the **Appendices** section.

Analysis of Financial Statements

Introduction

This section assists readers in understanding FSA's financial position as reflected in the Balance Sheet and related notes located in the **Financial Section** of this report and FSA's net cost, budgetary resources, and changes in net position as reflected in the unaudited statements and related notes in the **Other Information Section** of this report. The financial analysis section explains major changes in assets, liabilities, costs, and budgetary resources. It also includes comparisons of the current year to the four prior years and discusses the relevance of significant balances, amounts, and trends reflected in the financial statements and notes.

FSA's financial statements are prepared in accordance with generally accepted accounting principles, which include established federal accounting standards and reporting requirements. In FY 2024, FSA's consolidated balance sheet was subject to an annual independent audit. FSA received a disclaimer of opinion on the consolidated balance sheet as of September 30, 2024.

FSA has oversight responsibilities for more than \$1.6 trillion in federal student loans, of which it directly owns and manages approximately \$1.5 trillion. The remaining balance represents non-defaulted FFEL Guaranteed loans held by lenders and Federal Perkins loans held by schools. FSA reports its portfolio of federal student loans on its Balance Sheet under Loans Receivable, Net (see Note 5). Loans Receivable, Net is the gross amount of loans and interest receivable less an allowance for the present value of amounts not expected to be recovered (Allowance for Subsidy). Subsidy Expense is a factor included in the Allowance for Subsidy and represents an estimate in present value terms of the cost to the government of Direct Loans and loan guarantees. Subsidy Expense is recorded in the year a loan is disbursed and updated annually through a re-estimation process. It includes default costs (net of recoveries), contractual payments paid to third party private collection agencies (PCAs), and net borrowing costs, less any origination or other fees collected. If the net cost to the government is greater than zero, then the subsidy expense is said to be positive. However, the subsidy expense may also be zero (break-even), or it may be negative if the estimated cost of providing loans to borrowers is less than the value of collections received as interest and fees. As of September 30, 2024, FSA reported \$1,080.5 billion in Loans Receivable, Net after deducting an Allowance for Subsidy of approximately \$493 billion. Loans Receivable, Net increased 9.6% from the prior year, which was primarily due to a decrease in the Allowance for Subsidy.

Balance Sheet

The Balance Sheet presents the recorded value of assets and liabilities retained or managed by FSA as of a specific point in time. The assets represent resources available for use to pay its liabilities or to satisfy its future service needs. The liabilities are amounts FSA owes, the probable and measurable future outflows of its resources arising from past transactions or events. The difference between the assets and the liabilities represents FSA's net position.

The Condensed Balance Sheet presented below provides a condensed summary of the significant balances in FSA's Balance Sheets over a five-year period, beginning with FY 2020. The tables also show the percentage change between the prior and current fiscal years as of September 30, 2023 and 2024, respectively. The FY 2022 and FY 2023 data appearing in the

tables were not audited. Figures and tables presented in this section include rounding adjustments to ensure that the component line items sum to the corresponding total. As a result, there may be small discrepancies between the amounts shown in a particular figure or table when compared to similar items discussed in the text or presented in other areas of the *Annual Report*.

**Table 7: Financial Highlights
Condensed Balance Sheets**
(Dollars in Billions)

	FY 2020	FY 2021	FY 2022 (Unaudited)	FY 2023 (Unaudited)	FY 2024 (Unaudited)	Difference	Percentage Change ⁹
Assets							
Fund Balance with Treasury	\$ 70.3	\$ 79.2	\$ 118.6	\$106.87	\$119.37	\$ 12.50	11.70 %
Credit Program Receivables, Net	1,169.6	1,164.8	858.3	1,072.55	1,080.46	7.91	0.70%
Remaining Assets	2.2	2.2	0.9	.84	.77	(.07)	(8.30)%
Total Assets	\$ 1,242.1	\$ 1,246.2	\$ 977.8	\$1,180.26	\$1,200.60	\$20.34	1.70%
Liabilities							
Debt	\$ 1,249.8	\$ 1,221.1	\$ 905.0	\$1,188.50	\$1,155.29	\$(33.21)	(2.80)%
Subsidy due to Treasury General Fund	3.3	1.5	27.0	1.63	14.87	13.24	812.30%
Remaining Liabilities	8.4	15.9	18.0	19.34	23.57	4.23	21.90%
Total Liabilities	\$ 1,261.5	\$ 1,238.5	\$ 950.0	\$1,209.47	\$1,193.73	\$(15.74)	(1.30)%
Net Position							
Unexpended Appropriations	\$ 35.0	\$ 36.3	\$ 37.3	\$38.01	\$33.91	\$ (4.10)	(10.80)%
Cumulative Results of Operations	(54.4)	(28.7)	(9.5)	(67.22)	(27.04)	40.18	(59.80)%
Net Position	\$ (19.4)	\$ 7.6	\$ 27.8	\$(29.21)	\$6.87	\$36.08	(123.50)%
Total Liabilities & Net Position	\$ 1,242.1	\$ 1,246.1	\$ 977.8	\$1,180.26	\$1,200.60	\$ 20.34	1.70%

The condensed Balance Sheet shows that FSA had total assets of \$1,200.6 billion as of September 30, 2024, an increase of \$20.34 billion, or 1.7% over the prior fiscal year. The increase resulted primarily from an increase in Fund Balance with Treasury \$12.5 billion, combined with an increase in Credit Program Receivables, Net \$7.91 billion. Together, FSA's Fund Balance with Treasury and its net Credit Program Receivables accounted for approximately 100% of Total Assets as of September 30, 2023, as illustrated in the Composition of Assets chart (Figure 10). The Comparison of Assets chart (Figure 11) presents changes in these two principal Balance Sheet line items over the past five fiscal years.

⁹ The percentage change is calculated as the difference between FY 2024 and FY 2023, divided by the FY 2023 amount. In some instances, where the current-year amount has an opposite sign to the prior-year amount, the percentage change may be negative even though the annual change is positive (and vice versa). Similarly, if the current-year negative amount has a larger negative value than the prior-year negative amount, the difference will be negative, but the percentage change will be positive.

Management's Discussion and Analysis (Unaudited)

Figure 10: Composition of Assets¹⁰

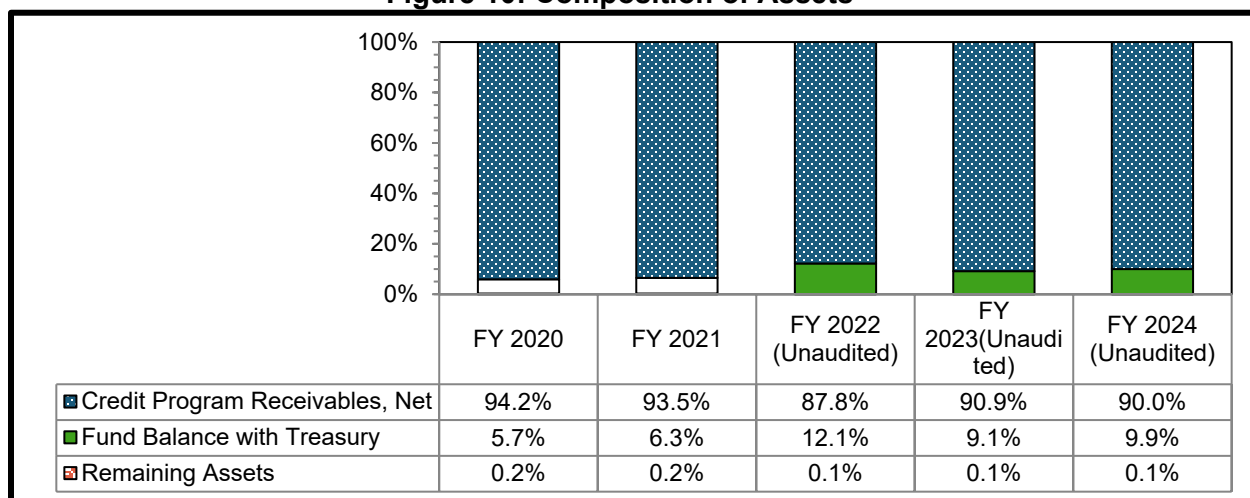
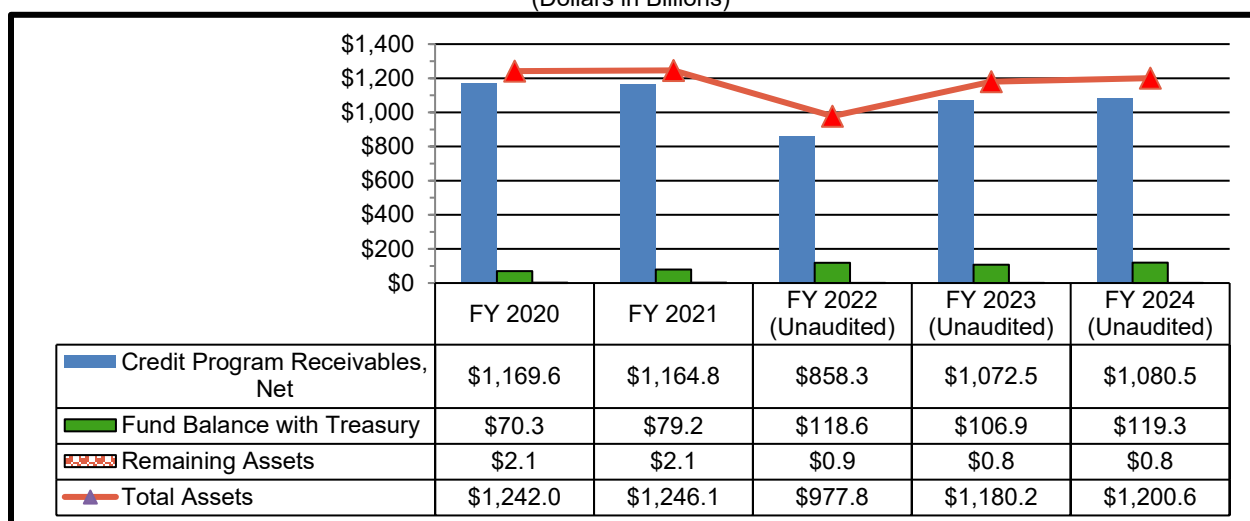


Figure 11: Comparison of Assets
(Dollars in Billions)



Credit Program Receivables, Net. FSA's Credit Program Receivables, Net balance of \$1,080.5 billion as of September 30, 2024, represents FSA's most important asset category and accounted for approximately 90% of Total Assets. FSA reports the total amount under the three major program categories Direct Loan, FFEL, and Other, as illustrated in Figure 12 below and discussed more fully in the following sections.

¹⁰ Line items presented in the Figures and Tables throughout this section may include rounding adjustments to reconcile to the total amount being reported.

**Figure 12: Total Loan Portfolio
Net of Allowance for Subsidy**
(Dollars in Billions)

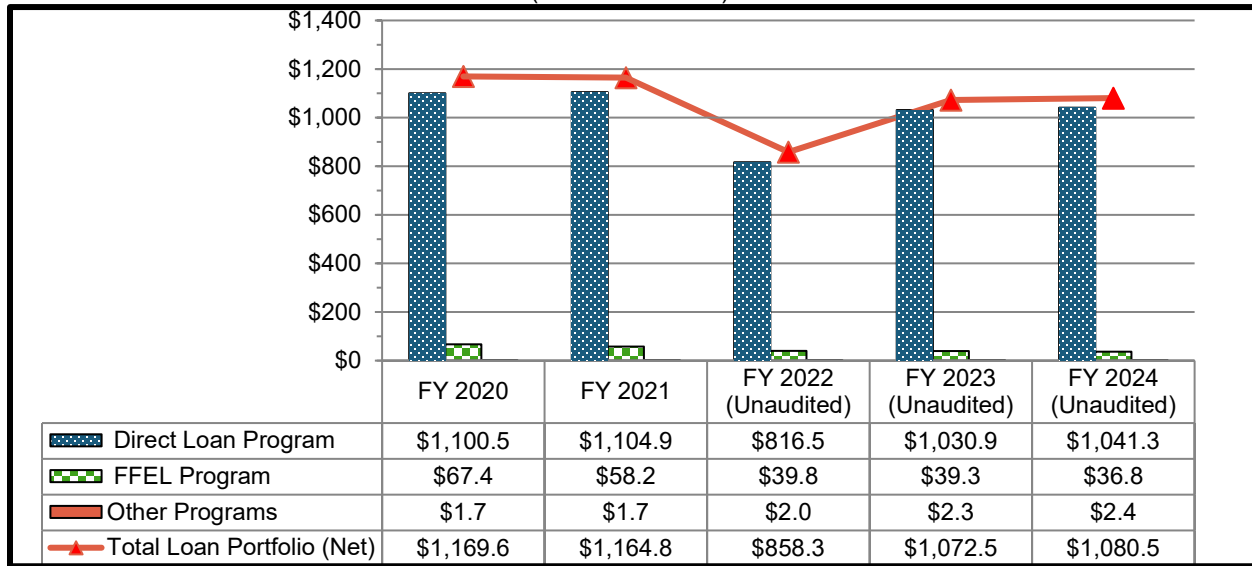
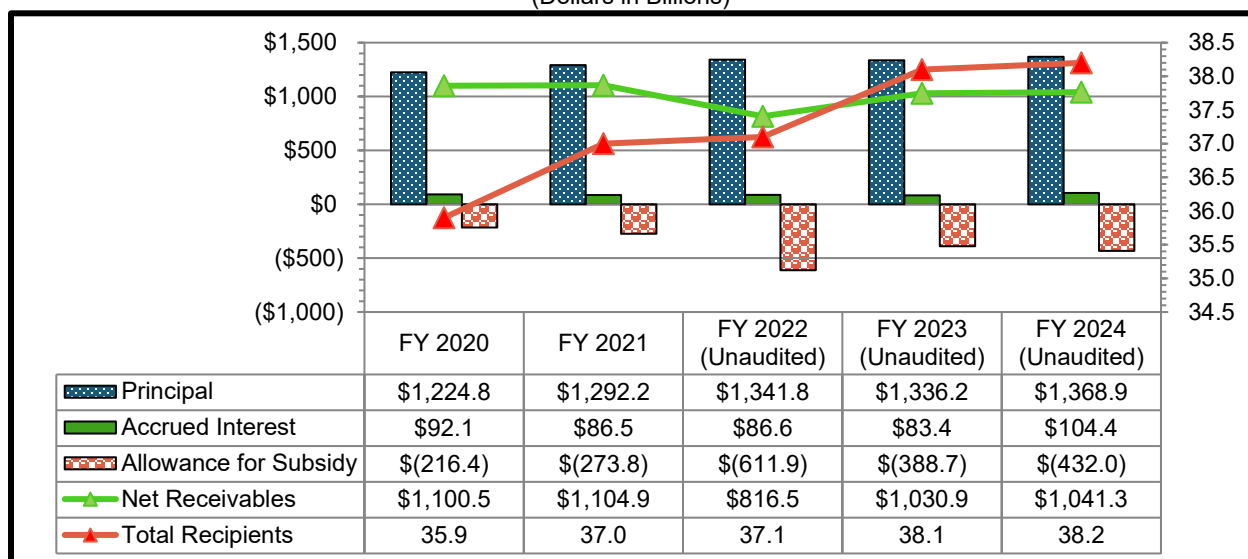


Figure 12 also shows that over the five-year period, FY 2020–24, FSA's portfolio of FSA net credit program receivables decreased by \$89.1 billion. The Direct Loan program accounted for most of this change and decreased by \$59.2 billion. Also included in this change was a \$30.6 billion reduction in the FFEL portfolio.

The changes in the Direct Loan and FFEL portfolios are principally related to the impact of the *SAFRA Act* which, as of June 30, 2010, eliminated all new loan originations under the FFEL Program in favor of direct lending. Loan consolidation has also played a role.

Direct Loan Credit Program Receivables, Net. Direct Loan Credit Program receivables continued to be the largest component of FSA's credit program receivable portfolio in FY 2024. As of September 30, 2024, the \$1,041.3 billion Direct Loan portfolio ending balance accounted for 96.4% of FSA's total Credit Program Receivables, Net. The FY 2024 Direct Loan ending balance total includes \$1,473.3 billion in principal, interest, and fees, with an allowance for subsidy of \$432 billion. The FY 2024 \$53.7 billion increase in Direct Loan Receivables (before subsidy cost) was mainly driven by the increase in the outstanding amount owed by borrowers.

Figure 13: Components of Direct Loan Receivables, Net¹¹
(Dollars in Billions)



The growth in principal outstanding has accounted for virtually all growth of the Direct Loan portfolio over the past five years in dollar terms, as seen in Figure 13. The figure shows the number of recipients corresponding to the outstanding loan portfolio at each fiscal year end. Recipients are students that benefit from the federal student loans. In most cases, a recipient is the borrower; but for the Parent PLUS loans, the parent is the borrower, and the student is the recipient. Figure 13 also shows that Direct Loan recipients grew from 35.9 million to 38.2 million over the five-year period.

Table 8 illustrates that from FY 2020 to FY 2024, outstanding principal increased from 111.3% to 131.5% of the net receivable balance, and accrued interest increased from 8.4% to 10% of the net receivable balance.

Table 8: Components of Direct Loan Credit Program Receivables, Net by Percentage

Direct Loan Component	FY 2020	FY 2021	FY 2022 (Unaudited)	FY 2023 (Unaudited)	FY 2024 (Unaudited)
Principal	111.3%	117.0%	164.3%	129.6%	131.5%
Accrued Interest	8.4%	7.8%	10.6%	8.1%	10.0%
Allowance for Subsidy	(19.7)%	(24.8)%	(74.9)%	(37.7)%	(41.5)%
Net Receivable	100.0%	100.0%	100.0%	100.0%	100.0%

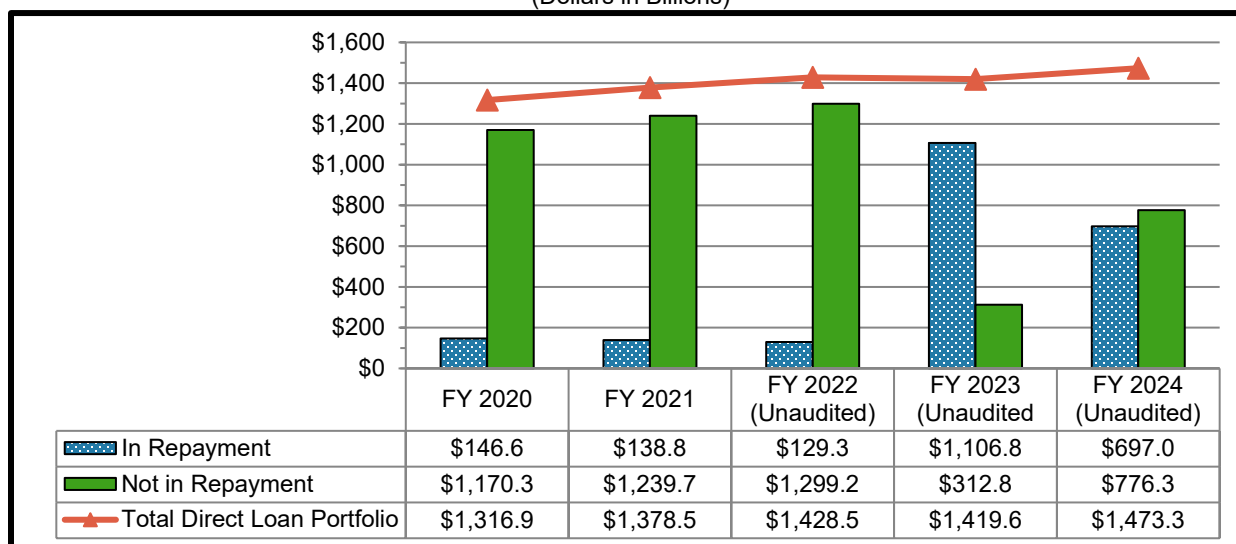
The following is a summary of the COVID-19 emergency relief measures. On March 20, 2020, FSA began providing the following temporary relief on Department-owned federal student loans: suspension of loan payments, stopped collections on defaulted loans, and a 0% interest rate. On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act (CARES Act)* became law. The *CARES Act* provided for the above relief measures through September 30, 2020. On August 8, 2020, the COVID-19 emergency relief measures were extended through

¹¹ Recipient numbers come from the FSA Data Center or National Student Loan Data System (NSLDS®) database. For more details, refer to Footnote 11.

December 31, 2020. On December 4, 2020, the COVID-19 emergency relief measures were extended through January 31, 2021. On January 20, 2021, the COVID-19 emergency relief measures were extended through September 30, 2021. On March 29, 2021, more relief measures were added for borrowers in the Total and Permanent Disability (TPD) discharge process. On March 30, 2021, the COVID-19 emergency relief measures were expanded to federal student loans made through the FFEL Program that were in default at a guaranty agency. On August 6, 2021, the COVID-19 emergency relief measures were extended until January 31, 2022. On December 22, 2021, the COVID-19 emergency relief measures were extended through May 1, 2022. On April 6, 2022, the COVID-19 emergency relief measures were extended through August 31, 2022. On August 24, 2022, the COVID-19 emergency relief measures were extended through December 31, 2022, and again on November 22, 2022, pending the Supreme Court's decision on whether the Department would be permitted to implement the one-time student loan debt relief program. On June 7, 2023, the Department notified borrowers that student loan interest would resume on September 1, 2023, and payments resumed in October 2023.

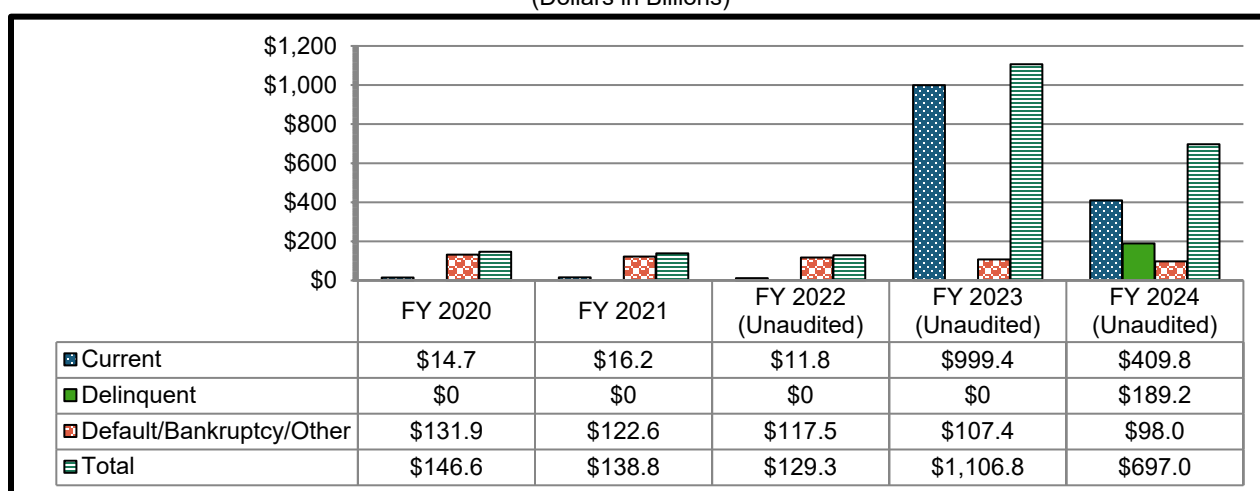
Figure 14 reflects FSA's portfolio of Direct Loans on September 30, 2024, in two categories based on repayment status. Loans are reflected as "In Repayment" if, under the terms of the promissory note, the loan is current, delinquent, defaulted, in non-defaulted bankruptcy, or in a disability status. Loans are reflected as "Not in Repayment" if the borrower is in school, in grace, or has been granted a forbearance or a non-education related deferment. "Forbearance" loan status includes loans for which payments have been temporarily suspended or reduced because of certain types of financial hardships or administrative processes. Borrowers in forbearance may resume payments at any time. "Deferment" loan status includes loans for which payments have been postponed due to certain circumstances, such as returning to school, military service, or economic hardship. Figure 14 reflects the portfolio balance as the sum of principal and interest balances for each category, i.e., the gross amounts owed by the borrowers, and excludes any subsidy cost or allowance that would adjust the outstanding balance to its net present value. Figure 14 is presented to support the comparison of this information with information reported in previous FSA Annual Reports and differs from definitions used in other public-facing loan portfolio data. For example, "Repayment Loan Status," also called "Active Repayment," typically includes both current repayment and delinquent loans serviced by Direct Loan servicers but not loans in default. Similarly, "In Repayment" typically includes loans in "Active Repayment," forbearance, and deferment. For example, when the Department provides the outstanding balance in an income driven repayment plan, the balance includes Active Repayment, forbearance, and deferment.

**Figure 14: Direct Loan Portfolio by Repayment Status
Principal and Interest Balances**
(Dollars in Billions)



In Figure 15, the Direct Loan portfolio of “In Repayment” principal and interest has been subdivided into three categories, “Current”, “Delinquent”, and “Default/Bankruptcy/Other”. If the borrower continues to make timely payments such that no more than 30 days elapse after the due date without payment, then the loan is classified as “Current.” If more than 30 days elapse, then the loan will be reclassified as “Delinquent.” Under Title IV, if more than 270 days pass without payment being received to satisfy the oldest payment due, Direct Student Loans are technically considered “In Default”.¹² The status continues to be tracked through the life of the loan until the loan is paid in full or otherwise closed out.

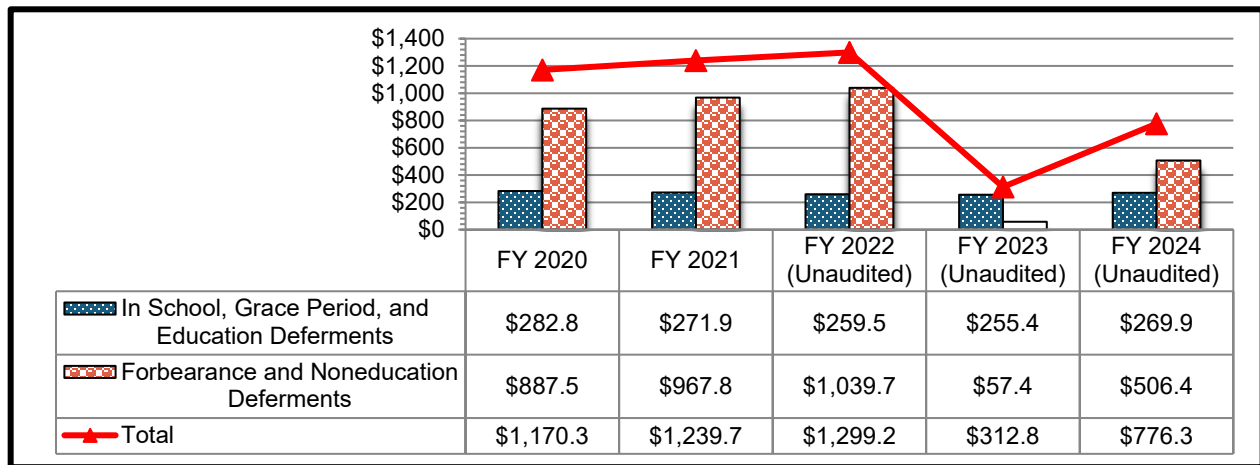
**Figure 15: Direct Loan Portfolio Segment in Repayment by Status
Principal and Interest Only**
(Dollars in Billions)



¹² FSA's policy is to not transfer such loans to the defaulted debt servicer until more than 360 days pass without payment being received, to ensure parity of Direct Loan borrower treatment with that of FFEL borrowers.

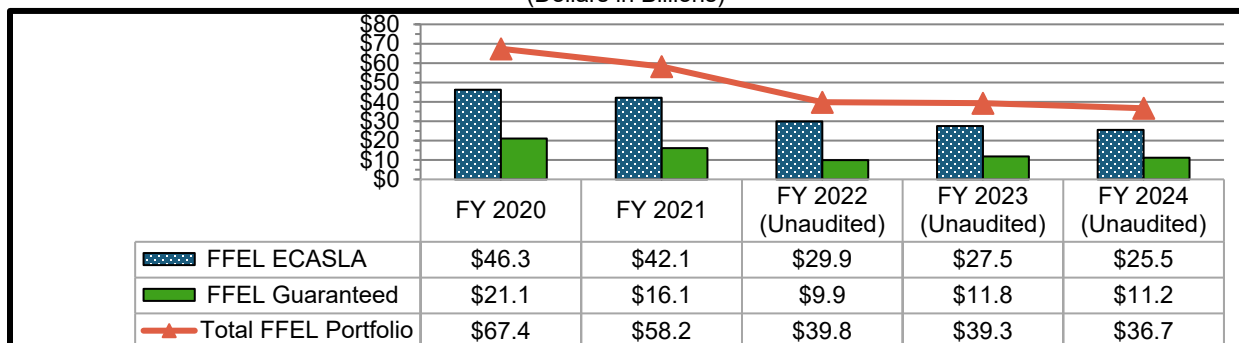
The portfolio of Direct Loan principal and interest receivables “Not in Repayment” is reflected in Figure 16, which subdivides this segment into two categories, “In School, Grace Period, and Education Deferments” and “Forbearance/Noneducation Deferments”. The “In School, Grace Period, and Education Deferments” increased from \$255.4 billion in FY 2023 to \$269.9 billion in FY 2024. The “Forbearance and Noneducation Deferments” segment increased from \$57.4 billion in FY 2023 to \$506.4 billion in FY 2024.

**Figure 16: Direct Loan Portfolio Segment not in Repayment by Status
Principal and Interest Only**
(Dollars in Billions)



FSA FFEL Credit Program Receivables, Net. FSA’s portfolio of FFEL loans includes debt acquired under the Conduit, Loan Participation Purchase, and Loan Purchase Commitment Programs established through the FY 2008 ECASLA law and referred to collectively as the FFEL ECASLA Loan Programs. It also includes debt acquired under the “traditional” (Non-ECASLA) loan programs, known collectively as the “FFEL Guaranteed” portfolio segment. Figure 17 illustrates that the FFEL ECASLA portfolio segment remains the major component of the total FFEL portfolio of net credit program receivables. This segment decreased from \$46.3 billion in FY 2020 to \$25.5 billion as of September 30, 2024, primarily as a result of collections of principal and the impact of borrowers consolidating loans under the Direct Loan Program.

Figure 17: Total FFEL Loan Portfolio¹³
(Dollars in Billions)



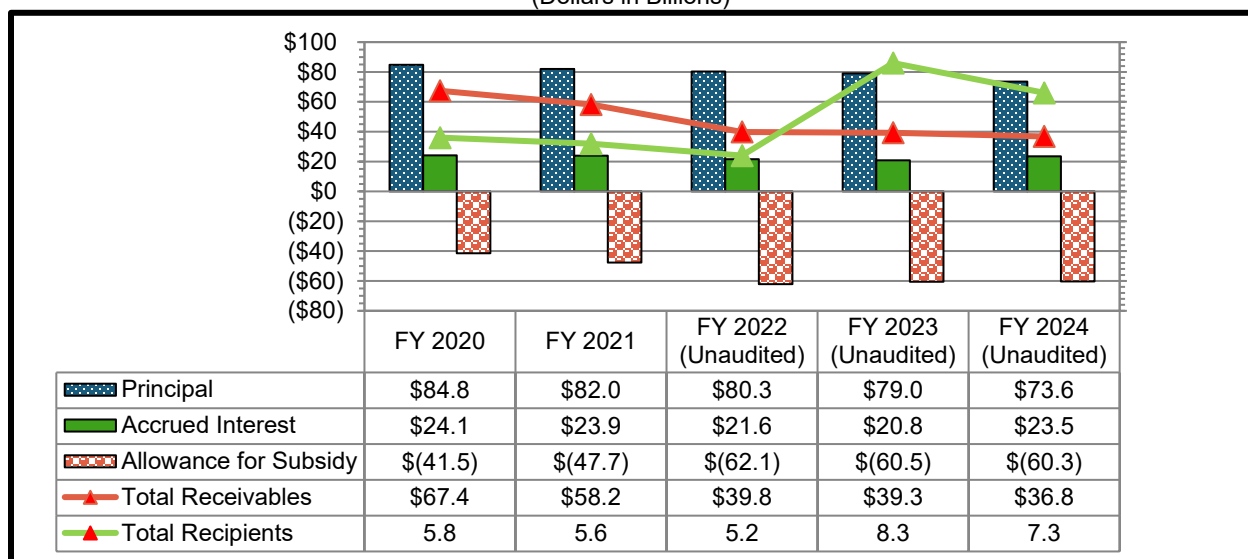
¹³ FFEL Guaranteed refers to the FFEL Guaranteed (Non-ECASLA) Program; FFEL ECASLA refers to FFEL ECASLA Acquired Loan Program

Management's Discussion and Analysis (Unaudited)

The FFEL ECASLA and FFEL Guaranteed portfolios are further broken down into the principal, accrued interest, and subsidy components as shown below in Figure 18.¹⁴

Figure 18: Components of FFEL Receivables, Net

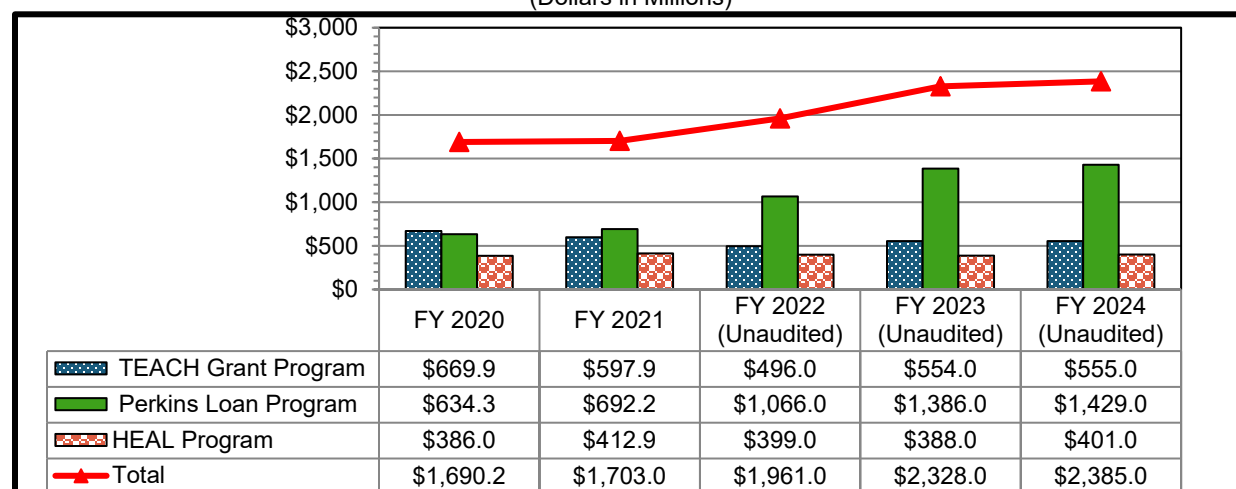
(Dollars in Billions)



Other Credit Program Receivables, Net. As shown in Figure 19 below, TEACH Grants, Perkins Loans, and HEAL Loans make up the third segment of Credit Programs Receivables, Net that FSA reports on its balance sheet.

Figure 19: Other Credit Program Receivables Loan Portfolio

(Dollars in Millions)



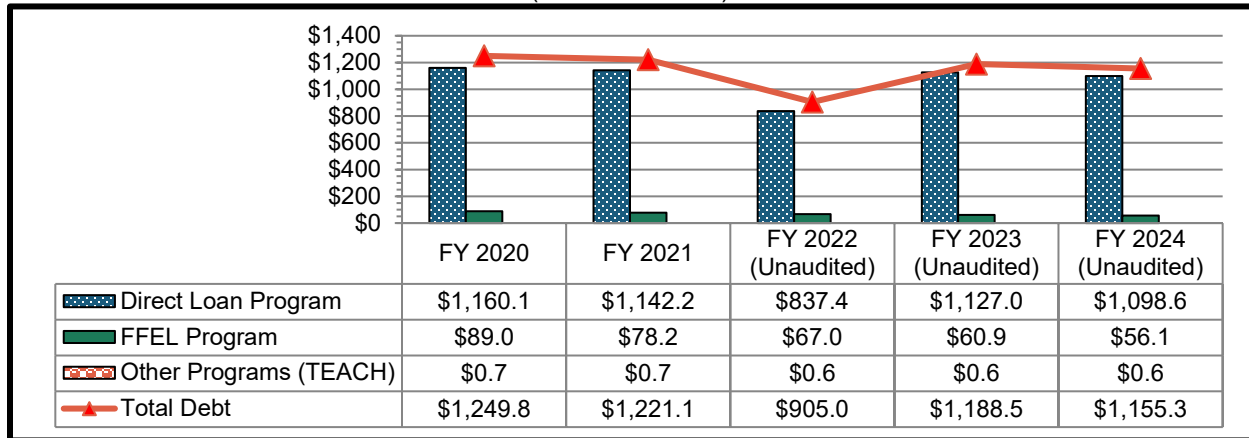
The Other Credit Program Receivables, Net, balance of \$2.4 million in FY 2024 accounted for 0.22% of FSA's total Credit Program Receivables, Net of \$1,080.5 billion.

¹⁴ Recipients in Millions for FY 2019 are based on data published by the FSA Data Center, at [StudentAid.gov/portfolio](https://studentaid.gov/portfolio). FY 2019 data are taken directly from the NSLDS database.

Composition of FSA Liabilities. FSA's liabilities represent probable and measurable future outflows of resources arising from past transactions or events. As of September 30, 2024, FSA had total liabilities of \$1,193.7 billion as compared to \$1,209.5 billion as of September 30, 2023.

Debt. FSA's debt associated with loans is the primary component of its liabilities. FSA's debt balance of approximately \$1,155.3 billion as of September 30, 2024, is \$33.2 billion less than the FY 2023 amount. As shown in Figure 20, the Direct Loan Program, with a balance of approximately \$1,098.6 billion comprises 95.1% of total debt.

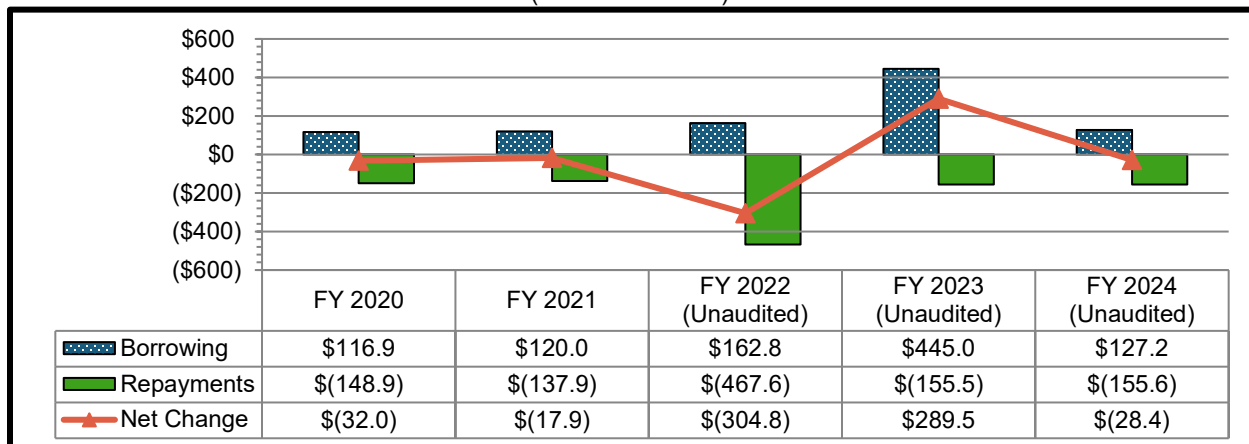
Figure 20: Comparison of Debt
(Dollars in Billions)



FSA borrows funds from Treasury to support the disbursement of new loans, and for the payment of credit program outlays and related costs. FSA then makes repayments after considering its cash position and liability for future cash outflows, as mandated by the *Federal Credit Reform Act of 1990 (FCRA)*. The net impact of these activities on the outstanding debt portfolio are illustrated for the Direct Loan and FFEL Programs in Figures 21 and 22 respectively.

Direct Loan net financing activity (Figure 21) accounted for the \$28.4 billion decrease in FSA's outstanding debt.

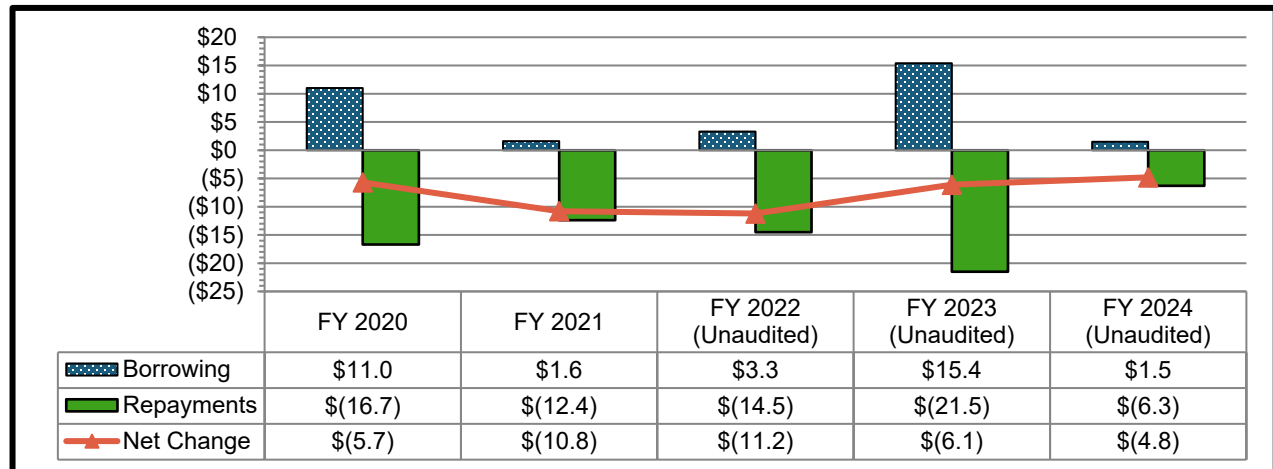
Figure 21: Direct Loan Program Net Financing Activity
(Dollars in Billions)



Management's Discussion and Analysis (Unaudited)

FFEL program net financing activity (Figure 22) accounted for the \$4.8 billion decrease in FSA's outstanding debt.

Figure 22: FFEL Loan Program Net Financing Activity
(Dollars in Billions)



Statement of Net Cost

The Statement of Net Cost is the federal financial statement that presents the net cost of operations for FSA programs. FSA's net cost is the gross cost incurred during its operations less any exchange revenues earned from its activities. Gross cost is composed of the cost of credit programs, grant programs, and operating costs. Exchange revenues are primarily interest earned on credit program loans.

The Statement of Net Cost presented below provides a condensed summary of the significant balances in FSA's Statements of Net Cost over a five-year period, beginning with FY 2020. The table also shows the percentage change between the prior and current fiscal years as of September 30, 2023 and 2024, respectively.

**Table 10: Statements of Net Cost
(Summarized)**
(Dollars in Millions)

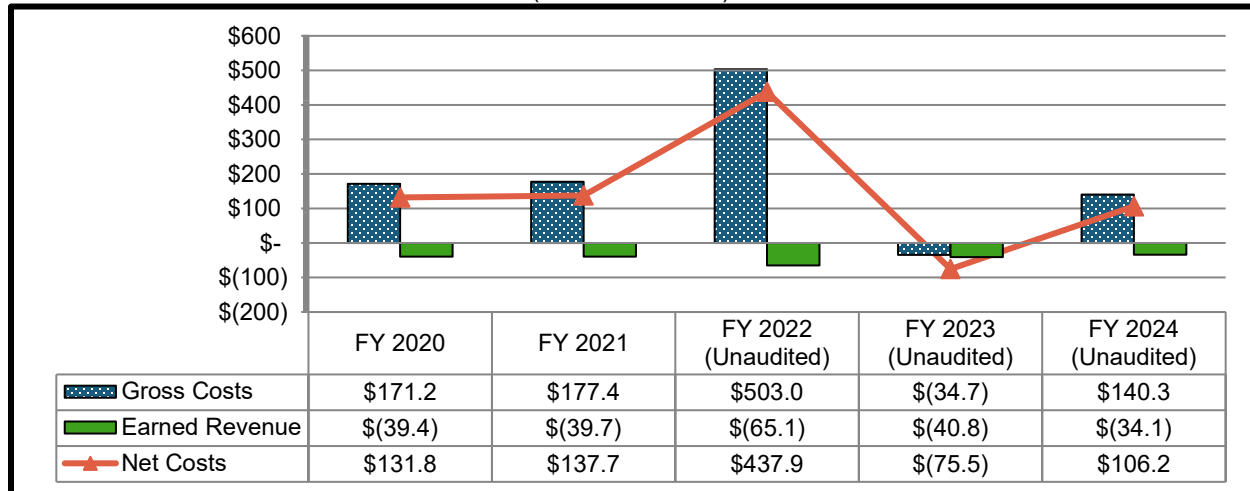
	FY 2020	FY 2021	FY 2022 (Unaudited)	FY 2023 (Unaudited)	FY 2024 (Unaudited)	Difference	Percentage Change ¹⁵
Gross Cost	\$171.2	\$177.4	\$503.0	\$(34.7)	\$140.3	\$175.0	(504.3)%
Less: Earned Revenue	(39.4)	(39.7)	(65.1)	(40.8)	(34.1)	6.7	(16.4)%
Net Cost of Operations	\$131.8	\$137.7	\$437.9	\$(75.5)	\$106.2	\$181.7	(240.7)%

As shown in Figure 23, FSA's gross costs decreased from \$171.2 billion in FY 2020 to \$140.3 billion in FY 2024, mainly as the result of subsidy-related transactions. FSA's earned

¹⁵ Refer to Footnote 6.

revenues (mainly interest and fee accruals net of subsidy amortization) decreased from (\$39.4) billion in FY 2020 to (\$34.1) billion in FY 2024. As a result, net costs of operations decreased from \$131.8 billion in FY 2020 to \$106.2 billion in FY 2024.

Figure 23: Composition of Net Cost
(Dollars in Billions)



Statement of Changes in Net Position

The Statement of Changes in Net Position presents those amounts that caused the net position section of the Balance Sheet to change from the beginning to the end of the reporting period and is affected by changes in its two components, cumulative results of operations and unexpended appropriations.

FSA's net position as of September 30, 2024, was \$6.9 billion, an increase of \$36.1 billion from the September 30, 2023, net position of \$(29.2) billion. The Cumulative Results of Operations decreased by \$40.2 billion from (\$67.2) billion in FY 2023 to (\$27.0) billion in FY 2024. In addition, unexpended appropriations decreased by \$4.1 billion from \$38.0 billion in FY 2023 to \$33.9 billion in FY 2024.

Statement of Budgetary Resources

The Statement of Budgetary Resources compares the budgetary resources provided with the status or execution of those resources. The statement details the composition of the resources and net outlays. Appropriations are available to cover the subsidy cost of each loan program and administrative expenses. Subsidy expense represents the difference between the net present value of expected future cash flows and the face value of each loan portfolio.

Appropriation authority is available as needed on a permanent basis to finance costs resulting from loans guaranteed in the years before FY 1992. The Federal Pell Grant Program is funded through annual appropriations to cover actual grant disbursements.

The statement shows that as of September 30, 2024, FSA had \$451 billion in total budgetary resources as compared with \$787.4 billion in budgetary resources as of September 30, 2023. Overall budgetary resources decreased by \$336.4 billion.

Limitations of Financial Statements

The principal financial statements are prepared to report the financial position, financial condition, and results of operations, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of Federal entities in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

Analysis of Systems, Controls, and Legal Compliance

FSA adheres to the Government Accountability Office (GAO) published guidance on internal control and recognizes that internal control is an integral part of managing an organization. Internal control includes the plans, methods, and procedures used to meet the organization's missions, goals, and objectives. In carrying out these components of internal control, FSA supports an environment for performance-based management. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. Internal control helps government program managers achieve desired results through effective stewardship of public resources.

Internal controls should provide reasonable assurance that the objectives of the agency are being achieved in the following categories:

- Effective and efficient operations
- Reliability of reporting for internal and external use
- Compliance with applicable laws and regulations¹⁶

FSA is responsible for establishing and maintaining effective internal control over reporting and the financial management systems that meet the objectives of the *Federal Managers' Financial Integrity Act of 1982 (FMFIA)* and annually assessing the effectiveness and efficiency of its internal controls over operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (OMB Circular A-123). FSA also supports the Department in meeting the objectives and requirements of the *Federal Financial Management Improvement Act of 1996 (FFMIA)* in the Department's annual assessment. FSA continues to coordinate with the Department and internally to execute these requirements.

Information on the Department's assessment of internal control, inclusive of FSA, is available in the **Analysis of Systems, Controls and Legal Compliance** section of the Department's [AFR](#).

In addition, FSA, working with the Department, conducted its current year assessment of the effectiveness of internal control in accordance with the requirements of OMB Circular A-123, Appendix A, *Management of Reporting and Data Integrity Risk* (OMB Circular A-123, Appendix A). OMB Circular A-123, Appendix A provides requirements to agencies for conducting management's assessment of internal control over reporting. The scope of FSA's assessment focuses on new processes, new systems, and processes and systems with high-risk profiles that are tested every year. Processes and systems with lower-risk profiles are reviewed and tested on a 4-year cycle. In FY 2024, FSA continued to rely on audits of external service providers conducted by independent public accountants in accordance with Statement on Standards for Attestation Engagements Number 18, *Reporting on Controls at a Service Organization*.

¹⁶ Government Accountability Office Standards for Internal Control in the Federal Government, GAO-14-704G, September 10, 2014, p.5.

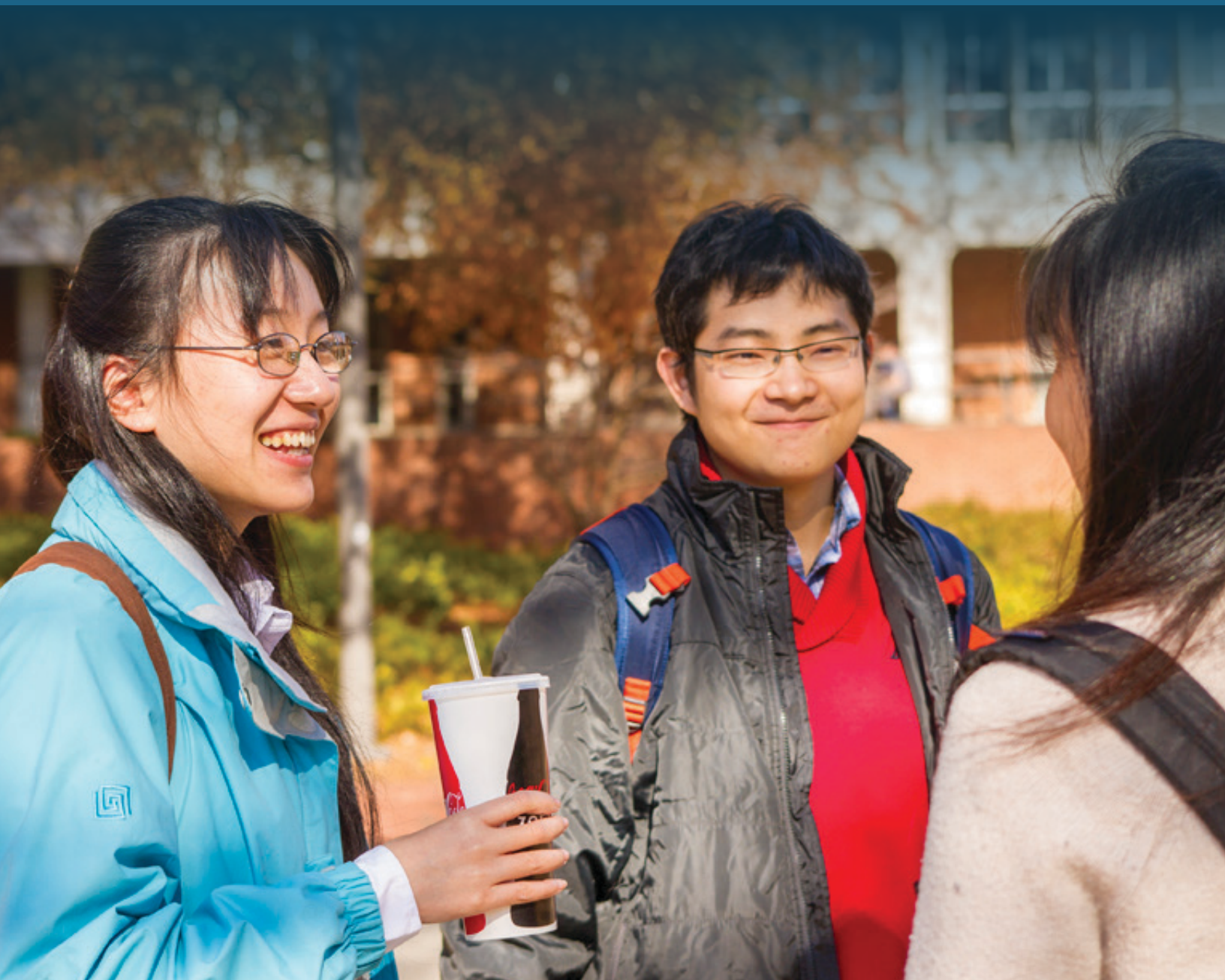
Management's Discussion and Analysis (Unaudited)

FSA's participation in the Department's implementation of the requirements of OMB Circular A-123, including Appendix A, enables it to continue to build upon its internal control framework. This framework will be used in continuing efforts to monitor and improve internal control. Please refer to the **Analysis of Systems, Controls and Legal Compliance** section of the Department's [AFR](#) for additional information related to management's assurances and disclosures.

Please also refer to the **Analysis of Systems, Controls and Legal Compliance** section of the Department's [AFR](#) for information related to the Department's compliance with the *Federal Financial Management Improvement Act of 1996*.

FSA's financial management systems strategy is formulated and managed as part of the Department's strategy. For details on FSA's financial management systems strategy, please refer to the Financial Management Systems Strategy narrative found in the **Management's Discussion and Analysis** section of the Department's [AFR](#).

Annual Performance Report (Unaudited)



Overview of the Annual Performance Report

The **Annual Performance Report** section of the *FY 2024 Annual Report* provides detailed performance information on FSA's progress in achieving the goals and objectives described in the *FY 2023–27 Strategic Plan*. The subsections of the **Annual Performance Report** are listed and briefly discussed below:

- **Introduction to the Annual Performance Report:** The Introduction to the Annual Performance Report provides an overview of the Annual Performance Report and includes a high-level summary of the *FY 2023–27 Strategic Plan*.
- **Performance Results by Strategic Goal:** This subsection details the results of each overall strategic goal by strategic objective and performance indicator. Each strategic objective provides an overview and a performance summary and analysis, including noteworthy progress and focused improvement. Each performance indicator includes a table that presents five years of data results, where available, as well as its current target and results. The performance indicator section also includes a discussion of the indicator definition, data source, and performance period.
- **Fiscal Year 2024 Accomplishments of Federal Student Aid:** This subsection describes additional accomplishments that were not measured by the performance metrics included in the strategic plan but were the result of initiatives that FSA undertook to support the implementation of the strategic plan or legislative changes.

Introduction to the Annual Performance Report

The *Government Performance and Results Act (GPRA) of 1993*, requires federal agencies to develop Strategic Plans, annual performance plans, and Annual Performance and Accountability Reports [Agency Financial Report (AFR) and Annual Performance Report] to communicate progress made against strategic plan goals and objectives to the public and other stakeholders. Efforts continued to mature the organizational performance management framework, resulting in the passage of the *GPRA Modernization Act of 2010*. The *GPRA Modernization Act of 2010* sets the statutory foundation for the Federal Performance Framework as it is known today, which is a more integrated and coordinated government-wide performance management approach.

In addition, PBO-enabling legislation requires FSA to report annually on its level of performance and the associated results. This section, the *Annual Performance Report*, satisfies this annual reporting requirement. Additional performance-related information—including a more complete discussion of FSA’s mission, organization, and performance management—is provided in the **Management’s Discussion and Analysis** section.

The FSA strategic plan guides FSA toward achieving its vision, “To be the most trusted and reliable source of student financial aid, information, and services in the nation.” The strategic plan outlines FSA’s strategic goals, objectives, and performance indicators. The *FY 2023–27 Strategic Plan* was developed to align with and support the Department’s overall strategic goals and objectives, as defined in the Department’s *FY 2022–26 Strategic Plan*. To read more about FSA’s strategic plans refer to StudentAid.gov/strategic-planning-and-reporting.

The FSA FY 2024 *Annual Report* describes the accomplishments, challenges, and future plans related to the goals set forth in the five-year strategic plan.

The FY 2023-27 strategic goals are:

- **Strategic Goal 1:** Improve Customer Service and Outcomes for Students and Borrowers
- **Strategic Goal 2:** Advance Equity and Access to Student Financial Assistance
- **Strategic Goal 3:** Strengthen Engagement and Accountability for Educational and Financial Institutions
- **Strategic Goal 4:** Increase Workforce and Workplace Capabilities
- **Strategic Goal 5:** Boost Operational Efficiency

Performance Targets by Strategic Goals, Objectives, and Metrics

In FY 2024, 17 indicators were met or exceeded, 13 indicators performed below the target, and 2 indicators were baselined or did not have an established target.

The following tables present the performance targets under the applicable *FY 2023–27 Strategic Objective*. To read more about performance measurement and target changes in FY 2024, refer to the **Appendices** section.

Table 11: Strategic Goal 1: Improve Customer Service and Outcomes for Students and Borrowers

Strategic Objective 1.1: Simplify the student loan repayment process to reduce future delinquency and default rates and improve accessibility of loan forgiveness programs.	
Performance Indicators	FY 2024 Target
1.1.A Number of borrowers that received loan forgiveness.	1.36 million
1.1.B Percentage of borrowers using auto-debit.	21.5%
1.1.C Percentage of borrowers submitting applications through the PSLF Help Tool.	≥60.5%
Strategic Objective 1.2 Enhance the quality of contact center and loan servicing operations, leveraging data to assess progress toward customer service and product delivery standards.	
Performance Indicator	FY 2024 Target
1.2.A Percentage of contractor interactions reviewed that received a passing score.	≥95%
Strategic Objective 1.3 Engage with stakeholders to improve delivery of student aid.	
Performance Indicator	FY 2024 Target
1.3.A Surveys to third-party stakeholders.	Baseline
Strategic Objective 1.4 Address complaints and inquiries regarding financial aid products and services.	
Performance Indicators	FY 2024 Target
1.4.A Timeliness of case handling.	≥78%
1.4.B Accuracy of business process operations.	≥58%
1.4.C Accuracy of first-level complaint response.	≥32.1%

Table 12: Strategic Goal 2: Advance Equity and Access to Student Financial Assistance

Strategic Objective 2.1: Enable financial education and empowerment by helping students and families understand the benefits and responsibilities of financing post secondary education.	
Performance Indicator	FY 2024 Target
2.1.A Overall borrower satisfaction score for online counseling.	≥90
Strategic Objective 2.2: Simplify the Free Application for Federal Student Aid (FAFSA®) process.	
Performance Indicator	FY 2024 Target
2.2.A Customer satisfaction survey score associated with completing the Free Application for Federal Student Aid®.	80
Strategic Objective 2.3: Provide accurate, seamless, easy, and customized interactions throughout the student aid lifecycle.	
Performance Indicators	FY 2024 Target
2.3.A StudentAid.gov Digital Satisfaction.	≥72
2.3.B StudentAid.gov Post-transaction Satisfaction.	≥83
2.3.C Contract Center Satisfaction.	≥71
2.3.D Email Campaign Helpfulness.	≥79

Table 13: Strategic Goal 3: Strengthen Engagement and Accountability for Educational and Financial Institutions

Strategic Objective 3.1: Utilize a comprehensive suite of monitoring tools to oversee participating partners.	
Performance Indicator	FY 2024 Target
3.1.A Review for participating partners that have been provisionally certified.	60%
Strategic Objective 3.2: Build enforcement capabilities, in coordination with federal and state partners to protect students, families, and taxpayers from deceptive, fraudulent, or harmful practices in the student aid marketplace.	
Performance Indicator	FY 2024 Target
3.2.A Build and implement an FSA Enforcement Strategy that incorporates a risk model for identifying schools that pose risk to students and taxpayers.	Implement Strategic Plan.
Strategic Objective 3.3: Provide inclusive and effective partner outreach, training, and technical assistance.	
Performance Indicator	FY 2024 Target
3.3.A Institutional participation rates in <i>Title IV</i> training and specialized technical assistance programs.	80-82%

Table 14: Strategic Goal 4: Increase Workforce and Workplace Capabilities

Strategic Objective 4.1: Promote workplace diversity, equity, inclusion, and accessibility.	
Performance Indicators	FY 2024 Target
4.1.A Federal Employee Viewpoint Survey Diversity and Inclusion Index: New Inclusion Quotient Index.	≥74%
4.1.B Percentage of qualified new hires and backfills coming from identified underrepresented workforce populations.	3-5% of new hires
4.1.C Percentage of underrepresented populations included in organizational talent acquisition, promotion, and development/training activities.	≥37%
4.1.D Percentage of employees participating in formal diversity, equity, inclusion, and accessibility efforts.	12-17% of total employee count
Strategic Objective 4.2: Attract, develop, and retain an agile workforce that can quickly respond to a changing environment and emerging priorities.	
Performance Indicator	FY 2024 Target
4.2.A Federal Employee Viewpoint Survey: Intrinsic Work Experience.	≥77%
Strategic Objective 4.3: Foster an organizational culture that promotes a productive, connected, and engaged workforce, particularly in a hybrid workplace environment.	
Performance Indicators	FY 2024 Target
4.3.A Federal Employee Viewpoint Survey: Employee Engagement Index.	≥76%
4.3.B Federal Employee Viewpoint Survey: Leader Lead.	≥62%
4.3.C Federal Employee Viewpoint Survey: Supervisors.	≥85%

Table 15: Strategic Goal 5: Boost Operational Efficiency

Strategic Objective 5.1: Strengthen enterprise wide data analytics and information management to foster a customer centric, data driven, performance based organization.	
Performance Indicators	FY 2024 Target
5.1.A The Sum of Annual Data Maturity Assessment (DMA) for DMA Processing Areas.	71
5.1.B Successful maintenance and use of statistical models in <i>Title IV</i> operations.	9 new and existing modeling initiatives
5.1.C Implement new Statistical Modeling Initiatives.	1 new initiative
Strategic Objective 5.2: Continuously improve systems, structures, and operations to enhance organizational efficiency and performance.	
Performance Indicator	FY 2024 Target
5.2.A Operational Performance.	Enhance continual delivery and implementation of improved Financial Management and support sound investment decision making to effectively drive FSA's mission. (Y/N)
Strategic Objective 5.3: Enhance procurement planning, management, and execution.	
Performance Indicators	FY 2024 Target
5.3.A Time-duration estimates for procurement-related tasks for use in Program Schedules.	Identify requisite tasks and durations for other procurement methods (e.g., schedule buy, GWAC, 8(a), etc.) based upon law, regulation, policy, and historic performance
5.3.B Plan, develop and implement a new investment management process aligning acquisitions, budget, and human capital with program planning.	Development
Strategic Objective 5.4: Improve cybersecurity detection, prevention, and protection ensuring data confidentiality, integrity, and availability.	
Performance Indicator	FY 2024 Target
5.4.A Cybersecurity Maturity-Level (OIG Maturity Levels)	70% at Level 3 or higher

Understanding the Annual Performance Report Section

The Annual Performance Report highlights FSA's efforts to deliver greater impact through innovation, increasing effectiveness and efficiency, and delivering better customer service along with the Department of Education.¹⁷

How to read the Annual Performance Report. This section of the annual report is organized by FSA's five strategic goals. Each subsection provides an overview of the goal, the associated objectives, and performance indicators that support the strategic goal. Each section is structured in the following order:

- Strategic Goal Overview
- Strategic Objective Overview
- Performance Indicator(s) Overview

The detail provided for each performance indicator is as follows:

- **Indicator Definition:** Provides a brief explanation of the indicator and explains the factors used to measure the indicator.
- **Table:** Identifies the performance indicator associated with the strategic goal and provides the historical actual results for the four previous fiscal years (if available); the target and actual result for the current fiscal year; and an indicator as to whether FSA met the performance indicator for each fiscal year reported. The following table is the legend for the performance indicator result.

Table 16: Performance Result Indicator Legend¹⁸

Performance Result	Indicator
Performance result met or exceeded the target.	Met
Performance result did not meet the target.	Not met
Performance result is baselined. Baseline data will provide a historical point of reference to inform program planning such as target setting.	Baseline
Performance metric is a new or revised metric, and prior year results are not available.	–
Performance result is not applicable.	N/A

- **Notes:** Identifies trends and data availability.
- **Period of Performance:** Indicates the time period of the data reference.

¹⁷ OMB Circular 11_Part 6

¹⁸ The reported performance indicator results are as of the end of the fiscal year, unless otherwise noted. Data as of the end of the fiscal year may not be available in some instances, such as when the required data are obtained from external sources including state and private nonprofit guaranty agencies; lenders and loan servicers; and grant and loan recipients.

Performance Results by Strategic Goals, Objectives, and Indicators

Strategic Goal 1: Improve Customer Service and Outcomes for Students and Borrowers

Goal Leader: Deputy Chief Operating Officer, Office of Student Experience and Aid Delivery

Table 17: Goal Objectives

Strategic Objective No.	Strategic Objective
Strategic Objective 1.1	Simplify the student loan repayment process to reduce future delinquency and default rates and improve accessibility of loan forgiveness programs.
Strategic Objective 1.2	Enhance the quality of contact center and loan servicing operations, leveraging data to assess progress toward customer service and product delivery standards.
Strategic Objective 1.3	Engage with stakeholders to improve delivery of student aid.
Strategic Objective 1.4	Address complaints and inquiries regarding financial aid products and services.

Goal Spotlight

Over the past several years, FSA has faced significant changes to the Direct Loan portfolio when there were several complex, high-profile regulations, and policy changes introduced, including Income Driven forgiveness policy, Fresh Start, and the Return to Repayment for more than 2.39 million borrowers.

This fiscal year has been a transformative period for FSA, which made significant advancements in PSLF, debt relief programs, and the enhancement of contact centers to serve students and borrowers more effectively. This summary provides an overview of these key areas and highlights the progress made in each area.

Additionally, FSA introduced several debt relief initiatives aimed at alleviating the financial challenges faced by borrowers:

- **Borrower Defense to Repayment:** This program was strengthened to provide relief to borrowers who were misled or defrauded by their institutions. Efforts were made to expedite claims and ensure eligible borrowers received timely relief.
- **IDR Forgiveness:** Enhancements were made to IDR plans, including the introduction of more generous forgiveness terms and streamlined recertification processes.

The improvements made to contact centers in FY 2024 have resulted in higher satisfaction rates among borrowers. The ability to receive timely and accurate information, coupled with the compassionate support from well-trained representatives, has enhanced the overall borrower experience. Feedback from users indicates a significant improvement in the accessibility and reliability of federal student aid services.

Strategic Objectives and Performance Indicators

Strategic Objective 1.1

Simplify the student loan repayment process to reduce future delinquency and default rates and improve accessibility of loan forgiveness programs.

Strategic Objective Leader: Deputy Chief Operating Officer, Office of Student Experience and Aid Delivery

Overview

Since the start of Return to Repayment, there were several actions that FSA implemented to empower borrowers on their path to repayment and to help reduce student loan payments and delinquency. These actions include:

- Implemented a one-year on ramp period to repayment which ended in September 2024 that prevented borrowers from experiencing the worst consequences of delinquency and default.
- Completed the Fresh Start program, which provided a path for borrowers previously in default to easily remove their loans from default and get on an affordable repayment plan.
- Continued communication campaigns to borrowers regarding how to get assistance and position themselves for positive outcomes. This includes continued promotion of IDR plans so borrowers would be in the best position possible to avoid delinquency and default.
- Announced and began issuing discharges to numerous borrower loans through improvements to the areas of IDR, PSLF, Total & Permanent Disability (TPD), Closed School Discharges (CSD), and Borrower Defense (BD).
- Completed the transition to the Unified Servicing & Data Solution (USDS) loan servicing contracts, which have several new servicer accountability measures and incentivize loan servicers to focus on reaching and helping borrowers who are at-risk for delinquency and default.
- Standardized the look and feel of loan servicer websites under USDS and instituted [StudentAid.gov](https://studentaid.gov) domains so that borrowers have confidence that they are working with a legitimate FSA partner.
- Launched the Specialty Program Sub-System, which brought the PSLF (and in the future TEACH and TPD) programs to FSA and away from a dedicated loan servicer. This will increase the efficiency and accuracy of PSLF Form processing, payment counting, and the information available to borrowers regarding their progress towards forgiveness.
- Continued to update and complete the payment count adjustment for more than 3.6 million Direct Loan Program borrowers who will receive at least 3 years of credit toward loan forgiveness.

Performance Summary and Analysis

There are three performance indicators for this strategic objective. Two performance indicators, 1.1.A Number of borrowers that received loan forgiveness and 1.1.C Percentage of users who start and complete the PSLF Help Tool by generating a PSLF form, met their targets, while one performance indicator (1.1.B Percentage of borrowers using auto-debit) did not meet its target.

Performance indicator, 1.1.A Number of borrowers that received loan forgiveness, met its target. This performance indicator measures the number of total borrowers who receive loan forgiveness through the PSLF, BD, TPD, and IDR forgiveness programs. IDR forgiveness impacted the July 2023–June 2024 results for this indicator. The payment count adjustment process streamlined IDR forgiveness. Instead of loan servicers initiating the forgiveness process, FSA relied on NSLDS data to determine a borrower's eligibility and send eligible borrowers to loan servicers to perform the forgiveness adjustment. FSA's computer matches with U.S. Social Security Administration (SSA) and U.S. Department of Veterans Affairs (VA) allowed borrowers to receive a TPD discharge automatically instead of having those borrowers submit a paper discharge application and supporting documentation. The Department increased BD discharges by approving two new groups (CollegeAmerica and Art Institutes), as well as approving applicants who enrolled at University of Phoenix and Ashford University.

Performance indicator, 1.1.B Percentage of borrowers using auto-debit, did not meet its target. This performance indicator measures the percentage of borrowers using auto-debit as the billing method for their federally serviced loans. The percentage did not meet its target for FY 2024 but saw drastic improvement since the ending of the payment pause in September 2023. The September 2024 point-in-time (actual) result is 23.6%, with the four-quarter moving average (the cumulative result) at 21.5%. The beginning of FY 2024 actual reached a low point in September 2023 due to the unenrollment of borrowers from auto-debit who did not opt back into auto-debit before the end of the COVID-19 payment pause. Additional impacts to auto-debit sign up over the past year included millions of borrowers being put into forbearances due to return to repayment remediation efforts, on-going forbearances because of court actions related to SAVE and IDR, and the awareness and application of on-ramp forbearances.

Throughout FY 2024, there was steady improvement in borrowers signing up for auto-debit because of outreach and communications by FSA and its loan servicers to promote auto-debit to borrowers to achieve the 23.9% target as of September 2024. This is nearly the same rate seen before the COVID-19 payment pause in FY 2020. The percentage of borrowers in auto-debit is likely to continue to increase in FY 2025, as outreach continues and as many borrowers who may have not yet seen the need to enroll in auto-debit as a means of making their monthly student loan payment begin to do so.

Performance indicator, 1.1.C Percentage of users who start and complete the PSLF Help Tool by generating a PSLF form, met its target. In FY 2024, Federal Student Aid updated systems and contact centers to streamline and fully manage the PSLF program through [StudentAid.gov](https://studentaid.gov). To transition the program from a prior specialty servicer to [StudentAid.gov](https://studentaid.gov) required a temporary processing pause. This included both the in-take and processing of PSLF & Temporary Expanded PSLF (TEPSLF) Certification & Applications (PSLF forms) for several months.

PSLF form processing has resumed, and payment counts continue. FSA expects an increase in borrower submission of PSLF forms and processing in FY 2025. Moving the management of PSLF to [StudentAid.gov](https://studentaid.gov) delivers an enhanced borrower experience and a foundation for the future growth and accessibility of the PSLF program.

Performance Indicators

Performance Indicator 1.1.A: Number of borrowers that received loan forgiveness.

Indicator Definition: This performance indicator measures the number of total borrowers who receive loan forgiveness through the PSLF, Borrower Defense, TPD, and IDR Programs.

Period of Performance: July 2023 through June 2024

Table 18: Performance Indicator 1.1.A

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	1.32 million	1.36 million	2.39 million
Performance Result	N/A	N/A	N/A	Baseline	Met	

Note: PSLF, BD, TPD, and IDR depend on data providers' reporting to the National Student Loan Data System (NSLDS). For PSLF and IDR the data providers are federal loan servicers. For BD, data providers are federal loan servicers, Debt Management and Collection System (DMCS), and in some cases, such as court settlements, FFEL Program guaranty agencies. For TPD, data providers are federal loan servicers, DMCS, FSA's TPD vendor, Perkins schools, and guaranty agencies. Certain PSLF and IDR forgiveness initiatives also depend on files sent from NSLDS to federal loan servicers, which the federal loan servicers use to update their records and report back to NSLDS.

Performance Indicator 1.1.B: Percentage of borrowers using auto-debit.

Indicator Definition: This performance indicator measures the percentage of borrowers actively enrolled in auto-debit repayments. The numerator is the number of borrowers who are in a post-repayment loan status that the Title IV Additional Servicers, Not-For-Profits, and USDS (CRI) report with the auto-debit bill type. The denominator total number of borrowers in a post-repayment loan status (statuses of repayment, forbearance, and deferment).

Period of Performance: Point in time, June 30 annually

Table 19: Performance Indicator 1.1.B

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	24.8%	N/A	N/A	20.9%	23.9%	21.5%
Performance Result	Baseline	N/A	N/A	Baseline	Not met	

Note: This indicator depends on weekly reporting to NSLDS by federal loan servicers. The reporting indicates the current billing method for the borrower's loans. The reporting currently does not indicate the date of the enrollment in auto-debit nor align directly with cash payment data. It aligns with scheduled payment amount data.

Performance Indicator 1.1.C: Percentage of borrowers generating applications through the PSLF Help Tool.

Indicator Definition: This performance indicator measures the percentage of borrowers who start a PSLF form and save a completed PSLF form. The numerator is the total number of authenticated users that generate a completed PSLF Form via the Help Tool. The denominator is the number of authenticated users that initiate a PSLF form via the PSLF Help Tool.

Period of Performance: October 2023 through September 2024.

Table 20: Performance Indicator 1.1.C

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	34.5%	56.7%	60.5%	≥60.5%	64.1%
Performance Result	N/A	Baseline	Met	Met	Met	

Key Successes and Opportunities

At the end of FY 2024, borrowers are subject to both the consequences of delinquency and default. The number of borrowers who received forgiveness or a discharge in FY 2024 is now approximately 2.4 million which is an increase from the 1.3 million in FY 2023. This clearly demonstrates that the programmatic and operational improvements put into place are working so that borrowers receive the loan discharge and forgiveness for which they are eligible. Exploring opportunities to continue to improve loan forgiveness programs and the PSLF process for borrowers remains a priority for FSA heading into FY 2025.

Beyond this, the implementation of Specialty Processing Sub-System (SPS) at the end of FY 2024 was a key success in FY 2024 in that the PSLF program is now being fully managed within FSA rather than the complex journey a PSLF borrower had to originally take. Today, borrowers can remain at their existing loan servicer and engage with FSA directly to submit their PSLF Form, determine their employer eligibility, and track eligible and qualifying payment counts. Once a borrower reaches forgiveness, FSA will work with their loan servicer to forgive the borrowers' loans. This will be a much more streamlined and significantly better user experience than had been in place previously. Finally, opportunities abound for FSA to continue to assist borrowers as they navigate their repayment journey heading into FY 2025. FSA will continue to actively communicate with its borrowers about how to avoid delinquency and default, continue to inform borrowers about changes in the student loan environment, implement additional aspects of SPS and USDS, and proactively work with its loan servicers to ensure borrowers are receiving the best customer service possible.

Strategic Objective 1.2

Enhance the quality of contact center and loan servicing operations, leveraging data to assess progress toward customer service and product delivery standards.

Strategic Objective Leader: Deputy Chief Operating Officer, Office of Student Experience and Aid Delivery

Overview

FSA is responsible for overseeing, tracking, and remediating millions of federal student loans for each of these events. Working with limited resources, oversight groups within FSA were responsive to the significant policy and regulatory changes to the Direct Loan program, implementing oversight methodologies to review borrower accounts and servicers' processes and ensure compliance with regulations and requirements. FSA previously set a framework for oversight that put a stronger focus on key performance indicators and contractual service level agreement metrics, aimed at delivering more effective outcomes for students and greater value to taxpayers. This framework is the foundation for improving oversight throughout the organization.

As a result of Return to Repayment, there was a significant increase in contact center call volume. FSA's oversight of, and feedback on, vendors' interactions with borrowers improved customer service and accuracy of borrower accounts. FSA improved customer service to its borrowers and operational efficiency by listening to and scoring recorded calls between borrowers and FSA's Direct Loan servicer call centers. These calls are randomly selected, and the scoring methodology includes not only listening to the interaction, but verifying whether appropriate actions were made to the borrower's account in the servicer's system. Additionally, this oversight effort provided quick feedback on a customer service representative's performance. As a result, corrective actions to the representative training were implemented immediately; thereby, minimizing the number of times a borrower had to call back for a resolution. The Direct Loan servicing contract changed on April 1, 2024; a new contract started with stronger performance incentives along with new contractual disincentives. The increased accountability under the new contracts has resulted in a stronger emphasis on customer service to achieve world class customer service for its borrowers.

Performance Summary and Analysis

There is one performance indicator for this strategic objective. This performance indicator, 1.2.A Percentage of contractor interactions reviewed that received a passing score, met its target. FSA's team that scores these interactions reviewed thousands of customer interactions despite significant staffing challenges. Regular touchpoints with Direct Loan servicers also helped FSA share observations from these reviews to help improve customer service.

Performance Indicator

Performance Indicator 1.2.A Percentage of contractor interactions reviewed that received a passing score.

Indicator Definition: This indicator measures the percentage of contractor interactions reviewed that received a passing score of 95%. The indicator measures the percentage of contractor interactions reviewed and that received a passing score as defined in their Service Level Agreements.

Period of Performance: October 2023 through September 2024.

Table 21: Performance Indicator 1.2.A

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	98.1	≥95%	98.6%
Performance Result	N/A	N/A	N/A	Baseline	Met	

Note: Results reflect data from Quarter 1, Quarter 2, and Quarter 4. For Quarter 3, FSA staff were temporarily reassigned to work on the FAFSA backlog; therefore, no contractor interactions were monitored during that quarter.

Key Successes and Opportunities

In March 2020, Congress passed the CARES Act, which provided economic stimulus and support to American citizens impacted by the Coronavirus emergency. The CARES Act also gave support to student loan borrowers by placing their loans in Administrative Forbearance, which required no payments to be made and attached a 0% interest rate to these loans. The student loan payment pause ended in August 2023 as required under the *Fiscal Responsibility Act of 2023*.

One of the best ways for FSA to assess whether borrowers were prepared to return to repayment and whether the Direct Loan servicer was providing accurate information was to listen to actual borrower calls with call center agents. This oversight activity allows FSA to hear what concerns borrowers have and the level of customer service they are receiving. In addition to listening to these recorded calls, FSA conducted secret shopper calls. These secret shopper calls involve FSA staff calling servicing call centers to ask representatives questions related to program changes such as IDR plans and the new SAVE program, Direct Loan discharge on IDR and PSLF. FSA shared the results of the scoring of recorded calls and the secret shopper campaigns with the FSA internal stakeholders as well as the servicers. Frequent touchpoints between FSA and the Direct Loan servicers allowed FSA to share concerns and opportunities to improve customer service.

Due to staffing constraints, FSA was not able to conduct both contractor interaction monitoring and secret shopper calls; therefore, secret shopper call monitoring ended in Quarter 2 of FY 2024. If additional staffing is made available, then oversight activities such as secret shopper campaigns and other reviews could be added to the continuous monitoring programs for the Direct Loan servicers.

Targeted monitoring reviews of SLAs was implemented in FY 2022 and effectuated in FY 2024. The SLAs are contractual required performance criteria agreed upon by FSA vendors. These performance measures are intended to motivate vendors to provide high levels of service for FSA's customers. They also help FSA hold vendors accountable when performance falls short of expectations.

Escalated servicer issues are where the item(s) are to be reported in Vendor Oversight Group's (VOG) Analytics, Compliance, Evaluation and Remediation System (ACERS), or as Corrective Action Plan (CAP) referrals. ACERS items are also topics of discussion in touchpoints with vendors. Outstanding ACERS issues are reviewed regularly by the Vendor Management team, servicers, and VOG as needed. There are multiple meeting forums where ACERS and CAPs are reviewed and discussed with FSA Direct Loan servicers.

Strategic Objective 1.3

Engage with stakeholders to improve delivery of student aid.

Strategic Objective Leader: Ombudsman, Office of the Ombudsman

Overview

FSA's authorizing statute mandates consultation with stakeholders regarding their degree of satisfaction with the federal student aid delivery system, including aid disbursement, school satisfaction, and loan repayment. It also requires that FSA solicit stakeholder suggestions to improve federal aid delivery. The Ombudsman Office's Stakeholder Engagement Group (SEG) helps to satisfy this obligation by regularly meeting with a variety of stakeholders in the form of listening sessions, briefings, and webinars. SEG solicits feedback on the stakeholder experience by surveying meeting participants about key metrics.

Performance Summary and Analysis

During FY 2024, SEG held 500 engagements with a variety of stakeholders to solicit feedback on topics including student loan repayment, Fresh Start, FAFSA rollout, PSLF, and accountability for for-profit college misconduct. Following five of these engagements, SEG invited participants to complete a newly designed and updated survey to collect feedback on FSA's delivery of student financial aid. During FY 2024, SEG sent the survey to 182 meeting participants and received 13 responses for a response rate of 7%.

Twelve of the 13 respondents rated their level of agreement with the statement that they were "satisfied" with FSA's administration of federal student aid: Strongly Agree (3), Agree (5), Neither Agree or Disagree (2), Disagree (1), and Strongly Disagree (1).

The survey also asked questions about the Ombudsman Office's strengths, areas for improvement, responsiveness, and accessibility. Respondents typically agreed or strongly agreed when asked if the Ombudsman Office values their input, is accessible, and is responsive to questions and feedback. Respondents also agreed or strongly agreed that they understood how to contact the Ombudsman Office for follow up and that they found their meeting with the Ombudsman Office worthwhile.

Performance Indicator

Performance Indicator 1.3.A Surveys to third-party stakeholders.
Indicator Definition: This performance indicator measures the response rate of stakeholders in FSA’s solicitation of their opinions, priorities, and view of the delivery of Title IV aid.
Period of Performance: October 2023 through September 2024.

Table 22: Performance Indicator 1.3.A

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	Survey Implemented	Baseline	7%
Performance Result	N/A	N/A	N/A	Met	Baseline	

Key Successes and Opportunities

In FY 2024, SEG implemented a new stakeholder engagement tracking system. The system increases transparency on the number and type of engagements and centralizes the data used to complete the annual performance report. During FY 2024, SEG participated in more than 500 engagements with external stakeholders, including listening sessions, meetings with state government officials and legal aid attorneys, webinars, presentations at in-person events, email communications, and more. Each engagement presents the opportunity to receive stakeholder feedback. However, the survey of stakeholders is an inherently limited metric in several ways.

1. The number of survey respondents is dependent on the number of listening sessions and other meetings designed to solicit feedback that SEG holds, which fluctuates with stakeholder interest and SEG capacity. SEG intends to hold more listening sessions in FY 2025 to gather more feedback.
2. Response rates to online surveys are too low to make sound inferences from the responses. While increasing the number of engagements would increase the number of people being sent the survey, that will not necessarily increase the response rate. In FY 2025, SEG will explore ways to increase the response rate to capture feedback from more meeting participants. SEG will also work to ensure that participants of in-person listening sessions can take the survey.
3. The survey only collects feedback from stakeholders who attend a certain type of meeting with SEG. As such, survey results may provide a skewed view of FSA’s delivery efforts in that it only captures feedback from a narrow group of participants. For example, Ombudsman Office staff hear feedback about the delivery of student aid through complaint handling, emails from stakeholders, conversations with stakeholders, and other types of meetings with stakeholders that cannot be captured in this metric. In addition, other offices in FSA solicit stakeholder feedback through listening sessions and other engagements that are not captured in SEG’s survey.

Strategic Objective 1.4

Address complaints and inquiries regarding financial aid products and services.

Strategic Objective Leader: Ombudsman, Office of the Ombudsman

Overview

The Student Loan Ombudsman is an independent, statutory role, established in part to resolve complaints from students and borrowers. As such, the Ombudsman Office manages FSA's complaint system and directly handles escalated complaints from students and borrowers. The FSA Ombudsman works with a range of Title IV stakeholders, including loan servicers, Business Process Operations (BPO) vendors, other FSA business units, consumer advocates, and most importantly, student loan borrowers, to both resolve individual complaints and ensure FSA is reducing barriers that may impede student aid borrower success.

In general, complaints received through the FSA complaint system are first routed to the entity against which the complaint is filed for an initial review and response. If the student or borrower is unsatisfied with that response, he or she may escalate the complaint to the Ombudsman Office for further review.

Performance Summary and Analysis

Indicator 1.4.A represents FSA's goal to close 95% of cases within 60 calendar days. In FY 2024, FSA closed 268,475 cases. Seventy-four percent (196,704) of those cases met the 60-day case closure timeliness requirement. Of the 26% (67,792) of cases that did not meet the timeliness requirements, 66% (45,042) were processed by a Direct Loan servicer (i.e., MOHELA, Nelnet, EdFinancial or Aidvantage), including 34% (23,303) by MOHELA and 20% (13,302) by Nelnet. While the new servicing contracts under USDS took effect in the middle of the reporting periods, servicers were contractually required to respond to complaints in a timely manner under their prior contract as well. FSA understands the importance of timely case closure and the Ombudsman Office monitors case timeliness regularly through both the Quality Management (QM) Program and regular reviews of Ombudsman staff casework.

The Ombudsman Office provides monthly quality reviews on closed BPO and Servicer case handling. Last year's annual report provided a 58% accuracy of case categorization on OPEN Cases. While the QM Group continues to measure the accuracy with which BPO populate the data fields and route the cases within Salesforce, the review of case data fields is only done on CLOSED cases. This allows for better understanding of the impact data field accuracy has on issue resolution quality. The FY 2024 target for case categorization accuracy is 58%. Mid-year data shows case categorization accuracy at 87%. This is a 29% increase from FY 2023. The QM Group credits this to discussions with BPOs during monthly check-ins reiterating correct categorization. The Ombudsman Office stopped tracking this metric in April 2024 as auto-routing of cases was implemented, thereby making the metric no longer valid.

Auto-routing eliminated BPOs' role in categorization selection as the system now allows the borrower to select the appropriate categories when submitting their complaint.

Related to indicator 1.4.C, during FY 2024, the QM Group implemented a new scoring framework that allowed for more robust case review when assessing quality. FSA previously relied on a vendor-designed scorecard when assessing case quality. The new framework was designed to address the following issues:

- Overlapping Expectations:
 - Two scoring elements each assessed case research (Proper Use of Systems and Complete Research)
 - Issue identification, response completion, and response accuracy were captured across multiple elements (Complete Research, Accurate & Relevant Information, and Issue Resolution)
- Differences in requirements for BPO and servicer cases (particularly regarding source system documentation) led to BPO cases receiving inflated scores.
- Proper Use of Systems, Complete Research, Case Documentation were determined to be measures of vendor workflow efficiency not final letter quality. Score weighting would need to be reassessed.
- Issue Resolution scores were consistently lower than other elements, suggesting that the scores for the first five elements did not align with the subject matter expert's (SME) opinion of the degree to which a customer's concern was addressed.

Case Sampling Methodology

With a small team of reviewers, two distinct vendor types, and tens of thousands of complaints provided by borrowers monthly, analysts created a methodology that ensured a statistically significant number of cases were reviewed. The case population is based on the number of webform cases vendors close each month. The sampling methodology is as follows:

- Randomization (using Excel's Random Number Generator; sampling approach satisfactory for BPOs with identical caseloads)
- Stratification in servicer case sampling (100% review of servicers with fewer than 50 cases, proportional reviews of servicers with larger volume)
- Prioritization of statistical significance (margin of error not to exceed 10% with a 95% confidence level)

Performance Indicators

Performance Indicator 1.4.A Timeliness of case handling.

Indicator Definition: This performance indicator measures the number of cases that were closed in a timely manner.

Period of Performance: October 2023 through September 2024.

Table 23: Performance Indicator 1.4.A

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	78%	≥78%	74%
Performance Result	N/A	N/A	N/A	Baseline	Not Met	

Performance Indicator 1.4.B Accuracy of business process operations.

Indicator Definition: This performance indicator measures the accuracy with which BPO populate the data fields and route the cases within Salesforce.

Period of Performance: October 2023 through September 2024.

Table 24: Performance Indicator 1.4.B

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	58%	≥58%	87%
Performance Result	N/A	N/A	N/A	Baseline	Met	

Performance Indicator 1.4.C Accuracy of first-level complaint response.

Indicator Definition: This performance indicator measures the quality and accuracy of the complaint responses provided by FSA vendors.

Period of Performance: October 2023 through September 2024.

Table 25: Performance Indicator 1.4.C

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	32.1%	≥32.1%	38.1%
Performance Result	N/A	N/A	N/A	Baseline	Met	

Note: The quality assurance score of 85% is based on the industry standard for quality assurance in customer satisfaction for call center monitoring. The QM Group are utilized to gauge and provide solutions that lower the probability of customers reentering the FSA complaint system due to poor experience with issue resolution.

Key Successes and Opportunities

During FY 2024, FSA initiated a multi-phase improvement effort which includes modernizing the Feedback and Dispute Management System (FDMS), FSA's complaint handling platform housed within its Digital Customer Care (DCC) system. These changes include improved case operations, insourcing significant portions of complaint handling from BPO vendors to FSA, and establishing a quality management program to ensure accountability where vendors engage with customer complaints. This work stemmed from an FY 2023 systematic review of customer complaints processed by BPO vendors that determined further improvements and enhancements to the complaint system were necessary to effectively respond to customer complaints and meet performance indicators.

In April 2024, FSA implemented the first stage of its complaint operations modernization effort. Complaints submitted through [StudentAid.gov](https://studentaid.gov) are auto-routed to the servicer, BPO, or FSA staff responsible for resolving the issue if the intake selections made by the consumer do not require agent review. This change reduces BPO operational costs and Ombudsman review since implementation shows that automatic routing works well for complaints where the consumer categorization selection accurately reflects their concern. However, FSA still needs to update and modernize its public-facing complaint intake form to allow aid applicants, students, and borrowers to accurately communicate the topic of their complaint submissions. These changes would improve reporting on complaint trends and further reduce the number of complaints that require BPO agent review prior to routing, allowing more cases to be immediately directed to the entity responsible for resolution. FSA also plans improvements to case layout and internal workflows that remain contingent upon resource availability.

Also in FY 2024, FSA began tracking servicer handling of consumer complaints as part of its servicing level agreement (SLA) under USDS. However, the servicer metric is associated with the date a complaint is assigned to the servicer to resolve and not the date of consumer submission, which is measured in Goal 1.4.A. FSA should revise the SLA period of review for servicer-handled complaints so that it is aligned with FSA's own performance goals.

Finally, FSA continued to transition key complaint handling functions from BPOs and servicers to FSA staff. Since 2015, the Ombudsman Office has outsourced complaint research and resolution to vendors. FSA has identified this outsourcing as a risk to the agency, particularly in the BPO environment where vendors are often the same entities against which a customer is complaining. In June 2023, FSA began insourcing specific case types—escalations, disputes, and control mail—from BPO vendors to FSA staff. FSA believes insourcing complaint work will significantly increase the accuracy and quality of responses and improve the borrower experience. Throughout FY 2024, 6,054 escalated complaints were handled by FSA staff, an increase of 413% over FY 2023.

Strategic Goal 2: Advance Equity and Access to Student Financial Assistance

Goal Leader: Deputy Chief Operating Officer, Office of Student Experience and Aid Delivery

Table 26: Goal Objectives

Strategic Objective No.	Strategic Objective
Strategic Objective 2.1	Enable financial education and empowerment by helping students and families understand the benefits and responsibilities of financing post-secondary education.
Strategic Objective 2.2	Simplify the Free Application for Federal Student Aid (FAFSA®) process.
Strategic Objective 2.3	Provide accurate, seamless, easy, and customized interactions throughout the student aid lifecycle.

Goal Spotlight

Digital and Customer Care is a key initiative to drive performance towards achieving the strategic goal. Four significant releases in FY 2024 expanded and improved the features and capabilities of [StudentAid.gov](https://studentaid.gov). In addition, FSA introduced several new development and testing approaches for the 2025-26 FAFSA to improve the customer experience, reduce the number of programming bugs and related processing issues, and deliver a consolidated release of key functionality to students, families, and schools by December 1, 2024.

On Digital Customer Care, planned releases were complemented by ad hoc [StudentAid.gov](https://studentaid.gov) updates to reflect new and changing priorities. FSA used a highly integrated, collaborative approach to lead and manage changes and new priorities with the vision of meeting customer and business needs. These efforts have led to a better user experience, growth/increase in customer use of [StudentAid.gov](https://studentaid.gov) features (tools, forms/applications, content), and advancement of a single, digital “door” for customer engagement with FSA. Significant improvements to the Digital Platform include:

- Released the newly redesigned 2024-25 FAFSA form with capability to pull users' tax information directly from the IRS.
- Released the 2025-26 FAFSA form for customer beta testing of the FAFSA initial application, processing, and corrections prior to being made available to all customers by or before December 1, 2024.
- Released the Standalone Parent Wizard for the FAFSA form.
- Delivered the ability for customers to view loan forgiveness and discharge transactions in My Activity.
- Implemented regulatory updates and customer experience improvements for the PSLF Help Tool.
- Provided customers with the ability to recover their account online and not have to contact a help desk.

- Implemented the ability to upload TEACH grant certifications using the General Document Upload tool.
- Re-platformed the PLUS Loan Credit Counseling online tool.
- Transitioned the Aidan Virtual Assistant to a new backend platform to provide greater operational flexibility and better understand and respond to customer questions.

On FAFSA, working closely with our vendors and experts from the United States Digital Service, FSA implemented a new approach to streamline, simplify, and increase collaboration for the development process for the 2025-26 award year. As a result, FSA was able to launch FAFSA functionality on October 1, 2024, for the first in a series of beta tests. Through these tests, increasingly larger groups of students recruited by community-based organizations (CBOs) and postsecondary institutions will submit FAFSA forms, and the Department will begin processing Institutional Student Information Records (ISIRs) and sending them to institutions of higher education and state agencies. The beta testing period allows the Department to maximize a positive user experience by identifying and resolving system errors that could impact students, contributors, and institutions before making the FAFSA form available to all students and contributors on or before December 1, 2024.

In addition to the updates to the Digital Platform and FAFSA, FSA implemented several key communications within the Marketing Communications Platform (MCP). These communications enabled the organization to provide important information to its customers, such as filling out their FAFSA forms and returning to student loan payments.

Strategic Objectives and Performance Indicators

Strategic Objective 2.1

Enable financial education and empowerment by helping students and families understand the benefits and responsibilities of financing post-secondary education.

Strategic Objective Leader: Deputy Chief Operating Officer, Office of Student Experience and Aid Delivery

Overview

[StudentAid.gov](https://studentaid.gov) is FSA's primary customer-facing website that provides critical information and tools for students, families, and borrowers as they prepare and plan for college, apply for and receive federal student aid, and repay student loans. For this reason, [StudentAid.gov](https://studentaid.gov) plays a critical role in supporting the Department's and FSA's strategic goals and priorities. FSA supported multiple releases in FY 2024 that expanded and improved the features and capabilities of [StudentAid.gov](https://studentaid.gov).

Performance Summary and Analysis

There is one performance indicator for this strategic objective. This performance indicator, 2.1.A Overall borrower satisfaction score for online counseling, met its target. FSA paid close attention to user feedback in reviews pertaining to the various online counseling tools found on [StudentAid.gov](https://studentaid.gov) and their functionality (Annual Student Loan Acknowledgment (ASLA), Entrance Counseling, Exit Counseling, TEACH Counseling, and Parent Loan for Undergraduate Students (PLUS) Loan Credit Counseling). Based on the feedback FSA received, FSA continued to improve these counseling tools by enhancing the user experience and clearly communicating the information presented to borrowers. FSA's commitment to producing high-quality tools is evident by the positive feedback and exceptional scores received from valued users, as reflected in this year's annual report.

Performance Indicator

Performance Indicator 2.1.A: Overall borrower satisfaction score for online counseling.

Indicator Definition: This performance indicator measures borrower comprehension and satisfaction with the different online counseling (i.e. ASLA, Entrance Counseling, Exit Counseling, TEACH Counseling, and PLUS Credit Counseling).

Period of Performance: October 2023 through September 2024.

Table 27: Performance Indicator 2.1.A Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	90	≥90	90
Performance Result	N/A	N/A	N/A	Baseline	Met	

Key Successes and Opportunities

FSA paid close attention to user feedback in reviews pertaining to the various online counseling tools found on [StudentAid.gov](#) and their functionality (ASLA, Entrance Counseling, Exit Counseling, TEACH Counseling, and PLUS Loan Credit Counseling). Based on the feedback FSA received, FSA continued to improve these counseling tools by enhancing the user experience and clearly communicating the information presented to borrowers. FSA's commitment to producing high-quality tools is evident by the positive feedback and exceptional scores received from valued users, as reflected in this year's annual report.

Strategic Objective 2.2

Simplify the Free Application for Federal Student Aid (FAFSA®) process.

Strategic Objective Leader: Deputy Chief Operating Officer, Office of Student Experience and Aid Delivery

Overview

Getting students, parents, and counselors around the country focused on increasing completions of the FAFSA form for the 2024–25 academic year remains a top priority for FSA. Whether a student is attending a traditional four-year college or university, enrolling in a community college, or opting for a trade or vocational certification, the FAFSA form should be the first step forward for every high school senior in the United States. FSA encouraged high school seniors and their families to complete the 2024–25 FAFSA form. FSA worked with individual states, counselors, mentors, and college access professionals on initiatives to improve FAFSA completion rates.

FSA posted social media posts related to the FAFSA form and published other digital content including helpful articles on [StudentAid.gov](https://studentaid.gov). FSA engaged local media outlets to raise awareness about the importance of completing the FAFSA form.

Performance Summary and Analysis

There is one performance indicator for this strategic objective. This performance indicator, 2.2.A Customer satisfaction survey score associated with completing the Free Application for Federal Student Aid, met its target. The completely revised FAFSA form launched in December 2023, after implementing the significant changes specified in the FAFSA Simplification Act and FUTURE Act. In April 2024, after the inclusion of survey responses from customers making corrections to their FAFSA, there was a decrease in satisfaction scores. This is the first year in which feedback from customers making corrections to their FAFSA were available and therefore included in the results. However, the overall satisfaction score, which includes customers who initially completed their FAFSA and those that made corrections, saw a steady increase due to improvements made throughout the fiscal year. These improvements included revising the unsubsidized loan only question to reduce the number of accidental rejections.

Performance Indicator

Performance Indicator 2.2.A: Customer satisfaction survey score associated with completing the Free Application for Federal Student Aid®.

Indicator Definition: This performance indicator measures the applicant’s satisfaction with completing the Free Application for Federal Student Aid®.

Period of Performance: October 2023 through September 2024.

Table 28: Performance Indicator 2.2.A Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	80	80	80
Performance Result	N/A	N/A	N/A	Met	Met	

Key Successes and Opportunities

The newly redesigned 2024-25 FAFSA form reduces the number of fields that require manual input for most users by directly importing users' tax information from the Internal Revenue Service (IRS) through the FUTURE Act Direct Data Exchange (FA-DDX) - a system that transfers federal tax information from the IRS to the Department of Education. Monitoring application rejects and usability interview results led to modifying the wording of the “unsubsidized loans only” question and defaulting the answer to "no" for students to be considered for Federal Pell Grant eligibility and other types of federal student aid. These changes reduced unnecessary rejects and corrections and simplified the experience of filling out the FAFSA form.

Strategic Objective 2.3

Provide accurate, seamless, easy, and customized interactions throughout the student aid lifecycle.

Strategic Objective Leader: Deputy Chief Operating Officer, Office of Student Experience and Aid Delivery

Overview

Over the past several years, FSA consolidated, integrated, and improved customer interaction channels across the student aid lifecycle. This effort included the integration of multiple customer-facing websites into [StudentAid.gov](https://studentaid.gov), the consolidation of contact center channels under a business process operations (BPO) function and back-office center, and the launch of an enterprise marketing and communications platform. FSA will focus on continuously improving customer digital interactions by following human-centered design principles.

Key activities include expansion of major features and services on [StudentAid.gov](https://studentaid.gov), delivery of critical customer outreach campaigns, and data-driven improvements to BPO operations. Leveraging feedback can improve digital interactions with customers across the student aid lifecycle, such as content updates or user experience improvements, that can directly address customer pain points. FSA will also leverage “Voice of the Customer” feedback sessions to measure satisfaction with the interaction channels.

Performance Summary and Analysis

There are four performance indicators for this strategic objective. All four performance indicators did not meet their targets.

The 2.3.A [StudentAid.gov](https://studentaid.gov) Digital Satisfaction performance indicator’s score decreased from the previous year. A primary driver of the decrease was the timing of the FAFSA form release (shifting from October 1, 2023 to December 2023) and the staggered releases of FAFSA processing and FAFSA corrections. However, the satisfaction score did begin to rebound after FAFSA processing and corrections were available to the public. FSA has taken steps to improve the delivery of the next FAFSA form and to improve communication to customers and partners, including the launch of the 2025-26 FAFSA form on October 1, 2024, for the start of beta testing. The beta testing being implemented for the 2025-26 FAFSA form so that critical issues can be addressed, and ensuring that core functionality, such as processing of forms, is in place when the form is available to all students and families on or before December 1 should result in an improved digital satisfaction score in FY 2025.

The 2.3.B [StudentAid.gov](https://studentaid.gov) Post-transaction Satisfaction performance indicator’s score slightly decreased from the previous year. Over the course of four major releases and various minor releases in FY 2024, FSA implemented more than 240 improvements to about 30 products on [StudentAid.gov](https://studentaid.gov). There were declines in satisfaction in January and April that align with the release of the 2024-25 FAFSA and FAFSA corrections, respectively. As improvements were made to the FAFSA form and other online products, the satisfaction score began to rise once again in May to the target goal.

The 2.3.C Contact Center Customer Satisfaction performance indicator score decreased from the previous year. Contact center volumes, which peaked in January 2024, continued to be extremely high during Q2, with most inquiries associated with the release of the 2024-25 FAFSA. A large spike in contact center volume and increased handle times associated with FAFSA deployment and functionality affected almost all contact channels. As a result, customer complaints about long wait times led to low customer satisfaction scores. Key BPO performance metrics continue to improve, including significant reductions in calls that go straight to a message stating that the contact center is experiencing extremely high call volume, abandon rates, and customer wait times as contact center call and chat volumes continue to level off coming out of the FAFSA summer peak season. Volumes were much higher than forecasted and there wasn't staffing capacity to support those volumes. Also increased handle times associated with the FY 2024-25 FAFSA impacted that capacity. The FSA/BPO command center team remains engaged with various FSA stakeholders/business units on several fronts to enhance existing processes and develop new initiatives as we continue to focus on specialty programs scope and prepare for the 2025-26 FAFSA release.

The 2.3.D Email Campaign Helpfulness performance indicator's score decreased from the previous year. Email campaigns were conducted for the following initiatives: Fresh Start, SAVE Promotion, Return to Repayment, and the FAFSA. The main contributing factor for the decrease in scores was the FAFSA email campaign. Emails were sent out to inform applicants about changes to the application, promotion for completing the application, and the delay of the launch of the FAFSA. FSA increased the volume of emails sent to customers with customized messages based on a variety of different circumstances. However, FAFSA applicants expressed frustration over the number of communications coming from the Department. For future improvements, FSA will continue to monitor and adjust FAFSA communication to ensure customers are informed of known issues with the FAFSA and next steps on how to navigate known issues with the FAFSA but will make adjustments to the frequency of campaigns based on customer feedback.

Performance Indicator

Performance Indicator 2.3.A: StudentAid.gov Digital Satisfaction.

Indicator Definition: This performance indicator measures customers' overall satisfaction with [StudentAid.gov](https://studentaid.gov).

Period of Performance: October 2023 through September 2024.

Table 29: Performance Indicator 2.3.A Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	No survey developed	Developed survey	65*	72	≥72	60
Performance Result	Not met	Not met	Baseline	Met	Not met	

Note: For 2.3.A, FSA will still ask customers for their satisfaction on a 5-point scale; however, for reporting purposes, FSA will then convert the score to 0-100 using the following formula: Formula: $x = ((Y/100)*4) + 1$ x = 1-5 scale# Formula: $Y = ((x - 1)/4)*100$ Y = 0-100 scale#.

*Using the conversion methodology, the previously published FY 2022 result of 3.6 was converted to the new score of 65. Based on the converted score, FSA met the target for FY 2024.

Performance Indicator 2.3.B: StudentAid.gov Post-transaction Satisfaction.

Indicator Definition: This performance indicator measures customers' overall satisfaction after completing a transaction on [StudentAid.gov](https://studentaid.gov).

Period of Performance: October 2023 through September 2024.

Table 30: Performance Indicator 2.3.B Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	83	≥83	82
Performance Result	N/A	N/A	N/A	Baseline	Not met	

Performance Indicator 2.3.C Contact Center Customer Satisfaction.

Indicator Definition: This performance indicator measures customers' overall satisfaction based on their interactions with FSA contact centers that are operated by BPO vendors.

Period of Performance: October 2023 through September 2024.

Table 31: Performance Indicator 2.3.C Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	71	≥71	52
Performance Result	N/A	N/A	N/A	Baseline	Not Met	

Performance Indicator 2.3.D Email Campaign Helpfulness.

Indicator Definition: This performance indicator measures the helpfulness of FSA's email campaigns as rated by customers who receive campaign emails.

Period of Performance: October 2023 through September 2024.

Table 32: Performance Indicator 2.3.D Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	79	≥79	58
Performance Result	N/A	N/A	N/A	Baseline	Not met	

Key Successes and Opportunities

[StudentAid.gov](https://studentaid.gov) and the products it supports leverage customer feedback through surveys, usability testing, and other mechanisms to inform improvements. In FY 2024, many improvements were made to [StudentAid.gov](https://studentaid.gov) that improved the user experience. The following are some highlights:

- Released the newly redesigned 2024-25 FAFSA form with capability to pull users' tax information directly from the IRS.
- Released the 2025-26 FAFSA form for customer beta testing of the FAFSA initial application, processing, and corrections prior to being made available to all customers by or before December 1, 2024.
- Delivered the ability for customers to view loan forgiveness and discharge transactions in My Activity.
- Implemented regulatory updates and customer experience improvements for the PSLF Help Tool.
- Implemented the ability to upload TEACH grant certification with the General Document Upload tool.
- Re-platformed the PLUS Loan Credit Counseling online tool.
- Released the Standalone Parent Wizard for the FAFSA.
- Delivered more than 240 total improvements.

As a result of these improvements, [StudentAid.gov](https://studentaid.gov) maintained its high post transaction satisfaction score. FSA anticipates that the digital satisfaction score will increase in FY 2025 with the steps FSA has taken to improve delivery of the FAFSA form and to improve communication to customers and partners, including the launch of the 2025-26 FAFSA form on September 29, 2024, for the start of beta testing.

Strategic Goal 3: Strengthen Engagement and Accountability for Educational and Financial Institutions

Goal Leaders: Deputy Chief Operating Officer, Office of Partner Participation and Oversight (Strategic Objectives 3.1 and 3.3)
FSA Chief Enforcement Officer (Strategic Objective 3.2)

Table 33: Goal Objectives

Strategic Objective No.	Strategic Objective
Strategic Objective 3.1	Utilize a comprehensive suite of monitoring tools to oversee participating partners.
Strategic Objective 3.2	Build enforcement capabilities, in coordination with federal and state partners to protect students, families, and taxpayers from deceptive, fraudulent, or harmful practices in the student aid marketplace.
Strategic Objective 3.3	Provide inclusive and effective partner outreach, training, and technical assistance.

Goal Spotlight

Strategic Goal 3 is focused on how FSA assists and oversees educational institutions, third-party servicers, and financial institutions to deliver and safeguard federal student aid with integrity. FSA provided training and technical assistance, as well as conducted oversight, monitoring, and enforcement to ensure these institutions understood and complied with Title IV requirements and other relevant laws, in addition to the terms of their Partner Participation Agreements. Goal 3 is comprised of three strategic objectives.

- **Objective 3.1:** FSA's Office of Partner Participation and Oversight (PPO) has responsibility for administering a program of eligibility, certification, financial analysis, and oversight of institutions participating in Title IV programs. PPO conducted comprehensive compliance reviews for certification actions, deficient audit resolutions, flagged financial statements, program reviews, method of payment actions, and technical assistance using a comprehensive suite of monitoring tools to ensure institutions appropriately administered Title IV programs. In FY 2024, PPO's School Eligibility and Oversight Service Group continued to surpass annual targets towards meeting FSA's cumulative five-year goal of completing a comprehensive compliance review for each provisionally certified institution by the end of FY 2027. FSA's goal for FY 2024 was to complete comprehensive compliance reviews for at least 60% of provisionally certified institutions by September 30, 2024. FSA exceeded the annual goal by completing comprehensive compliance reviews for 79.1% of provisionally certified institutions by September 30, 2024.
- **Objective 3.2:** FSA's Office of Enforcement (Enforcement) is aimed at bolstering the Department's capabilities to oversee institutions that pose the greatest risk to students and taxpayers. Enforcement's duties include examining borrower complaints about their institutions, proactively investigating institutions' misconduct or high-risk conduct; bringing enforcement actions, when warranted, to protect students receiving federal student aid and safeguard the public's investment in higher education; and adjudicating claims for relief on behalf of borrowers who were defrauded by their institution. FSA developed a strategic plan in FY 2023 and, in FY 2024, implemented numerous plan initiatives to further establish the office and guide its work.

- Objective 3.3: FSA's Office of PPO has a responsibility for providing high-quality training products and technical assistance services to institutions, third-party servicers, auditors, and participating institutions business officers. In FY 2024, FSA provided training and technical assistance services to more than 51,776 individual staff from more than 4,628 institutions using expanded webinars and its extensive online training system, the FSA Training Center (fsatraining.ed.gov). This represents 86% of all Title IV participating institutions. FSA also supported training, outreach, and executive engagement through national, regional, and state level conferences along with focused support for minority-serving institutions (MSIs) and under-resourced institutions.

Each of the above strategic objectives has a performance indicator and metric to measure success. FSA met or exceeded each of its Goal 3 strategic objective performance indicators for FY 2024. The remainder of this section provides additional details on those performance indicators and how they were met.

Strategic Objective 3.1

Utilize a comprehensive suite of monitoring tools to oversee participating partners.

Strategic Objective Leader: Director, Partner Eligibility and Oversight Services,
Office of Partner Participation and Oversight

Overview

FSA provided an effective, compliant student aid delivery process and a program of partner oversight and monitoring to safeguard *Title IV* funds on behalf of students and taxpayers. These efforts aimed to reduce program risks by monitoring the performance of participating entities such as schools, third-party servicers, and financial institutions, as well as assessing their compliance with program participation requirements. FSA performed this oversight by using a comprehensive suite of monitoring tools to review participating entity compliance. The expansive set of monitoring tools included:

- *Title IV* compliance audit reviews and resolutions;
- Institution financial health ratio analyses and periodic financial reporting reviews;
- *Title IV* program reviews encompassing assessments of administrative capability, policies, and procedures;
- Calculation and distribution of cohort default rates; and
- Comprehensive Compliance Reviews (CCRs).

Performance Summary and Analysis

There is one performance indicator for strategic objective 3.1. FSA used Comprehensive Compliance Reviews (CCRs) to evaluate participating schools that were experiencing potential problems in the administration and management of Title IV funds. Reviews were prompted by oversight events such as recertification, initial applications, reinstatement of Title IV eligibility, deficient annual audits, flagged annual financial statements, and risk-based program review candidate assessments. Strategic Objective 3.1 measures CCR completions to evaluate 100% of high-risk partner institutions over the five-year strategic plan period. High risk was defined as schools that are provisionally certified. In FY 2023 there were 889 schools in a provisionally certified status. During FY 2023, FSA provisionally certified another 207 schools. Accordingly, the unduplicated number of schools considered in the denominator for the FY 2024 annual target goal performance metric was increased by an equal amount, from 889 schools to 1,096 schools. The FY 2024 annual target goal was to conduct CCRs on 60% of the 1,096 provisionally certified schools. By the end of FY 2024, FSA conducted CCRs for 867 of 1,096 provisionally certified schools representing 79.1% of the target universe of provisionally certified schools. FSA surpassed its FY 2024 annual target goal by 19.1%.

Performance Indicator

Performance Indicator 3.1.A: Review for participating partners that have been provisionally certified.

Indicator Definition: This indicator measures the completion rate of comprehensive compliance reviews of provisionally certified institutions.

Period of Performance: October 2023 through September 2024.

Table 34: Performance Indicator 3.1.A Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	51%	62.6%	80%	66.5%	60%	79.1%
Performance Result	Met	Met	Met	Met	Met	

Key Successes and Opportunities

FSA exceeded the FY 2024 annual target goal for completing CCRs. FSA's strong performance in FY 2024 built upon the robust start achieved during FY 2023. FSA will continue to maintain attention and focus on its provisionally certified partner institutions as these entities may pose greater risk. The FY 2024 result provides a margin against potential adversity in meeting the annual target goals in future fiscal years while FSA:

- Improves and enhances newly launched enabling technologies and implements new regulations,
- Launches new programs and capabilities to meet additional *Title IV* oversight items such as Gainful Employment regulations,
- Navigates shortfalls in requested appropriations and staffing levels, and
- Manages staffing challenges as they relate to leadership and organizational changes.

Strategic Objective 3.2

Build enforcement capabilities, in coordination with federal and state partners to protect students, families, and taxpayers from deceptive, fraudulent, or harmful practices in the student aid marketplace.

Strategic Objective Leader: Chief Enforcement Officer, Enforcement Office

Overview

The Office of Enforcement (Enforcement) is comprised of four independent groups aimed at bolstering FSA's capabilities to 1) oversee institutions that pose the greatest risk to students and taxpayers and 2) remediate harmed students and borrowers. The Resolutions and Referral Management Group (RRMG) helps borrowers resolve complaints about their institutions and provides important information gathering and referral functions. The Investigations Group proactively uncovers institution misconduct or high-risk conduct that, if unchecked, causes significant harm to students and substantial cost to taxpayers. The Administrative Actions and Appeals Service Group (AAASG) makes recommendations to initiate, and where applicable, impose adverse actions such as fine, limitation, suspension, termination and emergency actions, denials of recertification applications, revocations of provisional Program Participation Agreements, and suspension and debarment actions. Last, the Borrower Defense Group (BDG) adjudicates claims for relief on behalf of borrowers who allege they were defrauded by their institutions; this program has provided billions in remediation to eligible borrowers in recent years.

In addition, Enforcement developed and is implementing a strategic plan to inform the establishment or formation of the office. This plan includes five strategic imperatives, including:

- **BUILD.** Build and grow a robust, dedicated, and modern Enforcement Office within FSA, capable of meeting the demands of the ever-changing higher education community and risk landscape.
- **PROTECT.** Develop and employ the full range of Enforcement's authorities to deter predatory institutional and individual misconduct; strengthen oversight of high-risk institutions; improve institutional and individual accountability; and provide resolution or relief, where appropriate, for those harmed by predatory misconduct.
- **PRIORTIZE AND MODERNIZE.** Efficiently utilize resources and prioritize activities through the use of modern technology and data-driven approaches to our work.
- **PARTNER.** Maximize and share resources, capabilities, and expertise through partnership and collaboration, including within Enforcement, FSA, the Department, and with other state/federal enforcement agencies and partners.
- **COMMUNICATE.** Enhance communication and transparency of Enforcement's authorities and activities with the public, policymakers, the higher education community, and other stakeholders.

Performance Summary and Analysis

There is one performance indicator for this strategic objective. The performance indicator target was met. The FSA Enforcement Strategic Plan, developed in FY 2023, guided Enforcement's priorities and resource allocation during FY 2024.

Performance Indicator

Performance Indicator 3.2.A: Build and implement an FSA Enforcement Strategic Plan that incorporates a risk model for identifying schools that pose risk to students and taxpayers.

Indicator Definition: Identify and provide a Strategic Plan to guide and inform the work and priorities of the Enforcement Office.

Period of Performance: October 2023 through September 2024.

Table 35: Performance Indicator 3.2.A Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	Strategic Plan completed	Implement Strategic Plan	Strategic Plan implemented
Performance Result	N/A	N/A	N/A	Met	Met	

Key Successes and Opportunities

Enforcement has implemented several initiatives in support of the plan's strategic imperatives including:

BUILD:

- In FY 2024, Enforcement onboarded and trained 27 new staff and 18 detailees from the U.S. Department of Health and Human Services. The majority of new staff were attorneys to support borrower defense adjudication.
- Enforcement continued to develop and update policies and procedures that guide the office's work. This included the completion of procedures in March 2024 for selecting colleges for investigation of possible misrepresentation and for opening, conducting, and closing investigations and in April 2024 for imposing penalties, as appropriate, on colleges that are found to have engaged in substantial misrepresentation pursuant to U.S. Government Accountability Office Report, "Higher Education: Department of Education Should Improve Enforcement Procedures Regarding Substantial Misrepresentation by Colleges."

PROTECT:

- Investigations Group conducted secret shopper operations and opened new investigations into institutions and their service providers where risk indicators suggested potential violations.
- Enforcement pursued significant administrative actions aimed at helping to ensure compliance and identifying violations that put students at risk of being harmed by

misconduct. In October 2023, the Department initiated a fine proceeding against an institution for more than \$37 million based on Investigations Group's findings that the institution made substantial misrepresentations to prospective students regarding the cost of the program. In February 2024, a Department settlement required two executives to resign and for an institution to stop engaging in unlawful conduct uncovered by the Investigation Group if the institution wanted to continue in the *Title IV* program.

- Enforcement imposed substantial fines on institutions that violated *Title IV* program requirements. In March 2024, AAASG worked with the Clery Group to obtain a settlement with an institution requiring payment of a \$14 million fine for extensive violations of the *Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act)*. In September 2024, the Department resolved a fine action for more than \$4.2 million and terminated the eligibility of an institution that failed to provide more than \$700,000 in credit balance payments to student loan borrowers and improperly received more than \$40,000 in Direct Loan funds.
- AAASG completed 30 actions resulting from significant violations of *Title IV* program requirements or serious harm to the programs including completing 6 loss of eligibility actions (2 recertification denials, 2 PPA revocations, and 2 termination actions), 16 fine actions for nearly than \$20.5 million (including the \$14 million and \$4.2 million fines listed above), 2 fine warning letters, and 7 debarment or suspension actions against individuals.
- BDG developed findings to support borrower defense discharges. In FY 2024, the Department announced more than \$6.1 billion in relief to more than 317,000 borrowers.
- The Department is continuing to litigate the first-ever borrower defense recoupment action in an administrative hearing and is seeking to recoup \$23.6 million from an institution that made substantial representations warranting borrower defense relief.

PRIORTIZE AND MODERNIZE:

- Enforcement implemented a data-driven model and is piloting a risk tracker to assess and highlight risk of institutional violations and misconduct that could impose significant harm to students, families, and taxpayers.
- Specific focus and priority have been given to borrowers to ensure the Department is meeting its obligations under the *Sweet v. Cardona* settlement. In doing so, BDG adjudicated and issued more than 21,000 decisions to Class Members in FY 2024.
- BDG also adjudicated thousands of individual applications, granting relief when the regulatory standards were satisfied. In FY 2024, the Department issued more than 15,000 decisions to post-Class applicants.
- AAASG assisted with Partner Connect development and testing prior to system launch in December 2023. This initiative provided Enforcement with more robust case management and reporting capabilities for enforcement matters including administrative actions.

PARTNER:

- Enforcement and the Department's Office of the Inspector General partnered with the VA, and other federal agencies on the Veteran, Service member, and Family-Fraud Evasion (VSAFE) Task Force to better protect veterans and their families against scams and fraud. In August 2024, the task force announced the launch of VSAFE.gov and 1-833-38V-SAFE

(1-833-388-7233) – a new government-wide website and call center designed to protect veterans, service members, and their families from fraud and scams.

- Enforcement strengthened FSA’s relationships with federal and state partners, including the Federal Trade Commission, Consumer Financial Protection Bureau (CFPB), Department of Defense, and Department of Veterans Affairs through an agreement pursuant to Executive Order 13607, *Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members*.

COMMUNICATE:

- FSA published an Enforcement webpage in August 2024 with substantive information about FSA’s administrative enforcement actions and links to other materials and tools intended to improve transparency, institutional accountability, and general deterrence. Actions will be updated quarterly.
- Enforcement issued three new public bulletins in FY 2024 including a bulletin announcing the public reporting of Agency-issued suspensions and debarments (updated quarterly), a bulletin reminding institutions of their obligation to establish and maintain appropriate compliance management systems and policies as part of the responsibilities required under their PPA, and a bulletin informing institutions of examples of conduct that create a risk of engaging in a substantial misrepresentation.
- Enforcement conducted two presentations at FSA’s 2023 Virtual Training Conference, titled: “Why Is Enforcement Contacting Me and What Is Expected?” and “Enforcement Actions: What Should I Know?” to inform and educate institutions about enforcement.

In meeting the annual target goal for Strategic Objective 3.2, Enforcement encountered several challenges and opportunities including:

- Difficulty in hiring staff quickly enough to meet requirements including increased investigations, administrative actions, and implementation of the *Sweet v. Cardona* settlement.
- Insufficient appropriations and personnel authorizations to hire attorneys to adjudicate nearly 250,000 borrower defense applications by January 2026 as required by the *Sweet v. Cardona* settlement.
- Implementation of the 2023 borrower defense regulation has been delayed due to a court stay. If the 2023 regulation remains enjoined or is struck down, Enforcement would not be able to use the 2023 regulation to adjudicate the nearly 155,000 cases and counting received since November 2022 and would instead need to apply numerous regulations with different provisions.

Strategic Objective 3.3

Provide inclusive and effective partner outreach, training, and technical assistance.

Strategic Objective Leader: Director of Partner Outreach and Communication,
Office of Partner Participation and Oversight

Overview

FSA has again experienced an unprecedented demand for training and support resources in FY 2024 due to legislatively driven regulatory policy changes and FAFSA support issues. FSA has risen to that challenge by offering sessions directly related to school issues resulting from the FAFSA launch, and redesigning and reengineering its traditional offerings for training and technical assistance through virtual and in-person engagements through multiple venues, such as the FSA Training Center (fsatraining.ed.gov), the Wednesday Webinar training series, the annual FSA Training Conference (FSATC), and regional professional association conferences. FY 2024 saw a small return to in-person technical assistance site visits and a continued reliance on the use of webinars and training delivered virtually via the FSA Training Center. Additional training and outreach resources have focused on minority serving institutions (MSIs), under-resourced institutions and Institutions of Higher Education (IHE) presidential leadership events. Technical assistance was also provided through the Ask-a-Fed service, Partner Connect/ Common Origination and Disbursement (COD) customer service representatives, and the Partner Technical Assistance group. The expansion of FSA's virtual content delivery allowed a larger group of schools with limited travel budgets and/or limited staffing to attend the FSATC, state and regional conferences, and the statutorily mandated Fundamentals of *Title IV* Training.

Performance Summary and Analysis

To measure success of this objective, FSA tracks participation rates based on unique Office of Postsecondary Education Identification (OPEID) numbers. An OPEID is assigned by the Department to schools that participate in *Title IV* programs. The performance target for FY 2024 was to reach 80-82% of schools participating in *Title IV* programs. Training, technical assistance, and outreach activities exceeded the annual indicator targets. Of note, the Training and Information Services Group (TISG) provided training and technical assistance services to more than 51,776 individual staff from 4,628 schools. This represents 86% of all *Title IV* participating institutions. The 86% reflects FSA's method of counting an OPEID number once regardless of the number of events attended using that OPEID or the number of people from an institution who attend different events using the same OPEID.

Performance Indicator

Performance Indicator 3.3.A: Institutional participation rates in *Title IV* training and specialized technical assistance programs.

Indicator Definition: This performance indicator measures the percentage of institutions participating in training and technical assistance programs using the OPEID of the school.

Period of Performance: October 2023 through September 2024.

Table 36: Performance Indicator 3.3.A Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	88.0%	94.0%	84.0%	80 -82%	86%
Performance Result	N/A	Baseline	Met	Met	Met	

Key Successes and Opportunities

FSA's success in meeting this objective was due to its focus on creating more instructionally sound virtual events allowing for more participation. FSA recognizes that virtual events do not always offer the same level of satisfaction as a face-to-face event and, therefore, will strive to re-incorporate face-to-face or hybrid events, when possible, as resources are available.

Opportunities also exist through the development of self-directed learning modules, as well as new systems being developed and implemented that allow for single sign-on. Single sign-on is expected to ease partner access and reduce entry errors.

The Training and Information Services Group (TISG) continued to deliver comprehensive training and technical assistance, while supporting additional 2024 FAFSA communications and webinars. In addition to developing and delivering 13 webinars related to the 2024 FAFSA cycle, TISG redesigned and modernized their existing training portfolio to incorporate the legislative changes from the FAFSA redesign and the implementation of Student Aid and Borrower Eligibility Reform (SABER). TISG worked with the Secretary's office and the White House to support the 2024 FAFSA rollout with job-aid videos, as well as additional webinars to support our partners. The training team also delivered 9 regularly scheduled "Wednesday Webinars," providing training to more than 19,000 participants.

In FY 2025, TISG has identified opportunities to expand in-person presentations at regional conferences to include its popular "Ask-a-Fed" services. This will allow financial aid professionals to interact with FSA staff in person, improving customer service. The training team has also identified actionable support needs for tribally controlled institutions, Pacific Island and Puerto Rico based institutions and foreign schools. TISG is developing a new training series focused on the Bursar/Business Officer roles and responsibilities in the administration and reconciliation of the *Title IV* programs. The team also expects to upgrade the FSA Training system (fsatraining.ed.gov) in FY 2025, which will allow TISG to improve and expand our future training offerings.

The Minority Serving and Under Resourced Schools Division (MSURSD) conducted virtual and on-site school visits to provide policy and regulatory technical assistance/training, ensuring schools with severe compliance issues remain eligible to participate in *Title IV* programs. Due to

FSA's budget constraints, MSURSD has not been able to conduct on-site school visits over the past four years. After numerous requests and discussions, MSURSD was granted travel funding in September 2024 to conduct on-site visits at five schools. The team effectively worked with school representatives to plan visits, select participants, and create agendas. Presidents and staff of these institutions provided excellent feedback and appreciated the successful on-site school visits. The team also conducted seven Virtual Technical Assessments for high risks schools (Level 4).

The MSURSD team also launched a Mentor program which aims to support 13 new financial aid directors in effectively establishing the awarding and delivering processes for the 2024-25 academic year. Team members conducted thorough reviews of the school's financial aid policies and procedures to ensure compliance, while also making certain the financial aid directors understood their roles and responsibilities. Additionally, the team offered 11 targeted Virtual Focused Training sessions for schools experiencing recurring issues in Return of *Title IV Funds* (R2T4), enrollment reporting, cash management, and reconciliation.

Strategic Goal 4: Increase Workforce and Workplace Capabilities

Goal Leader: Director, Executive Services

Table 37: Goal Objectives

Strategic Objective No.	Strategic Objective
Strategic Objective 4.1	Promote workplace diversity, equity, inclusion, and accessibility.
Strategic Objective 4.2	Attract, develop, and retain an agile workforce that can quickly respond to a changing environment and emerging priorities.
Strategic Objective 4.3	Foster an organizational culture that promotes a productive, connected, and engaged workforce, particularly in a hybrid workplace environment.

Goal Spotlight

Strategic Goal 4 is focused on how FSA works to develop a workforce capable of advancing its mission through the tracking of three strategic objectives. To foster an organizational culture that promotes a productive, connected, and engaged workforce, FSA provided training to comply with Executive Order 14035, *Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce*. FSA also provided training that equipped employees to provide best-in-class customer service while fulfilling the fiduciary responsibilities of the organization. FSA measured its performance in these areas using eight performance indicators across the three objectives.

To attract, develop, and retain an agile workforce that can quickly respond to a changing environment and emerging priorities, FSA provides training and professional development opportunities. FSA has a diverse staff that provides products and services to a diverse group of customers and stakeholders. Through internal support, collaborative stakeholder partnerships, the FSA Global Training Fund, and FedTalent, the Department's learning management system, various new and existing instructor-led, e-learning, and blended learning leadership and competency-based development opportunities were offered to equip the workforce and meet skill needs, including sessions from the FSA Leadership Institute, the Power Users Learning Series for Employees (PULSE) Program, FSA's writing and emotional intelligence series, and communication skills. In alignment with Executive Order 14035 and the Department's DEIA strategic plan, FSA provided training to senior leaders, managers, and executive officers on the basic tenets of diversity, equity, inclusion, and accessibility. DEIA trainings were extended to all FSA employees and went beyond the basics to provide actionable ways to develop and implement an inclusive workplace environment.

FSA's hybrid workplace offers new opportunities and calls for different ways to connect and engage employees. FSA will leverage data to assess and track progress, including using results from the annual Federal Employee Viewpoint Survey (FEVS). The FEVS is an organizational climate survey that contains questions designed to measure employees' feelings and attitudes in topic areas such as talent development, leadership, management/supervision, knowledge management, performance culture, employee engagement, and other areas important to creating an effective work environment.

Strategic Objective 4.1

Promote workplace diversity, equity, inclusion, and accessibility.

Strategic Objective Leader: Director, Diversity, Equity, Inclusion, and Accessibility

Overview

Organizations with strong diversity, equity, inclusion, and accessibility (DEIA) initiatives are more likely to have higher employee engagement, increased productivity and retention, provide better customer service, and have employees that feel inspired to make things better. Therefore, FSA is committed to attracting, retaining, and developing a diverse workforce that is representative of the communities it serves, and creating more positive experiences for employees, customers, and stakeholders. In FY 2024, FSA took the following steps toward meeting this objective:

- In alignment with Executive Order 14035, *Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce*, and the Department's strategic plan, the Director of DEIA partnered with FSA's Workforce Development Division to provide leadership and senior managers contractor-led training on how to define diversity, promote equity, foster inclusion, and ensure accessibility.
- The Director of DEIA partnered with the Department's Office of Equal Employment Opportunity in the Office of Finance and Operations to provide Franklin Covey trainings on trust, inclusive leadership, equity, and accessibility.
- During FSA's annual FSA Day, which is a half-day event filled with information sessions on different business operations, products, and services, DEIA had the third most attended session on creating and maintaining an inclusive workplace culture.
- The Workforce Development Division launched the Power Users Learning Series for Employees (PULSE) Program to provide staff with the necessary tools and strategies to close skill gaps using a peer-to-peer learning approach. With a workforce filled with such diverse knowledge and experience, the PULSE program served to promote internal subject matter expertise to leverage knowledge and promote diversity in thought, build a culture of continuous knowledge-sharing and upskilling, and provide access to a learning network that fosters innovative and collaborative problem-solving. Ten PULSE sessions were conducted on the topics of strategic thinking, collaboration, effective communication, data literacy, agile project management, resume writing and effective interview skills, and leadership development. A total of 135 employees attended the PULSE learning series with a cumulative satisfaction rating of 91%.
- The Workforce Development Division acquired a vendor to conduct the "The Power of Adversity Intelligence", "FSA Beyond the Numbers: Emotional Intelligence for the FSA Workspace", and "FSA Emotionally Intelligent Leadership: The New Gold Standard (For FSA Managers/Supervisor)" trainings through the FSA Setting Employees Up for Success: Adversity and Emotional Intelligence series. A total of 73 employees attended the adversity/emotional intelligence training series. The cumulative satisfaction rating for the learning series was 92%.

In the upcoming fiscal year, FSA will continue to implement initiatives that are aligned with Executive Order 14035, *Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce and the Department's DEIA Strategic Plan*. The DEIA director will continue to partner with the Workforce Development Division and the Office of Equal Employment Opportunity to provide leaders, managers, and staff trainings on key principles of DEIA. FSA will continue to be an active member of the Department's Diversity and Inclusion Council, which is charged with developing and executing DEIA strategies, advising senior leaders, working with human resources, and the implementation of the Department's DEIA Strategic Plan.

Performance Summary and Analysis

Strategic objective 4.1 has four key performance indicators. The first performance indicator, 4.1.A is FSA's score on the DEIA Index of the FY 2024 FEVS. The DEIA Index measures employee perceptions of the agency's commitment to diversity, equity, inclusion, and accessibility. The target for this performance indicator was not met, which could be attributed to the overall drop in FEVS participation, which fell from 68% to 53%. FSA leadership will continue to work to increase employee participation in the FEVS survey, which provides FSA with an important lens into employee perceptions of organizational climate. Performance indicator 4.1.B is the percentage of qualified new hires and backfills coming from identified underrepresented workforce populations. The target for this performance indicator was met. The third performance indicator, 4.1.C, is the percentage of underrepresented populations included in organizational talent acquisition, promotion, and development/training activities. FSA met its goal for this performance indicator. This exceptional improvement can be attributed to a concerted effort to offer more training opportunities and the choice of quality training partners. Performance indicator 4.1.D is the percentage of employees participating in formal diversity, equity, inclusion, and accessibility efforts. This performance indicator was not met.

Performance Indicator

Performance Indicator 4.1.A: Federal Employee Viewpoint Survey: Diversity, Equity, Inclusion and Accessibility Index.

Indicator Definition: This indicator is FSA's score on the Diversity, Equity, Inclusion, and Accessibility (DEIA) Index of the Federal Employee Viewpoint Survey.

Period of Performance: October 2023 through September 2024.

Table 38: Performance Indicator 4.1.A Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	73%	≥74%	72%
Performance Result	N/A	N/A	N/A	Baseline	Not Met	

Performance Indicator 4.1.B: Percentage of qualified new hires and backfills coming from identified underrepresented workforce populations.

Indicator Definition: This indicator assesses promotion of workforce diversity by measuring the percentage of qualified new hires and backfills coming from underrepresented workforce populations. Underrepresented populations in the workforce are defined as racial/ethnic minorities and disabled individuals, independent of race or ethnicity.

Period of Performance: October 2023 through September 2024.

Table 39: Performance Indicator 4.1.B Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	37%	3-5% of new hires	51%
Performance Result	N/A	N/A	N/A	Baseline	Met	

Note: FSA currently does not hold a designation in its Human Capital Information System (HCIS) for “backfills coming from identified underrepresented workforce populations”, therefore the data only represents new hires.

Performance Indicator 4.1.C: Percentage of underrepresented populations included in organizational talent acquisition, promotion, and development/training activities.

Indicator Definition: This indicator measures the percentage of underrepresented populations in either leadership or competency training programs.

Period of Performance: October 2023 through September 2024.

Table 40: Performance Indicator 4.1.C Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	36%	≥37%	39%
Performance Result	N/A	N/A	N/A	Baseline	Met	

Performance Indicator 4.1.D: Percentage of employees participating in formal diversity, equity, inclusion, and accessibility efforts.

Indicator Definition: Participation in formal DEIA efforts is measured by the average number of FSA employees that attend and participate in trainings, events, and programs related to diversity, equity, inclusion, or accessibility.

Period of Performance: October 2023 through September 2024.

Table 41: Performance Indicator 4.1.D Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	8%	12-17%	10%
Performance Result	N/A	N/A	N/A	Not met	Not Met	

Key Successes and Opportunities

- Of the 1,444 total FSA employees, 11% participated in at least one of the seven contractor-led DEIA related trainings on topics such as introduction to DEIA, Understanding Bias, Equity and Accessibility, and Inclusive Leadership. Equity and Accessibility had the highest number of attendees with 44. Of the 162 participants, 92 were supervisors and 70 were non-supervisory.
- Including the FSA Day presentation on an inclusive organizational culture, there were eight DEIA related special emphasis programs in FY 2024. The FSA Day presentation provided practical ways to support the implementation of an inclusive work environment that promotes psychological safety. The remaining seven programs were comprised of monthly observance webinars that focused on National Hispanic Heritage Month, Native American Heritage Month, 2024 MLK Kahoot Challenge, Black History Month, Women History Month, Asian American Native Hawaiian/Pacific Islander Heritage Month, and LGBTQIA+ Pride Month. Participation ranged from 45 participants at the Native American Heritage Month webinar to 301 participants at the webinar featuring Emilio Estefan for National Hispanic Heritage Month. On average, 9%, of employees attended DEIA related special emphasis programs.

Strategic Objective 4.2

Attract, develop, and retain an agile workforce that can quickly respond to a changing environment and emerging priorities.

Strategic Objective Leader: Director, Human Capital Group

Overview

In accordance with the Presidential Management Agenda, priorities and strategies that “Federal agencies must attract, hire, develop, and empower talented individuals who are well suited and well prepared to face the challenges the government faces.” In the near and long term, the Human Capital Group (HCG) continues to execute initiatives that facilitate FSA’s human capital management (HCM) practices in a hybrid workforce environment. As FSA continues to evolve to meet its mission, the agency’s human resources policies and development initiatives work to reflect and meet these changes to ensure that our recruitment outreach and talent development efforts and pursuit for continued work-life balance supports an agile workforce.

FSA continues to strive in its effort to build and sustain a high-performing, innovative, and agile workforce in an ecosystem of the right people. FSA seeks to engage in highly rewarding, mission focused work with the right processes and resources in place in a safe, diverse, and inclusive environment. FSA recognizes it is essential that staff are well-trained, aligned, and equipped to provide best-in-class customer service while fulfilling the fiduciary responsibilities of the organization. In FY 2024, FSA took the following steps toward meeting this objective:

- The Workforce Development Division acquired a formal technical writing course to add to the FSA writing series and support on-going reskilling and upskilling efforts in the competency area of written communication. Forty-one employees from various business units and FSA-wide attended one of three virtual instructor-led technical writing sessions.
- FSA’s Women in Executive Leadership initiative provided two programs designed to empower and inspire employees of all gender identities and backgrounds. The *Women for the Win* (WFTW) program is designed for non-supervisory employees at the GS-02 to GS-13 or equivalent levels. This 120-hour coaching program is conducted over a four-month period and provides participants individual and group coaching, connections, networking, and accountability. The second program, *At the Virtual Table* was a 60-minute conversation where leaders in FSA shared their career journeys highlighting challenges faced and lessons learned. The WFTW program graduated 13 participants in September 2024 while the two *At the Virtual Table* sessions had a combined attendance of 355 FSA employees.

Performance Summary and Analysis

The Intrinsic Work Experience subindex, within the Employee Engagement Index of the FEVS, is the only key performance indicator for this strategic objective. It reflects employees’ feelings of motivation and competency relating to their roles in the workplace. FSA did not meet this target, which could be attributed to the overall drop in FEVS participation, which fell from 68% to 53%. FSA leadership will continue to work to increase employee participation in the FEVS survey, which provides FSA with an important lens into employee perceptions of organizational climate.

The Human Capital Group (HCG) continued to emphasize its strategic workforce planning efforts in FY 2024, building on the baseline assessment completed in FY 2023. Specifically, the Human Capital Strategic Planning and Accountability (HC SPA) team effectively introduced and assessed Level 2 “Transitional Staffing Plan” criteria of the Office of Personnel Management (OPM) strategic workforce maturity model. From an operational and strategic viewpoint, FSA “fully met” the requirements to enhance organizational adaptability and agility across the hybrid workforce. The focus remains on discovering and communicating meaningful workforce data patterns to improve decision-making and organizational performance.

The HC SPA team continued partnering with OHR HC Strategy Division via recurring monthly workforce planning meetings ensuring alignment with strategic objectives. Significant improvements include expanding workforce planning activities by collaborating with key stakeholders, including the Department, HCG, and FSA to assess workforce planning Level 3 “Strategic Workforce Planning” criteria. As FSA evolves from Level 2 to Level 3, the organization will build on fundamental practices to implement a more strategic and data-evidenced approach that aligns with mission and long-term organizational goals to meet Level 3 requirements. This process will facilitate the development of organizational resources such as recruitment and hiring plans, as well as a framework for competency-based training and development plans pivotal to FSA’s mission critical occupations and refine workforce analytics to address future workforce needs. These efforts will advance FSA’s ability to go beyond data analysis, to drive change and increase effectiveness across the organization. Additionally, these partnerships will enable continuous progress in workforce planning initiatives and the operationalization of insights within the business units.

Despite organizational challenges, HC SPA's work has set the stage for future improvements, with new targets and goals being established based on the data gathered. The team's commitment to workforce planning and data-driven decision-making continues to support organizational health, maturation, and effectiveness as defined by Goal 4.

Performance Indicator

Performance Indicator 4.2.A: Federal Employee Viewpoint Survey: Intrinsic Work Experience.

Indicator Definition: The score on the Intrinsic Work Experience subindex within the Employee Engagement Index of the Federal Employee Viewpoint Survey.

Period of Performance: October 2023 through September 2024.

Table 42: Performance Indicator 4.2.A Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	76%	≥77%	74%
Performance Result	N/A	N/A	N/A	Baseline	Not Met	

Key Successes and Opportunities

- Of FSA's 1,444 employees, 73% participated in some form of technical competency, leadership development, or professional development training. Supervisory/leadership development, acquisitions, communication (oral and written), and IT were among the main competency areas in which training was taken.
- The Workforce Development Division acquired a formal technical writing course to add to the FSA writing series and support on-going reskilling and upskilling efforts in the competency area of written communication. Forty-one employees from various business units and FSA-wide attended one of three virtual instructor-led technical writing sessions.

Strategic Objective 4.3

Foster an organizational culture that promotes a productive, connected, and engaged workforce, particularly in a hybrid workplace environment.

Strategic Objective Leader: Director, Organizational Development

Overview

Organizational culture drives the employee experience and plays an important role in shaping employee engagement and morale, recruitment and retention, and driving innovation, creativity, and performance. FSA is committed to enhancing employees', customers', and stakeholders' overall experience by creating a positive and productive organizational culture that embodies FSA's mission, vision, and core values while celebrating differences in experience, culture, background, and ways of thinking. As FSA embraces its new hybrid workplace environment, it is critical that a deliberate effort be made to develop and maintain an inclusive organizational culture that values employees' well-being, collaboration, and connectedness.

The FEVS measures employees' perceptions of employee engagement using the Employee Engagement Index which is comprised of three subindices: Leaders Lead, Supervisors, and Intrinsic Work Experience. Areas of strength and improvement are identified by reviewing and analyzing the scores from the FEVS. In FY2024, FSA took the following steps toward meeting this objective:

- FSA Employee Communications provided several methods of maintaining employee communication. For example, *The Source* is a monthly e-newsletter that focuses on business news, events, announcements, and updates from across FSA. *In Case You Missed It* is a weekly email that sums up business news, events, announcements, trainings, reference material, information resources, and updates from across FSA and the Department. The *Chief's Weekly Message* is an email that provides an organizational update via an all-teams email. Submissions include accounts of project/initiatives, other general announcements, and acknowledgement of employee contributions.
- Launched in late 2022, Connections Matter was born out of the need to connect, collaborate, communicate, and coordinate in a remote environment where casually meeting and talking no longer happened organically. Utilizing Connections Matter, employees have a process to *intentionally* connect to learn about the organization, build relationships, and enjoy a supportive, engaged culture. Across FSA, Connections Matter continues to be a positive part of the FSA culture where informal feedback suggests that new connections are being made, and people are reconnecting despite being in a hybrid workplace environment. In 2024, the program focused on introducing Connections Matter to new employees during their virtual New Employee Orientation. The Connections Matter segment consisted of a thirty-minute presentation to promote awareness, emphasize value, and encourage participation starting with a mini-connection simulation. Connections Matter was presented at fourteen New Employee Orientations, garnering positive survey feedback with an average score of 4.9/5.0 measured on a combination of the presentation delivery and content.

Performance Summary and Analysis

Strategic Objective 4.3 has three key performance indicators. Performance indicator 4.3.A is the score on the Employment Engagement Index of the FEVS. This index assesses the critical conditions conducive for employee engagement such as effective leadership, meaningful work, and opportunities to grow on the job. Performance indicator 4.3.B, is the score on the Leaders Lead subindex within the Employee Engagement Index. This subindex reflects employees' perceptions of the integrity of leadership, as well as leadership behaviors such as communication and workforce motivation. The score on subindex Supervisors within the Employee Engagement Index is performance indicator 4.3.C, reflecting employees' perception of the interpersonal relationship between worker and supervisor, including trust, respect, and support.

In FY 2023, specific questions from the FY 2023 FEVS were used for strategic objectives 4.3.B and 4.3.C. To better align with the FSA 2023-2027 strategic plan, the FY 2024 indicators are now derived from the subindices Supervisors and Leaders Lead. The scores from FSA's FY 2023 FEVS were used as a baseline to develop targets. FSA did not meet the targets for any of the three performance indicators. The reduction in scores could be due to a number of changes in FY 2024. The policy regarding employees returning to the office changed at the end of FY 2023, which could have been a direct impact to the FEVs scoring for FY 2024. During the pandemic, all employees were required to work from a remote location on a full-time basis. The decrease in scores could also be attributed to employees taking on additional responsibilities. To support the rollout of the 2023-24 FAFSA, many employees took on task of mitigating challenges faced by students, parents, and schools on the new FAFSA platform while still fulfilling their own job responsibilities. Taking on additional responsibilities, for an extended period time, could have impacted the FEVs scores. Lastly, FSA experienced several unexpected operational changes within the organization and in leadership which could have contributed to lower scores in the FEVS.

Performance Indicator

Performance Indicator 4.3.A: Federal Employee Viewpoint Survey: Employee Engagement Index.

Indicator Definition: The score on the Employee Engagement Index (EEI) of the Federal Employee Viewpoint Survey.

Period of Performance: October 2023 through September 2024.

Table 43: Performance Indicator 4.3.A Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	70%	74%	73%	75%	≥76%	72%
Performance Result	Met	Met	Not met	Met	Not Met	

Performance Indicator 4.3.B: Federal Employee Viewpoint Survey: Leaders Lead.

Indicator Definition: The score on the Leaders Lead subindex within the Employee Engagement Index of the Federal Employee Viewpoint Survey.

Period of Performance: October 2023 through September 2024.

Table 44: Performance Indicator 4.3.B Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	61%	≥62%	58%
Performance Result	N/A	N/A	N/A	Baseline	Not Met	

Performance Indicator 4.3.C: Federal Employee Viewpoint Survey: Supervisors

Indicator Definition: The score on the Supervisors subindex that is within the Employee Engagement Index of the Federal Employee Viewpoint Survey.

Period of Performance: October 2023 through September 2024.

Table 45: Performance Indicator 4.3.C Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	84%	≥85%	83%
Performance Result	N/A	N/A	N/A	Baseline	Not Met	

Key Successes and Opportunities

- FSA provided employees opportunities to participate in various types of activities that inform this strategic objective. These activities allowed FSA employees to engage outside of the office in areas of mutual interest. There were volunteer opportunities at the White House Easter Egg Roll, the National Police Week at the White House, the Feds Feed Families Gleaning Opportunity, and the White House Olympic and Paralympic Event. There were also tours and challenges in which employees could participate. These included the tours of the U.S Capitol and the White House East Wing, the Feds in Motion Challenge, and the annual Public Service Recognition Week and 2024 Constitution Day. FSA employees also participated in a Ride the Rails with the National Park Service event and a Memorial Day event that was open to FSA employees and all of the Department.
- FSA now has a culture and engagement team that is developing a calendar of activities focused on improving employee engagement and work-life balance. This team is responsible for planning, developing, and implementing monthly observance events that seek not only to recognize and educate, but to promote staff interaction. In addition, the team is developing an employee wellness program to assist employees in maintaining a positive work life balance which is especially relevant in the hybrid work environment. Activities will include making employees aware of the vast amount of services provided by the Employee Assistance Program (EAP) and interactive webinars and activities that provide employees resources and get their questions answered on topics such as managing dependent care.
- To increase FEVS participation rates and ultimately increase FEVS scores, FSA is developing a comprehensive data review and implementation process, accompanied by a monitoring and feedback strategy. The goal is to ensure that survey data is not only reviewed thoroughly but also leads to tangible, measurable actions. This process will involve collaborating with leadership to understand what the data represents, identify key areas for improvement, and establish specific action plans for each business unit and enterprise wide. This approach will foster greater transparency and demonstrate FSA's commitment to using insights shared by employees through the FEVS survey to implement change.

Strategic Goal 5: Boost Operational Efficiency

Goal Leader: Director of Strategy and Performance, Office of Strategic Measures and Outcomes

Table 46: Goal Objectives

Strategic Objective No.	Strategic Objective
Strategic Objective 5.1	Strengthen enterprise-wide data analytics and modernize information management to foster a customer-centric, data-driven, performance-based organization.
Strategic Objective 5.2	Continuously improve systems, structures, and operations to enhance organizational efficiency and performance.
Strategic Objective 5.3	Enhance procurement planning, management, and execution.
Strategic Objective 5.4	Improve cybersecurity detection, prevention, and protection ensuring data confidentiality, integrity, and availability.

Goal Spotlight

FY 2024 was a year of change. For more than three and a half years, the federally managed student loan portfolio had been in a payment pause as result of the COVID-19 emergency. At the end of September 2023, tens of millions of borrowers entered repayment at the same time, more than any point prior. Many of these borrowers had exited school during the pandemic and had never been required to make a loan payment before. Others who had made payments prior to the pandemic had likely grown accustomed to not having student loan payment obligations. Most borrowers had their first payment due dates during October 2024, the first month of FY 2024. At the same time, Federal Student Aid implemented the FUTURE Act and FAFSA Simplification Act, resulting in huge changes to the FAFSA. This resulted in many downstream impacts on FSA data systems used for model development and deployment.

FSA has been developing and maintaining models to assess school-related risk. During this fiscal year, these models have undergone significant maintenance and development to accommodate changes resulting from the pandemic. Three of these models will be incorporated into the new School Health Dashboard and will empower FSA to proactively manage school risks and make informed decisions. It will help to align employee efforts with our strategic goals by providing transparency, enhancing communication, and promoting data-driven decision-making.

Strategic Objective 5.1

Strengthen enterprise-wide data analytics and information management to foster a customer-centric, data-driven, performance-based organization.

Strategic Objective Leader: Chief Data Officer, Enterprise Data Office

Overview

The Department's Annual Data Maturity Assessment (DMA) is a critical driver to the success of objective 5.1 by providing a comprehensive framework of data management practices organized into key categories that allow for the benchmarking of capabilities, the identification of strengths and gaps, and the leveraging of data assets to improve business performance. Conducting the DMA allows FSA to gain insights on the organizations data maturity relative to subsequent measurements. The DMA is a strategic tool that fulfills a critical role in driving data-driven decision-making and ensuring that data is effectively leveraged. The process areas evaluated in the assessment vary; the most recently completed assessment (2023) covered 18 process areas within the following seven categories:

- Data Management Strategy and Oversight
- Data Quality
- Data Operations
- Data Management
- Systems and Architecture
- Knowledge and Skills
- Customer Support and Engagement

Starting in FY 2024, the Department's Chief Data Officer (CDO) changed the schedule for POC DMAs and will conduct the POCs' DMAs only in alternating years. The next CDO assessment of FSA will be conducted for FY 2025. To maintain the continuity of assessment, FSA has elected to perform self-assessments for the years between CDO assessments. The self-assessment for FY 2024 will be complete in the first quarter of FY 2025.

To further support the strategic objective, FSA has developed, implemented, and maintained large-scale data models to perform and optimize customer communications and other customer-level interventions that improve customer outcomes, prevent fraud, and assess school related risks. A single model can touch millions of customers and impact billions of dollars each year.

Performance Summary and Analysis

There are three performance indicators for this strategic objective. FSA met two of their latest relative targets. FSA's DMA score has increased and is above the target. The targets for models in maintenance and development were also met.

Performance Indicator

Performance Indicator 5.1.A: The Sum of Annual Data Maturity Assessment (DMA) for DMA Processing Areas.

Indicator Definition: This performance indicator measures the sum of assessed scores of the applicable key data process areas in the Annual DMA.

Period of Performance: October 2023 through September 2024.

Table 47: Performance Indicator 5.1.A Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	69	71	N/A
Performance Result	N/A	N/A	N/A	Met	N/A	

Note: The result for this indicator for FY 2024 was unavailable at the time of publication of FY 2024 Annual Report. The actual result has been updated for FY 2023 because it was not available until after the FY 2023 Annual Report publication. The FY 2024 actual result will be published in the FY 2025 Annual Report.

The FY 2024 score was derived through a process of self-assessment conducted by Enterprise Data Office staff for all key categories. The target has been set to 73 for FY 2025 with an additional goal of completing the assessment prior to the publication of the FY 2025 Annual Report.

Performance Indicator 5.1.B: Successful maintenance and use of statistical models in *Title IV* operations.

Indicator Definition: This performance indicator measures the successful development, maintenance, and use of statistical models in *Title IV* operations to promote better outcomes for customers.

Period of Performance: October 2023 through September 2024.

Table 48: Performance Indicator 5.1.B Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	8	9	9
Performance Result	N/A	N/A	N/A	Met	Met	

Performance Indicator 5.1.C: Implement New Statistical Modeling Initiatives.

Indicator Definition: This performance indicator measures the successful development and use of statistical models in *Title IV* operations to promote better outcomes for customers.

Period of Performance: October 2023 through September 2024.

Table 49: Performance Indicator 5.1.C Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	2	2	2
Performance Result	N/A	N/A	N/A	Met	Met	

Key Successes and Opportunities

FSA's DMA scores have improved every year since the assessments began in FY 2020. In FY 2023, FSA scored a 69 across 18 process areas, exceeding the target score by 12. This was up from the FY 2022 score of 57. FSA's highest scores in FY 2023 were in the areas of 'Data Management Strategy and Oversight', 'Data Quality', 'Data Operations', 'Systems and Architecture' and 'Customer Support and Engagement'. The overall increase was largely due to the successful implementation and integration of EDMAPS components along with data standardization in preparation for the successful implementation of the EDMAPS components of FAFSA Simplification.

Each year, FSA focuses on the key data initiatives consistent with its priorities. The FY 2025 focus will continue to be on 'Data Quality' to support data integrity between data at the servicers and data reported to NSLDS. By leveraging the Data Quality Focus group of the FSA Data Governance Board (as described in the FSA Data Strategy Plan 1.0), FSA is on track to achieve its planned objective for further score improvement in FY 2025.

FSA uses statistical models to support borrower decision-making and demonstrate how targeted engagement can improve outcomes when interventions become necessary. Existing advanced analytics efforts have been adjusted, and new efforts created, to accommodate historic changes to the federal student loan system.

The development of analytical models and processes under this objective enables FSA to provide proactive support and interventions at various stages of the student aid lifecycle—from application and initial borrowing to repayment—aiming to improve overall student loan repayment outcomes. One such intervention is FSA's use of data to communicate with customers through email:

- As millions of borrowers entered repayment for the first time in years, FSA deployed the Targeted Early Delinquency Intervention (TEDI) email campaign to reach out to customers that missed a payment. As part of this effort, FSA also deployed a positive reinforcement campaign to at-risk borrowers who successfully made payments. These are daily campaigns that use data reported to FSA by servicers to identify customers who recently missed or made a payment. During FY 2024, FSA sent more than 94 million emails to borrowers who missed payments, and more than 23 million emails to borrowers who made a payment.

- With the implementation of the new FAFSA, some non-essential functions were deferred to focus on tasks required for students to apply for and receive aid. Some of those functions were communications with customers who have submitted, or attempted to submit, a FAFSA. Ad hoc processes were built and manually executed to temporarily support those communications outside of the new FAFSA system, until they can be automated within the system. More than 90 million emails were sent as part of these campaigns from January through August of 2024.
- Other modeling efforts that drive “always on” email communications to customers have been temporarily stopped for maintenance to address changes in FAFSA data. “Always-on” means automated interventions that are event-driven, such as at the point of FAFSA submission, a disbursement, or a missed payment, which differs from a normal system notification (i.e., “We’ve received your FAFSA”). The new FAFSA has resulted in significant changes to data FSA receives from applicants. Understanding those changes in data is essential to apply appropriate insights derived from historical data through model deployment.

In addition to the email campaigns, FSA’s fraud detection models help detect and prevent identity theft at various stages of the student aid lifecycle. As an example, Third Party Debt Relief (TPDR) companies target student loan customers with false promises of debt relief for a fee. In many cases, the TPDR may offer services to a customer for a fee, where the government provides those services for free. FSA detects some of these activities and works with other federal agencies to hold these companies responsible for the harm they cause customers. FSA also performs outreach to borrowers at risk of falling victim to these schemes. During FY 2024, FSA communicated with more than 138,000 borrowers with a total outstanding loan balance of more than \$2.3 billion. As a result, FSA’s fraud detection efforts have prevented more than an estimated \$300 million in fraudulent disbursements during FY 2024.

Lastly, FSA has been developing and maintaining models to assess school-related risk. During this fiscal year these models have undergone significant maintenance and development to accommodate changes resulting from the pandemic. Three of these models will be incorporated into the new School Health Dashboard and will empower FSA to proactively manage school risks and make informed decisions. It will help to align employee efforts with our strategic goals by providing transparency, enhancing communication, and promoting data-driven decision-making.

FSA provides incentives to servicers to provide enhanced servicing to at-risk customers. To implement these incentives, FSA uses a model to assess borrower default risk that is leveraged to determine which customers a servicer should consider at-risk. Lists of borrowers are provided to servicers quarterly as part of this effort. Similarly, servicers are incentivized to provide additional attention to at-risk customers by giving those borrowers’ outcomes additional weight when determining new customer allocations.

Strategic Objective 5.2

Continuously improve systems, structures, and operations to enhance organizational efficiency and performance.

Strategic Objective Leader: Chief Financial Officer, Finance Directorate

Overview

The Finance Directorate furthered its pursuit to boost operational efficiency by continuously improving the delivery of financial management through maximizing resources, streamlining business processes, and constantly enhancing financial management systems, internal controls, and risk management. As a service-oriented strategic partner, Finance works closely with other components to effectively support FSA and Department leadership in decision-making that ultimately drives FSA's mission. These collective measures are critical to FSA's ability to invest in actionable solutions that best meet emerging needs and align with its strategic directions to optimize organizational performance.

Performance Summary and Analysis

There is one performance indicator for this strategic objective. By improving delivery of financial management and support of investment decisions, FSA can efficiently and effectively deliver organizational mission requirements.

Performance Indicator

Performance Indicator 5.2.A: Operational Performance.

Indicator Definition: This performance indicator measures the effectiveness of the organization's financial planning and budget execution processes, management of financial systems, and compliance with applicable laws, regulations, and policies.

Period of Performance: October 2023 through September 2024.

Table 50: Performance Indicator 5.2.A Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	Y	Enhance continual delivery and implementation of improved Financial Management and support sound investment decision making to effectively drive FSA's mission.	Y
Performance Result	N/A	N/A	N/A	Met	Met	

Key Successes and Opportunities

Finance executed the following priorities and initiatives to support this objective:

- **Delivered improved financial management** – Finance assessed and improved the delivery of financial management by focusing on the following priorities and initiatives: operationalize the Finance Management Plan (FMP), streamline budgetary and accounting operations, improve financial data quality within Financial Management System (FMS) operations, and ensure compliance with all applicable laws, policies, and regulations.
- **Operationalized FMP** – CFO and Finance directorate constantly collaborate across FSA components and business units to develop and implement this shared management plan that aligns FSA's strategic goals and guides decision making in the future. Management plans are designed to enhance investment strategies by integrating requirements across key management areas, i.e., technology, acquisitions, human capital, and budget. Management Plans also set forth areas for continuous improvement that envisions an incremental path to reaching long term organizational goals that if unaddressed could interfere with delivering FSA's long-term organizational goals.
- **Streamlined Budgetary Operations** – Finance Budget Group leveraged available technology to automate administrative processes and/or ad-hoc budgetary data calls not currently supported by budgetary systems.
- **Streamlined Accounting Operations** – Financial Management Group (FMG) Accounting Operations Division continued to support FSA's loan forgiveness initiatives by streamlining payment processing to expedite and increase the frequency of payments, including 848,000 borrower refunds totaling \$1.5 billion. FMG also continued to make significant progress in meeting Treasury's priority goal of reducing paper checks to improve payment integrity. The number of paper checks decreased from 1.3 million in FY 2023 to 631,000 in FY 2024. FMG also continued to represent the Finance Directorate and provide financial management subject matter expertise and guidance in meetings with offices that were implementing processes and systems that impacted financial operations.
- **Improved financial data quality and optimized performance within FMS** – Finance Management Systems Group (FMSG) successfully managed the execution and oversight of Oracle e-Business Suite (eBS) FMS and successfully transitioned FMS Operations and Maintenance contract support services without interruption or system downtime. This transition resulted in annual budget reductions and supported the Department's small business and socio-economic contracting objectives. FMSG also completed key initiatives to strengthen user provisioning procedures and security controls, and to implement system enhancements to improve system performance, increase functionality to improve system and accounting data accuracy.
- **Ensured compliance with applicable laws, policies, and regulations.**
 - Supported FSA's compliance with financial reporting and auditing requirements.
 - FMG/Accounting Policy Division continued to be an essential representative for the Finance Directorate and provided financial management subject matter expertise and guidance in meetings with offices that were implementing processes and systems that impacted financial policies, procedures, and reporting.

- FMG/Audit Coordination & Validation Division continued to assist responsible offices in delivering documentation requested by auditors and developing corrective action plans with aggressive and feasible completion dates.
- **Assisted FSA with improving improper payment program.**
 - FMG/Accounting Operations Division continued to leverage the Department of Treasury's Do Not Pay (DNP), a no-cost, robust analytics tool, to help detect and prevent improper payments made to vendors, grantees, loan recipients, and beneficiaries through data matches against several databases.
 - FMG/Internal Controls Division led FSA's process to estimate and report improper payments for grants and loans made by approximately 5,700 educational institutions nationwide to comply with the requirements of the Payment Integrity Information Act. The Internal Controls Division also played a key role by assisting FSA in improving its internal control program by administering FSA's internal controls review and testing program to comply with the FMFIA. The team also supported the COO's annual assurance statement on internal controls by administering FSA's internal controls review and testing program to comply with the FMFIA.
- **Streamlined budgetary operations.**
 - Leveraged available technology to automate select administrative processes and/or ad-hoc budgetary data calls not currently supported by budgetary systems; implemented initial phase of several technological upgrades.
- **Supported the financial statement audit.**
 - Represented the Finance Directorate and provided financial management subject matter expertise and guidance in meetings with offices that are implementing processes and systems that impact financial policies, procedures, and reporting.
 - Assisted responsible offices in developing corrective action plans with aggressive and feasible completion dates.
- **Improved improper payment program.**
 - Collaborated with OMB, the independent audit community (through the American Institute of Certified Public Accountants), Office of General Counsel (OGC), PPO, etc., to continue to obtain Single Audit Act compliance audit information to support improper payment estimation.
 - Supported and defended FSA's continued use of compliance audit information as essential for FSA to retain compliance with PIIA and existing regulatory requirements in OMB Circular A-123 Appendix C.
- **Improved internal control program.**
 - Administered FSA's internal controls review and testing program to comply with the FMFIA and support the COO's annual assurance statement on internal controls over reporting.

- **Streamlined accounting operations.**
 - Represented the Finance Directorate and provided financial management subject matter expertise and guidance in meetings with offices that are implementing processes and systems that impact financial operations.
 - Collaborated with FMSG and Treasury to implement Treasury initiatives.

Strategic Objective 5.3

Enhance procurement planning, management, and execution.

Strategic Objective Leader: Executive Director, Acquisitions Directorate

Overview

FSA relies on a multitude of contracts and thousands of vendor employees to deliver its mission. Achieving the program requirements, objectives, and outcomes requires a comprehensive plan. Drawing on industry-leading practices, FSA continues to enhance its acquisition strategies, develop requirements consistent with customer and partner expectations, and execute contractual instruments and other agreements that yield exceptional services and outcomes in a secure manner.

By aligning FSA's efforts regarding program and project planning, acquisition planning, budget formulation, and human resource management, FSA will be better positioned to provide exceptional student aid experiences for borrowers and their families. These efforts also enhance our engagements with our partners and other financial and educational institutions that contribute to the student aid experience.

Collaboration and coordination across FSA help streamline procurement-related processes and procedures. Through FSA's requirements definition processes, staff identify and clearly articulate key program objectives and outcomes for contracts. Critical enhancements include conducting market research with the industry; engaging in acquisition planning as part of the investment management process; identifying key performance indicators, acceptable service levels/performance metrics, and methodologies for determining program outcomes for inclusion in contractual instruments; and supporting both internal and external reviews and examinations to assess vendor performance.

These improvements enhance the quality of products and services procured, permit greater oversight and accountability of vendors, promote effective communication with stakeholders, leverage economic efficiencies with enterprise-focused solutions, improve FSA's cybersecurity posture, increase socio-economic achievements, and lead to better outcomes for customers and partners.

Performance Summary and Analysis

There are two performance indicators for this strategic objective. This objective refers to procurement planning, management, and execution as it's addressed across the federal government; meaning, the planning, management, and execution of programmatic needs via procurement actions. Performance Indicator 5.3.B was not met due to the Department contracting a new Acquisition Management System to manage the end-to-end acquisitions process. Its implementation is anticipated in the first quarter of FY 2025. In addition, FSA reinstituted an Internal Review Board, a governance body including Acquisitions, Finance, Human Resources, and other key functions across the Agency.

Performance Indicator

Performance Indicator 5.3.A: Time-duration estimates for procurement-related tasks for use in Program Schedules.

Indicator Definition: This performance indicator captures the time-duration estimates necessary to complete procurement-related tasks, included in the Procurement Acquisition Lead Time (PALT) associated with meeting programmatic needs through an acquisition. As defined by the Federal Government, PALT is the time from date of solicitation issuance through the date of award. As the Acquisitions Directorate's staffing continues to grow, it is better able to execute procurements more efficiently than the Government's standard without subjecting FSA to greater risk or sacrificing quality.

Period of Performance: October 2023 through September 2024.

Table 51: Performance Indicator 5.3.A Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	Completion of FSA Acquisitions Directorate Collaboration Site	Identify requisite tasks and durations for other procurement methods (e.g. schedule buy, GWAC, 8(a)) based upon law, regulation, policy, and historic performance.	Identified requisite tasks and durations for Government policy's preferred procurement method, i.e., full and open competition.
Performance Result	N/A	N/A	N/A	Met	Met	

Note: Task and durations for other procurement methods will be provided when a Contracting Officer approves a different procurement method.

Performance Indicator 5.3.B: Plan, develop and implement a new investment management process aligning acquisitions, budget, and human capital with program planning.

Indicator Definition: This performance indicator will allow improvement to internal processing timelines for budget formulation, budget execution, execution of contractual instruments and delivery of program needs.

Period of Performance: October 2023 through September 2024.

Table 52: Performance Indicator 5.3.B Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	Planning	Development	Planning
Performance Result	N/A	N/A	N/A	Met	Not Met	

Note: Planning discussions continued. The Department contracted for a new Acquisition Management System to manage the end-to-end acquisitions process. Its implementation is anticipated in the first quarter of FY 2025. In addition, FSA reinstituted an Internal Review Board, a governance body including Acquisitions, Finance, Human Resources, and other key functions across the Agency. FSA also accomplished process flowcharting to identify bottlenecks and eliminate redundancies.

Key Successes and Opportunities

Acquisitions captured a "Procurement Tasks and Durations" document based on full and open competition (Government policy's preferred procurement method) on its Collaboration Site.

Program Managers should leverage the example to support their procurement planning. Acquisitions has versions available for methods other than full and open competition; however, they are shared only after the alternate acquisition strategy is approved by the Contracting Officer.

In early FY 2025, the Department will be adopting a new Acquisitions Management System (AMS) to manage the end-to-end acquisitions process. Every role in the process, including Program and Project Managers, Acquisitions, Finance, and Human Capital, will utilize the same system.

Strategic Objective 5.4

Improve cybersecurity detection, prevention, and protection ensuring data confidentiality, integrity, and availability.

Strategic Objective Leader: Chief Information Officer, Technology Directorate

Overview

FISMA requires FSA’s Inspector General to audit cybersecurity every year throughout the Department. FSA is audited on its NIST Cybersecurity Framework functions of: Identify, Protect, Detect, Respond, and Recover.

Performance Summary and Analysis

FSA met its target for the agencies’ progress toward achieving outcomes that strengthen Federal cybersecurity, including implementing the Administration’s priorities and best practices.

Performance Indicator

Performance Indicator 5.4.A: Cybersecurity Maturity-Level (OIG Maturity Levels).

Indicator Definition: This performance indicator measures the agencies’ progress toward achieving compliance with the five major FISMA categories (Identify, Protect, Detect, Respond, and Recover) that strengthen Federal cybersecurity, including implementing the Administration’s priorities and best practices.

Period of Performance: October 2023 through September 2024.

Table 53: Performance Indicator 5.4.A Results

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
	Actual	Actual	Actual	Actual	Target	Actual
Performance	N/A	N/A	N/A	100%	70% at Level 3 or higher	100%
Performance Result	N/A	N/A	N/A	Met	Met	

Key Successes and Opportunities

The FY 2023 Federal Information Security Modernization Act of 2014 (FISMA) audit was the second time running in the history of the Department that an “effective” rating, which is the highest overall outcome for a cybersecurity program, was achieved. In the FY 2024 audit, that rating was exceeded with another “effective” score and overall higher numeric scores than the previous years.

The Department’s overall information technology (IT) security program and practices are effective as eight out of the nine FISMA domains met the requirements needed to operate at a Level 4 maturity rating or higher. Five of the nine domains were rated the highest level, Level 5, “optimized”.

During FY 2024 several major initiatives contributed to the effective score:

- Expanded efforts to implement the capabilities described in Executive Order 14028, *Improving the Nation's Cybersecurity*.
- Implemented automation for configuration management, software asset management, IT operations management, and integrated cybersecurity risk identification and management.
- Provided a cybersecurity information and incident reporting portal to automate capability for IHEs to securely share threat and cybersecurity incidents. Included a feature to automate ticket generation for some use cases at the Security Operations Center (SOC).

Results:

- All five Cybersecurity Framework functions assessed at Maturity Level 4 – Managed and Measurable.
- FY 2024's score improved in all nine Core Maturity Ratings over FY 2023.

Fiscal Year 2024 Accomplishments of Federal Student Aid

During FY 2024, FSA realized additional accomplishments that were not measured specifically by the performance indicators implemented to measure performance against the *FY 2023–27 Strategic Plan*. Although not measured by FSA performance indicators, these accomplishments are the result of initiatives FSA undertook to support the implementation of the strategic plan or legislative changes. This section describes FSA's additional accomplishments.

FSA realized the following additional accomplishments in support of Strategic Goal 1: *Improve Customer and Outcomes for Students and Borrowers.*

- FSA reviewed 10,781 recorded calls made by borrowers to Direct Loan Servicing contact centers and scored the quality of the interactions of the contact center representatives.
- FSA conducted more than 2,000 secret shopper calls from October 2023 to early March 2024. These secret shopper calls involved FSA staff calling servicing call centers to ask representatives questions related to program changes such as IDR plans, SAVE program, and Direct Loan discharges.
- In FY 2024, FSA updated systems and contact centers to streamline and fully manage the PSLF program through [StudentAid.gov](https://studentaid.gov). This update includes the development of the new Specialty Processing Sub-system (SPS) on the [StudentAid.gov](https://studentaid.gov) tenant to in-take and process PSLF & Temporary Expanded PSLF (TEPSLF) Certification & Applications (PSLF forms) to certify employment. Additionally, SPS now calculates PSLF payment counts and updates customer displays with a borrower's progress with PSLF on [StudentAid.gov](https://studentaid.gov) and any associated correspondence. During FY 2024, FSA managed the transition of the PSLF program from the prior specialty servicer to [StudentAid.gov](https://studentaid.gov) and a processing pause to allow for borrower account information to migrate to the new system. With this transition to [StudentAid.gov](https://studentaid.gov), there were significant updates to processes, procedures, other systems integrating with SPS, borrower-facing communications, reporting, and training material for customer support. As a result of these efforts, borrowers were provided an enhanced customer experience and the most up to date information to benefit from the program changes in FY 2024. As of September 2024, 960,000 borrowers have been approved for approximately \$70 billion in forgiveness through PSLF.

FSA realized the following additional accomplishments in support of Strategic Goal 2: *Advance Equity and Access to Student Financial Assistance.*

- In FY 2024, the virtual assistant, Aidan, was upgraded to a new platform to better understand customer questions and provide greater operational flexibility. The look and feel of the chat interface were also refreshed to meet customer expectations. Along the way, Aidan's content, training data, and use case library was updated extensively in response to customer feedback.
- In FY 2024, the Marketing Communications Platform was used to send out timely communications at scale to student, parent, and borrower populations to make sure that they received the latest Department guidance and information. Return to Repayment efforts involved several communication campaigns around the SAVE plan, IDR, and Fresh Start

that prioritize information and awareness around these different programs to ensure that they are continuing to be on track with repayment. After Return to Repayment activities, FSA prioritized FAFSA outreach communications. FSA deployed critical transactional communications that informed borrowers of the status of their applications and other important programs. The main transactional communications that FSA prioritized include FAFSA transactional communications, as well as upcoming communications around SPS.

- In FY 2024, the Digital Platform/[StudentAid.gov](https://studentaid.gov) implemented more than 240 improvements based on leadership priorities and user research, including launching the 2025–26 FAFSA form (initial application, processing, and corrections) for customer beta testing; delivering the ability for customers without Social Security Numbers (SSNs) to create an account; providing customers with the ability to view loan forgiveness and discharge transactions in their account's My Activity page; implementing regulatory changes and user experience improvements for the PSLF Help Tool; providing customers with the ability to recover their account online (without having to contact a help desk); improving the create account process for users without SSNs by incorporating an entire attestation form through a single checkbox; and much more. These improvements enable FSA to be responsive to the needs of customers while delivery on key organizational priorities.

FSA realized the following additional accomplishments in support of Strategic Goal 3:
Strengthen Engagement and Accountability for Educational and Financial Institutions.

- FSA's School Eligibility and Oversight Service Group (SEOSG) conducted oversight reviews for more than 1,100 institutions of higher education relating to certification, deficient audit resolutions, flagged financial statements, program reviews, heightened cash monitoring 2, and technical assistance.
- SEOSG completed more than 3,000 school eligibility actions, including approximately 700 recertification applications and more than 2,300 other institutional eligibility applications during FY 2024. SEOSG accomplished this work while resolving more than 2,700 flagged financial statements and deficient compliance audits. SEOSG supported the Department's FAFSA® College Support Strategy by reducing and easing program review burdens and by giving schools more time to submit recertification applications.
- FSA's Financial Institutions Oversight Services Group (FIOS) provided oversight of GAs, commercial lenders, and lender servicers who administer outstanding commercially held FFEL Program loans. At the start of FY 2024, that portfolio included \$84.6 billion in outstanding FFEL Program loans and \$20.6 billion in GA held defaulted loans for nearly 4 million FFEL Program borrowers. FIOS conducted 20 new program reviews of financial institutions during FY 2024 and issued 15 Final Program Review Determinations to financial institutions.
- FIOS continued to supervise the transition of GA loan portfolios to approved successors and to assess and manage risks created by changes in the GA sector. FIOS helped five GAs that are completing or completed close-out procedures to exit the FFEL Program.
- FIOS continued to support the Department's "Fresh Start" initiative for defaulted loan borrowers who are returning to repayment, including providing guidance and oversight to guaranty agencies. FIOS also continued support for the Department's "Project Success" initiative through reviews and random testing of GAs' quarterly requests for reimbursement of their Project Success expenses, and through focused program reviews. FIOS is assisting with a continuation proposal for Project Success' next phase. FIOS has been working with

guaranty agencies to complete borrower defense discharges using the Secretary's compromise authority, rather than requiring these borrowers to consolidate to qualify for discharge including *Sweet v. Cardona*, and for students who attended Corinthian Colleges and Art Institutes.

- FSA's Clery Group held Liberty University, located in Lynchburg, VA, accountable for its material and ongoing violations of the *Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act)* identified in the Clery Group's 2023 program review report. On March 5, 2024, the Clery Group issued a Campus Crime Final Program Review Determination letter in conjunction with a settlement agreement which imposed a \$14 million fine—the largest *Clery Act* fine to date—and required the university to invest \$2 million to improve its campus security operations over the next two years and to undergo a two-year period of post-review monitoring by the Clery Group.
- During FY 2024, the Clery Group reviewed 186 media reports and complaints, including 41 complaints submitted by the public and 145 campus crime media reports, for school compliance with applicable requirements. All 41 complaints and 23 of 145 (15.9%) of the campus crime media reports warranted further assessment.
- During FY 2024, the Clery Group delivered authoritative training and guidance to a wide array of school officials, public safety professionals and other stakeholders at 14 national and regional public safety conferences, workshops, and training events.
- The Clery Group assumed a wide range of responsibilities from the Department's Office of the General Counsel to administer the Department's collection and oversight of postsecondary institutions' semiannual reporting of foreign gifts and contracts information required by Section 117 of the HEA. During FY 2024, the Clery Group received 12,171 reports of foreign gifts and contracts filed by 296 distinct institutions with a total value of more than \$7.3 billion.
- To assist with the launch of FSA's Partner Connect release 2.0, PPO's Performance Management Group (PMG) developed and published 54 distinct Process Guides for FSA users and recorded 46 internal training videos including asynchronous training and recordings of live training sessions.
- During FY 2024, PMG resolved or closed 1,748 system process issues in the Partner Connect Issue Tracker. PMG processed 48 internal Operational Support Branch Action Requests, and more than 80 technical questions from compliance teams and issued 22 Formal Q&A internal procedural documents.
- PMG also logged and processed more than 300 Letters of Credit (LOCs) and LOC amendment documents with a face value of more than \$800 million and processed 123 Financial Responsibility Notifications submitted by educational institutions.
- PMG supported the implementation of program integrity rules packages, which became effective July 1, 2024, by issuing new and amended guidance to FSA's School Participation Divisions, updating systems and updating program participation agreement boilerplates. PMG also worked with the FSA's eZ-Audit vendor to implement enhancements to collect expanded 90/10 revenue test data from proprietary institutions for school fiscal year periods that end on or after December 31, 2023.
- FSA's Cohort Default Rates Group (CDRG) issued FY 2021 Official Cohort Default Rates (CDRs) for 4,700 schools that were eligible to receive such a calculation. The FY 2021 Cohort Default Rate measures the number of student loan borrowers who entered

repayment during FY 2021 and who defaulted on a federal student loan in FY 2021, FY 2022, or FY 2023. CDRG issued the FY 2021 Draft CDRs in February 2024 and the FY 2021 Official CDRs in September 2024.

- The GE Operations team within CDRG has logged and categorized 385 questions and issued 135 responses through the GE Operations mailbox that first opened on June 18, 2024.
- PEOSD has continued to be responsive in disaster relief efforts for schools through its communications, such as post-disaster emails, which offered key reminders and information on the special resources available to schools and individuals that were impacted by natural disasters such as wildfires, flooding, and hurricanes.
- FY 2023 FSATC Conference was held November 28 – December 1, 2023. All sessions were pre-recorded and aired live. There were 17,096 actual participants representing 3,285 unique institutions. These institutions were responsible for disbursing more than \$104 billion in *Title IV* aid which represents 92% of all *Title IV* aid disbursed. The FSA training conference included 28 sessions offering the latest information on policy and operations and seven Virtual Exhibit Hall stations.
- The Minority-Servicing and Under-Resourced Schools Division (MSURSD) accomplished the following:
 - Provided bi-monthly guidance to Arkansas Baptist College in preparing responses to outstanding audits and program reviews; setting up for the 2024-25 school year
 - Assisted and monitored Rust College monthly in preparing the appropriate responses to a program review
 - Assisted the Reconciliation team by contacting multiple institutions and assisted in recovering \$40,936,750 in unsubstantiated cash in the Federal Pell Grant and Direct Loan programs
 - Provided telephone and email outreach to 50 schools to help with questions related to the FAFSA implementation
- The Training and Information Services Group (TISG):
 - Presented to nine Regional Associations
 - Delivered six legislatively mandated Fundamentals of Title IV Administration sessions
 - Provided One-on-One New School Training sessions to 231 participants
 - Coordinated seven Recertification trainings in association with the School Participation Group
 - Developed and delivered 9 “Wednesday Webinars” to more than 19,000 school participants
 - Developed and coordinated the delivery of 14 webinars related to the 2024 FAFSA release attended by more than 29,000 school participants.
 - Updated all the FSA Training Center courses to become SCORM compliant.

Annual Performance Report (Unaudited)

- Project Success pairs GAs with participating minority serving institutions (MSI) to help the schools identify student risk factors affecting graduation, retention, and cohort default rates. FSA worked with the Department's Office of the Under Secretary and OMB to get project funded and extended until 2025. Additionally, the Project Success Core Team is working to complete and submit a funding proposal for approval to extend the program beyond 2025.
- The Partner Engagement and Relationship Management Group
 - Collaborated with the NASFAA Graduate and Professional School Caucus in delivering a "Birds of a Feather" session to 283 Financial Aid Administrators and staff from this community on September 26, 2024.
 - Provided support for the Department/FSA 2024-25 FASFA College Support Strategy. Made visits to the following locations and schools:
 - Atlanta, GA, 6 institutions, 41 contacts
 - Nashville, TN, 4 institutions, 17 contacts
 - Conducted a virtual delivery of a Federal Update for 83 Presidents/Chancellors and senior level administrators at the Wesley Peachtree Annual HBCU Small College Forum.
- PPO-managed systems supported the award of more than \$107 billion in Title IV funds for the Direct Loans, Federal Grants, and Campus-based programs to 9.8 million recipients during the 2022-23 award year.
- Partner Management and Support Services (PMSS) successfully oversaw 40 major/minor releases and 113 service packs for nine systems.
- The COD system implemented the following key changes:
 - Streamlined functionality for borrowers to apply for IDR plans as part of the administration's ongoing efforts to make IDR more accessible to borrowers
 - Created new and significant functionality for awarding and reporting Pell Grant aid for Award Year 2024–25 as part of the changes required by the FAFSA Simplification Act
 - Completed new award year functionality as part of the annual rollover for campus-based programs
- The PMSS Change Management team approved 345 Change Request (CR) packages for requirements, solution, and cost estimation for projects across FSA. This represented a record number of CRs. Approximately 98.19% of the change requests processed were completed within the established processing timelines from visioning to placing the CR under contract.
- The Program Contract Management Division successfully executed a new Memorandum of Understanding (MOU) and updated several System of Record Notices (SORN) to support GE, and developed modifications/scheduling for two Computer Matching Agreements and SORN changes for the implementation of the Specialty Processing System (SPS).
- Developed acquisition packages for the recompetes of the (HEAL/HEAL Online Processing System (HOPS)) and eZAudit systems/solutions. Managed program office acquisition support for multiple FSA systems and servicing contractors including HEAL/HOPS, FactSet, eZAudit and Intellectual Disability Grants Review (IDGR).

- During FY 2024, the National Student Loan Data System (NSLDS)
 - Completed transition of PSLF process to interface with new Specialty Processing System (SPS)
 - Implemented school data collection for FVT & GE of student- and program-level reporting and completer list files
 - Created new interfaces with the FAFSA Processing System (FPS) for prescreening and demographic data exchanges for 2024–25 and 2025–26 FAFSA cycles
 - Supported the *Title IV* Origination & Disbursement (TIVOD) Modernization Program to secure the new acquisition vehicle for NSLDS, COD, Customer Service, and Enterprise Data Management Analytics Platform Services (EDMAPS).
 - Continued development and deployment of new software and user interfaces in EDExpress. These ongoing deployments addressed several longstanding requests from the user community, as well as implemented several changes for FAFSA Simplification and IRS 1070 Federal Tax Information (FTI) protection.
- In FY 2024, the Participation Management system processed 5,803 new Student Aid Internet Gateway (SAIG) Agreements to enroll eligible institutions (5,758 Schools and 45 State Agencies) for the new mailbox system (known as an FT Mailbox) required to receive 2024-25 (and beyond) Institution Student Information Reports (ISIRs) with FTI. The Participation Management team worked extensively with the newly formed FSA Concierge team to track and reach out to schools that had not yet signed up the new FT Mailbox to ensure their receipt of 2024-25 ISIRs.
- RRMG reviewed and resolved more than 8,100 student or borrower complaint cases against over 2,200 educational institutions including approximately 1,180 cases regarding Delays Receiving Aid at the institution, 990 cases regarding the Grant Disbursement (Pay Out) Process at the institution, and 910 cases regarding the Loan Disbursement (Pay Out Process) at the institution. Each case represents a student or borrower who had an issue, problem, or concern that FSA helped them to resolve.
- AAASG, following referrals from SEOSG, executed agreements with three institutions to recover more than \$3.6 million in improperly disbursed funds for ineligible Title IV programs or students.
- AAASG provided concurrence to SEOSG's School Participation Divisions' (SPD) issuance of 25 school program compliance reports including findings of noncompliance identified in Program Review Reports, Final Program Review Determination, or Final Audit Determination, three approvals of a reinstatement application, six denials of changes in ownerships, and two denials of an initial certification application.
- AAASG assisted in the resolution of 11 Final Audit Determination or Final Program Review Determination appeals totaling more than \$17.9 million in liability payments.

FSA realized the following additional accomplishments in support of Strategic Goal 4: *Increase Workforce and Workplace Capabilities.*

- The Workforce Development Division conducted the 5th Annual Employee Learning Week. The theme for this year's learning initiative was "Practicing Mindfulness in the Workplace" to cultivate workplace wellness and leverage resources for continued personal growth, development, and professional wellness. Five sessions were conducted with diverse presenters across FSA and the Department. A total of 108 employees attended Employee Learning Week with a cumulative series satisfaction rating of 95%.
- Workforce Development Division oversaw the delivery of the FSA Business Writing course to support on-going reskilling and upskilling efforts in the competency area of written communication. A total of three virtual instructor-led business writing sessions were conducted for the workforce. The cumulative series satisfaction rating was 83%. The average knowledge gain (Kirkpatrick Level 2 evaluation) for the series was 11% which is eight (8) points above the standard 3% knowledge growth target.
- FSA secured and provided seven contractor-led DEIA related trainings that were heavily marketed directly to FSA employees. Some trainings such as Equity and Accessibility and Inclusive Leadership were offered multiple times due to strong employee demand. On average, there were 23 participants at each training with a total of 162 for all trainings.
- The American Indian and Alaska Natives in Government (AIANG) Affinity/Employee Resource Group was conceptualized and launched as a result of FSA's desire to establish an environment to attract, recruit, and retain a diverse workforce. In collaboration with other Department POC's, FSA provided leadership and facilitated the establishment of the AIANG affinity group which was approved by the Department in FY 2024. Elections were held resulting in an executive committee along with advisors and executive sponsors.
- In FY 2024, FSA created the Starting Point, which serves as a collaborative and deliberative body that makes decisions on updates and/or issues faced by FSA programs and projects. These subjects are presented by working groups and/or business unit functional operations (i.e., managers and teams working within and across their functions to deliver on their objectives daily). The Starting Point represents a framework that is applied across the FSA enterprise. This governing body creates structure that facilitates effective decision-making, collaboration, accountability, transparency, empowerment, and broad-based participation. The Starting Point supports disciplined practices and processes that optimized a systematic approach to decision-making and resource allocation across the organization.
- The Starting Point consists of the Leadership Council, Business Unit deputies, and a group of mission support leaders and staff from across FSA. Every business unit is represented at the Starting Point. This group is the first point of information sharing for all enterprise-wide investments, planning, and reporting, which primarily fall into three categories:
 - New projects or lines of business.
 - Significant changes to ongoing projects or lines of business.
 - Annual and quarterly planning and reporting (budget, performance, acquisition, and risk).
- Since March 2024, with a bi-weekly cadence, FSA hosted 18 different topics on a variety of subject areas. Operating effectively and efficiently and providing a collaborative environment for enterprise-wide topics, the Starting Point moved to a weekly cadence in August. Since

August, the organization has deliberated 20 different topics. Since its inception in March 2024, a total of nearly 40 topics have been deliberated by the Starting Point.

FSA realized the following additional accomplishments in support of Strategic Goal 5:
Boost Operational Efficiency.

- Established the external SOC collaboration process with all FSA external SOC/PCAs. Meeting is to collaborate with all SOC/PCAs ensuring communication related to all cybersecurity related topics.
- ECG implemented a new process for uploading/transferring system evidence during Authority to Operate (ATO) and Ongoing Security Authorization (OSA) Assessments. It replaced the Jacobs File Transfer Tool by using SharePoint to send requested evidence and/or system information to ATO and OSA Assessors.
- FSA SOC newsletter. Implementation a newsletter that's used to collaborate with all FSA external SOC/PCAs, providing information related to various cybersecurity topics within FSA and the world of cybersecurity.
- Ongoing Security Authorization. Transitioned the program to NIST SP 800-53 Rev. 5 control testing against 36 systems and sub-systems.
- PAS IDAR Automation and Fraud Detection. Enhanced the ID Account Recovery (IDAR) by automating the process resulting in reducing the processing from days to minutes and Allowing customers to complete the process entirely on their own, without needing to call the help desk.
- Facilitated a 4-week onsite triage of FAFSA paper processing issues, including backlog elimination, standards adjustments, and staffing. Worked to utilize FSA Volunteers, Onsite Temp Staff and borrowed vendor resources to mitigate burndown timeline.
- IHE cybersecurity:
 - Helped 410 schools respond and recover from incidents, up 15% over last fiscal year
 - Guided 201 schools into GLBA compliance, up 231%
 - Proactively alerted schools through 170 cyberthreat Reports, up 24%
 - Created 35 events and communications to increase cybersecurity, up 25%
 - Collaborated on bringing IHEs into NIST SP 800-171 compliance by 2027, to better protect student privacy, FTI, and Controlled Unclassified Information
- Implemented the new FTI Data Mart as part of SABER. The Data Mart is the only place where limited users can access FTI for only allowable purposes.
- Developed a statistical model and used it to prevent more than \$2.3 billion of fraudulent Title IV disbursements.
- Leveraged statistical model in daily operations to reach out to borrowers at risk of falling victim to TPDR schemes; communicated with more than 500,000 borrowers with outstanding balances of more than \$14.0 billion.

- Leveraged models to reach out to at-risk applicants and recipients and help them to achieve better outcomes. Leveraged school risk models to prioritize school compliance and enforcement efforts.
- Fulfilled 1,100 data requests this year which included responses to *Freedom of Information Act* (FOIA) requests, congressional requests, media requests, as well as requests from FSA and Department leadership and the White House.
- Supported borrower defense group discharges, lawsuits, and related FOIAs.
- Supported major changes in PSLF, most notably for the PSLF limited waiver and IDR account adjustment.
- Developed the EDWA Return-to-Repayment Report for FSA and Department leadership, as well as OMB, in preparation for the return to repayment. The team also implemented the Targeted Early Delinquency intervention (or TEDI) campaign that reaches out to at-risk borrowers that miss a payment, or that successfully make a payment.
- Maintained the FSA Data Center, the centralized online source for FSA programmatic data, providing self-service data opportunities to nearly 332,000 visitors.
- Developed EDMAPS requirements (EDWA, Person Data Management, Data Lake, and FTIDM) for the FSA Acquisitions staff in order to enable the re-competition of the TIVOD contract.
- Ensured that EDMAPS supports the implementation and operation of Specialty Program Sub-system (SPS). Projects included the building/centralizing of an Enterprise document repository, the development of a streaming platform to transmit data between SPS and loan servicers, changes to Person Data Management to incorporate new customer data from SPS, and hosting of replicated SPS data in EDMAPS for analytics.

Additional Reporting Requirements (Unaudited)



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Overview of Additional Reporting Requirements

Additional Reporting Requirements presents the additional reports specifically mandated by the *HEA* to be included in the Annual Report. These required reports are listed below.

- **Legislative and Regulatory Recommendations:** This report details legislative and regulatory recommendations that FSA provided to the Department in support of the Department's regulatory activities.
- **Annual Bonus Awards:** This report discusses executive compensation at FSA in compliance with the legislative requirements under the PBO legislation that created FSA.
- **Report of the Federal Student Aid Ombudsman:** This report discusses the FSA Ombudsman's activities in accomplishing its statutory mission of addressing complaints about *Title IV* financial aid programs.

Legislative and Regulatory Recommendations

One of FSA's mission responsibilities under the law is to provide input on legislative proposals from Congress and from the Administration and to support the Department's regulatory activity. FSA also may suggest legislative or regulatory changes for consideration by the Department's senior policy officials. These recommendations customarily center on improving and simplifying the *Title IV* federal student assistance programs for FSA customers, minimizing administrative costs, and improving program integrity. FSA's recommendations inform the Department's policymaking process, including its activities and decisions related to each year's budget process. FSA provides this input and recommendations by direct contact with colleagues in the various policy offices within the Department, including the Office of the Under Secretary, the Office of Postsecondary Education, and the Office of Planning, Evaluation and Policy Development, at both the senior policy level and at the staff level. During the past year, FSA provided specific recommendations to policy officials on several issues, including:

- Interpreting the provisions of the *FAFSA Simplification Act* that was implemented for the 2024-25 award year, including significant changes to the need analysis process and calculation of student eligibility for Pell Grants;
- Interpreting the provisions of the FUTURE Act for consent, IRS/FAFSA data elements, data uses, and security safeguards;
- Interpreting the provisions of regulations related to financial responsibility; 90/10; certification procedures; administrative capability; and FVT and GE as those regulations were implemented for the 2024–25 award year;
- Interpreting the provisions of statute and regulation pertaining to prison education programs as they pertain to evaluation and approval of such programs;
- Providing technical assistance to Congress regarding options for allowing Pell Grant eligibility for students enrolled in short-term programs;
- Supporting policy and operational implementation of the Department's efforts to streamline and improve loan servicing and student debt forgiveness; and
- Supporting the Department's negotiated rulemaking efforts related to student debt relief, Return of *Title IV* Funds, cash management, state authorization, and distance education.

Annual Bonus Awards

As required by the *HEA*, the Annual Report includes performance ratings and related awards for FSA Administratively Determined (AD) senior managers and Senior Executive Service (SES) staff. Included in this section are the number of senior managers and SES staff on board as of the end of FY 2024. However, because FY 2024 performance results were not finalized at the time this report was prepared, the section discusses FY 2023 performance results.

FY 2024

At the end of FY 2024, there were 122 FSA senior managers and members of the Senior Executive Service. The Chief Operating Officer and Principal Deputy Chief Operating Officer oversee nine other executives who are responsible for senior executive-level portfolios for FSA. The remaining 111 served in a variety of AD senior manager positions and capacities within FSA.

FY 2023 Performance Results

The following section discusses FY 2023 performance results for those senior managers and members of the SES employed with FSA as of September 30, 2023.

Chief Operating Officer

For FY 2023, the COO did not receive a rating or a performance award. Also, for reference, in FY 2022, the COO received a rating of Exceptional Results Achieved and a performance bonus of \$50,539.

Executive-level Managers

The remaining 11 executive-level positions achieved a performance rating of Exceptional Results. Award amounts for these executives ranged from approximately \$9,999 to \$29,694. Only individuals with performance ratings of High Results Achieved or Exceptional Results achieved were eligible for performance-based awards.

All other Senior Managers/SES

The composition of ratings for the remaining senior managers last year was as follows: 62 senior managers achieved a performance rating of Exceptional Results; 26 achieved a performance rating of High Results; and 6 achieved a performance rating of Results Achieved.

Award amounts for those senior managers achieving an Exceptional Results rating ranged from \$7,117 to \$9,999 with a median award of \$8,725. Award amounts for those achieving a High Results rating ranged from \$4,181 to \$6,111 with a median award of \$5,879.

For additional information, please refer to: [Higher Education Amendments 1998/sec141](#)

Report of the Federal Student Aid Ombudsman

Introduction

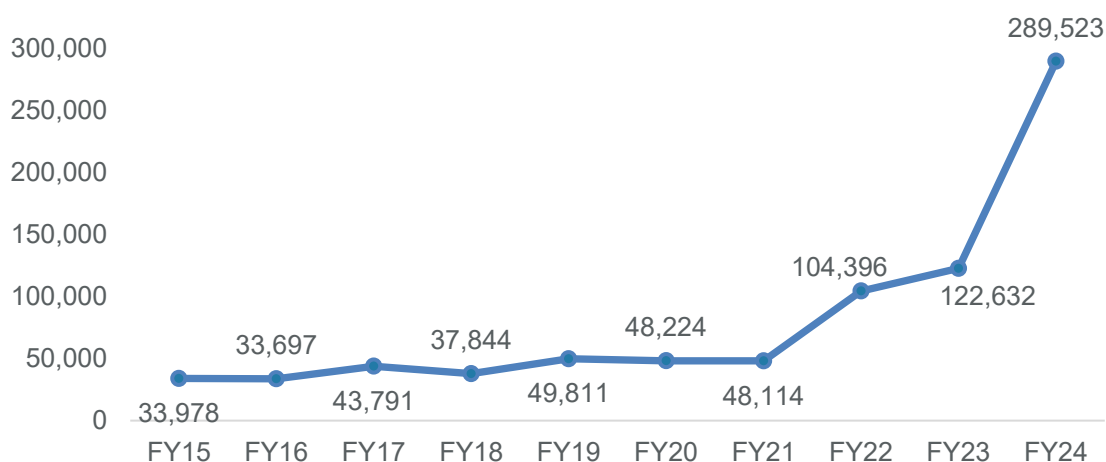
Established by the HEA, the Ombudsman began operations on September 30, 1999. The Ombudsman is responsible for resolving complaints regarding *Title IV* financial aid programs. Pursuant to the HEA, the Ombudsman compiles and analyzes complaint data and makes appropriate recommendations. Additionally, each year the Ombudsman is required to describe the activities and evaluate the effectiveness of the role during the preceding year and make complaint-driven recommendations.

The Ombudsman Office oversees all complaints submitted directly to FSA, as well as complaints referred by the White House, Congress, the Department, the CFPB, state attorneys general, regulators, and other stakeholders. The information included in this report represents the Ombudsman's independent judgment and does not necessarily represent the views of the Department.

Overview of All Complaints Received in Fiscal Year 2024

During FY 2024, FSA received 289,523 complaints—more than double (136% increase) the record number of complaints received in FY 2023.¹⁹ Complaints were submitted in a variety of ways, including through FSA's website and by telephone, postal mail, or email.

Figure 24: All Complaints Received by Fiscal Year



¹⁹ The FSA complaint system organizes public submissions into multiple case types, including complaints (cases in which an individual alleges a problem with the administration of federal financial aid programs or institutions of higher education), disputes (escalated complaints handled by the Office of the Ombudsman, which most commonly occur when a complainant disagrees with the initial resolution of their case), general inquiries (reports about the operation of federal student aid programs and the use of FSA tools), suspicious activity (reports of suspected fraud within federal financial aid programs), or unassigned cases (cases submitted over the web awaiting categorization by intake agents). Functionally, the Ombudsman Office does not distinguish among case types in its reporting, so this section refers to all cases as complaints. Data reflect the number of cases stored in FSA's case management system as of October 3, 2024.

In general, public announcements, operational changes, and topic visibility on [StudentAid.gov](https://studentaid.gov) drive traffic to FSA's complaint system. This past year, FSA implemented notable changes to federal financial aid programs that were the focus of many complaints. For example, before the fiscal year began, the COVID-19 payment pause ended. After approximately three years of no payments, 22 million borrowers were required to resume making payments on their loans—4 million of these borrowers were required to make payments for the first time.²⁰ As another example, at the end of December, FSA launched a new FAFSA form for the 2024–25 aid year, including the most far-reaching changes to the financial aid application process in decades which focused on reducing burdens for families, and helping more students from low- and middle-income backgrounds get the help they need paying for college.²¹ In addition, FSA moved PSLF processing from a single servicer, MOHELA, to FSA-branded BPO vendors. Each of these events drove notable complaint volume.

FSA also continued to receive complaint volume from past announcements. In recent years, the Administration announced several policy initiatives, including the limited PSLF waiver and the payment count adjustment, which drove record traffic to the [StudentAid.gov](https://studentaid.gov) website, and subsequently to the complaint portal.²² The Department also announced its proposed settlement in the *Sweet v. Cardona* lawsuit, which prompted a significant number of complaints from students who alleged misconduct by their schools.²³

Data Limitations

The data analyzed in this section reflects the complaint status at the time of reporting. During FY 2024, 91% of complaints were submitted through [StudentAid.gov](https://studentaid.gov). Web-based intake improves the customer experience by giving users more control over their narrative. However, despite implementing procedures to automatically route the complaint, the system still requires FSA, servicer, and BPO staff to manually categorize complaints after intake, sometimes to route complaints to the correct entity for resolution. The online complaint tool does not show users the same categories as those maintained internally, so reporting is not uniform. The stage of the student aid lifecycle information in this report does not necessarily reflect the selections of intake or vendor agents. Where possible, it aligns with the selections made by students, borrowers, and aid applicants upon submission. Data reported throughout this section excludes non-credible data that likely reflect data entry errors.

²⁰ U.S. Department of Education, Homeroom, The Official Blog of the U.S. Department of Education, "A First Look at Student Loan Repayment After the Payment Pause (last visited October 4, 2024), <https://blog.ed.gov/2023/12/a-first-look-at-student-loan-repayment-after-the-payment-pause/>.

²¹ U.S. Department of Education, Homeroom, The Official Blog of the U.S. Department of Education, "U.S. Department of Education Announces Over 1 Million 2024-2025 FAFSA Forms Successfully Submitted and Form Now Available 24/7 for Students and Families" (last visited October 9, 2024), <https://www.ed.gov/about/news/press-release/us-department-of-education-announces-over-1-million-2024-2025-fafsa-forms>.

²² Press Release, U.S. Department of Education, U.S. Department of Education Announces Transformational Changes to the Public Service Loan Forgiveness Program, Will Put Over 550,000 Public Service Workers Closer to Loan Forgiveness (October 6, 2021), <https://www.ed.gov/news/press-releases/us-department-education-announces-transformational-changes-public-service-loan-forgiveness-program-will-put-over-550000-public-service-workers-closer-loan-forgiveness>; Press Release, U.S. Department of Education, Department of Education Announces Actions to Fix Longstanding Failures in the Student Loan Programs (April 19, 2022), <https://www.ed.gov/news/press-releases/department-education-announces-actions-fix-longstanding-failures-student-loan-programs>; U.S. Department of Education, The Biden-Harris Administration's Student Debt Relief Plan Explained (last visited October 20, 2022), <https://studentaid.gov/debt-relief-announcement>.

²³ Press Release, U.S. Department of Education, Statement from U.S. Secretary of Education Miguel Cardona on Sweet Settlement (June 6, 2022), <https://www.ed.gov/news/press-releases/statement-us-secretary-education-miguel-cardona-sweet-settlement>.

During FY 2024, FSA implemented automatic routing of complaints for some user-chosen categories. However, some complaints are routed incorrectly because of the limited number of categories available to users. For example, borrowers cannot indicate that a complaint concerns PSLF. These complaints are often routed to servicers and must be re-routed back to FSA's contracted BPO agents for resolution. Pending available funding, FSA plans to update the categories shown to users to better align with FSA internal processes. These improvements will allow FSA to report in more detail on customer selections, will remove the need for vendors to perform routing, and will ensure that complaints are addressed by the entity best equipped to solve the reported issue.

To accurately report on topics of interest, the Ombudsman Office reviewed random samples of complaints about student loans (including those from military-connected borrowers), schools, and the FAFSA process. A sample population was identified by filtering on internal and complaint-intake-form categories to align with the stage of the student aid lifecycle. This report analyzes 15,669 student loan complaints, including 1,095 complaints from military members and their families, 3,600 school complaints, and 1,800 complaints related to the FAFSA process.²⁴

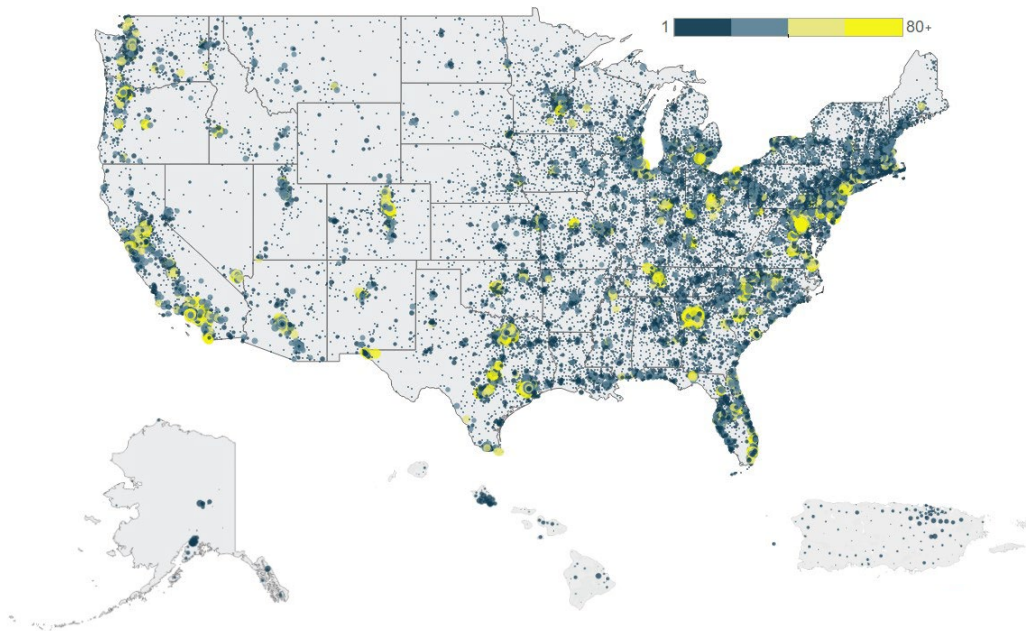
Complaint topics and subtopics were assigned based on an independent review of each complaint. Ombudsman staff analyzed complaint narratives and associated records, including NSLDS, the COD database, and available servicer data, to determine the underlying cause of the complaint. Note that complaint topics and subtopics are distinct from online and internal complaint categorization options.

Complaint Demographics

During the fiscal year, individuals from every U.S. state and territory complained to FSA. Complaints also came from outside the U.S. (including military bases). In the U.S., complaint volume was more concentrated in higher population areas and in cities with a higher proportion of public sector workers. Underserved populations, such as incarcerated borrowers and unhoused borrowers, also complained. In addition, 1,438 complaints were submitted through FSA's Spanish-language intake form.

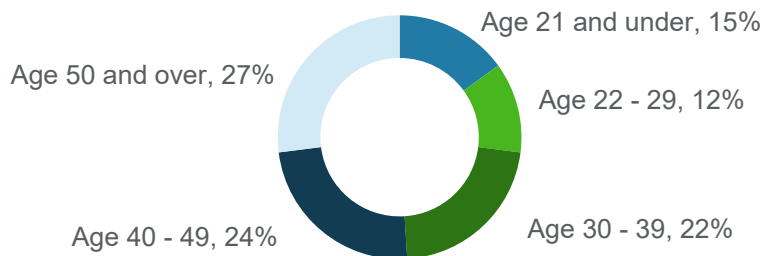
²⁴ The number of complaints selected for each stage of the student aid lifecycle align with FSA's *FY 2023–27 Strategic Plan*, which, under Objective 1.4, directs the Ombudsman to monitor issues that affect student and borrower outcomes. Throughout the fiscal year, Ombudsman staff reviewed 300 student loan complaints weekly and 300 school complaints monthly. They also reviewed 200 applying for aid (likely FAFSA-related) complaints monthly from January 2024 – September 2024. The *FY 2023–27 Strategic Plan* is available at <https://studentaid.gov/sites/default/files/FY202327StrategicPlan.pdf>.

Figure 25: Complaints by Location²⁵



Demographic data available in the case record indicates that individuals from all age groups submitted complaints to FSA regarding challenges navigating federal aid programs.²⁶ Individuals 21 and younger most commonly complained about applying for aid, while those from all other age brackets most commonly complained about student loans.

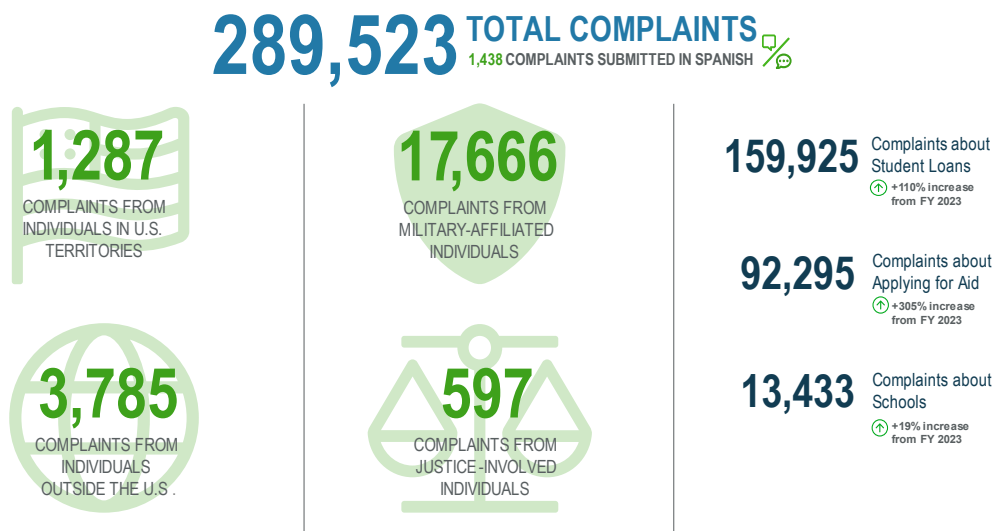
Figure 26: Complaints by Age



²⁵ 259,675 complaints had a U.S. zip code listed in FSA's complaint system. Borrowers with more than one complaint are represented in the map for each complaint. Some zip codes are not shown because they were submitted from lower-populated U.S. territories (e.g., American Samoa, Commonwealth of the Northern Mariana Islands, Guam, and U.S. Virgin Islands) or from U.S. military bases in other countries.

²⁶ Data is limited to complainants who provided identifying information, excluding those with non-credible date of birth information which was most likely listed in error.

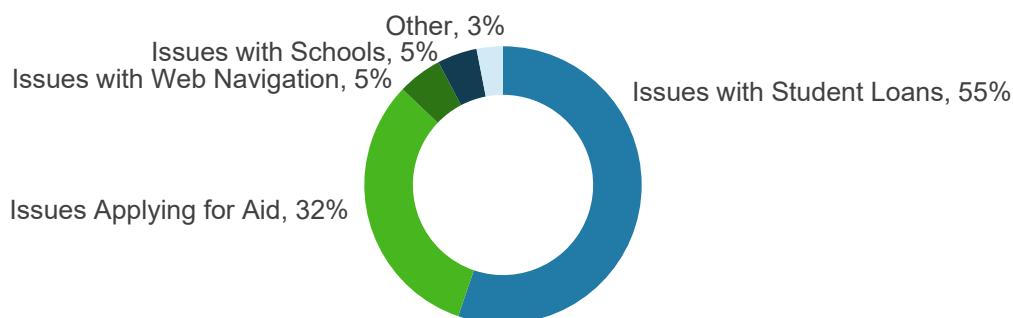
Figure 27: Complaints Overview by Demographics



Complaints by Topic

Throughout the fiscal year, FSA received 289,523 complaints from students and borrowers seeking to manage their federal aid. Most complaints (159,925 complaints, 55%) were related to student loan repayment. The second most common complaint theme (92,295 complaints, 32%) concerned navigating the student aid application process. FSA also received 15,003 complaints (5%) related to web navigation problems, followed by 13,433 complaints (5%) from individuals reporting problems with their school(s). Finally, FSA received 8,867 complaints (3%) about other topics, which included 3,216 complaints (1%) awaiting categorization by intake agents at the time of reporting.²⁷

Figure 28: All Complaints Received by Stage of Federal Aid Lifecycle

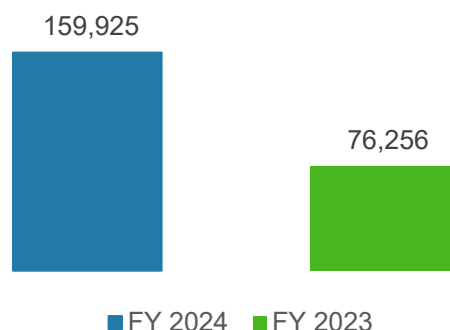


²⁷ The “other topics” category also included 3,149 reports of suspicious activity (1%) and 2,502 concerns about customer service (1%).

Student Loan Complaints

During FY 2024, most complaints described student loan repayment issues and servicing breakdowns. FSA received more than double the number of student loan complaints (159,925) than the previous fiscal year (76,256).

Figure 29: Complaints about Student Loans, FY 2024 and FY 2023



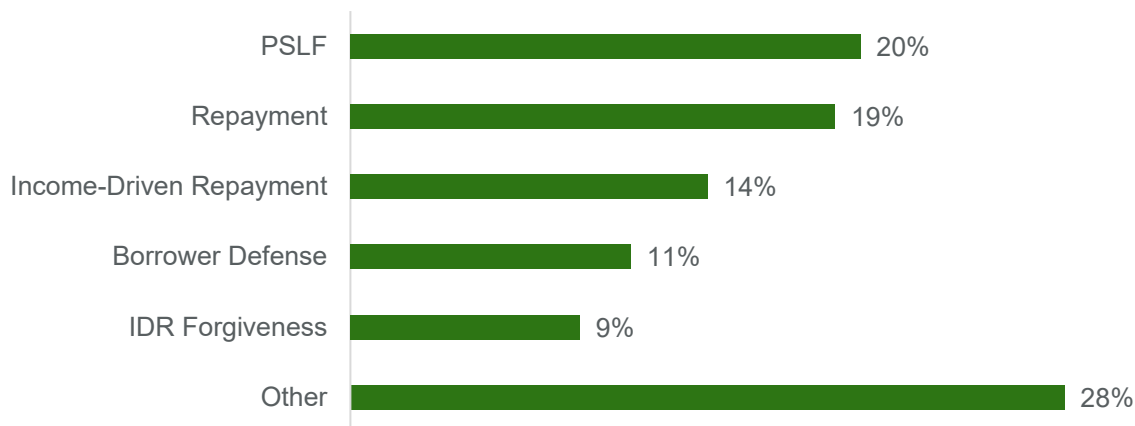
While the top five complaint categories in FY 2024 are consistent with those reported in FY 2023, their distribution changed notably.²⁸ PSLF remained the primary source of complaints, accounting for 20% of total submissions, compared to 32% in FY 2023. In contrast, student loan repayment complaints rose considerably from 6% to 19%, while those concerning IDR plan enrollment and recertification increased from 5% to 14%. This shift is attributed to the resumption of payments following the COVID-19 pause, and the launch of the new IDR plan, known as the SAVE plan.

Additionally, 11% of complaints in FY 2024 described difficulties navigating the Borrower Defense to Repayment program, primarily citing loan discharge processing delays and delays in receiving refunds. Finally, with the payment count adjustment ongoing through the fiscal year, approximately 9% of complaints were related to the implementation of this policy.²⁹

²⁸ In FY 2023, the Ombudsman reported that 32% of complaints about student loans concerned PSLF, 12% concerned Borrower Defense to Repayment, nine percent concerned the IDR payment count adjustment, six percent concerned general repayment, five percent concerned income-driven repayment plans, and five percent concerned the refund status. U.S. Department of Education, Federal Student Aid, Federal Student Aid Fiscal Year 2023 Annual Report, <https://www.ed.gov/sites/ed/files/about/reports/annual/2023report/fsa-report.pdf#page=141>.

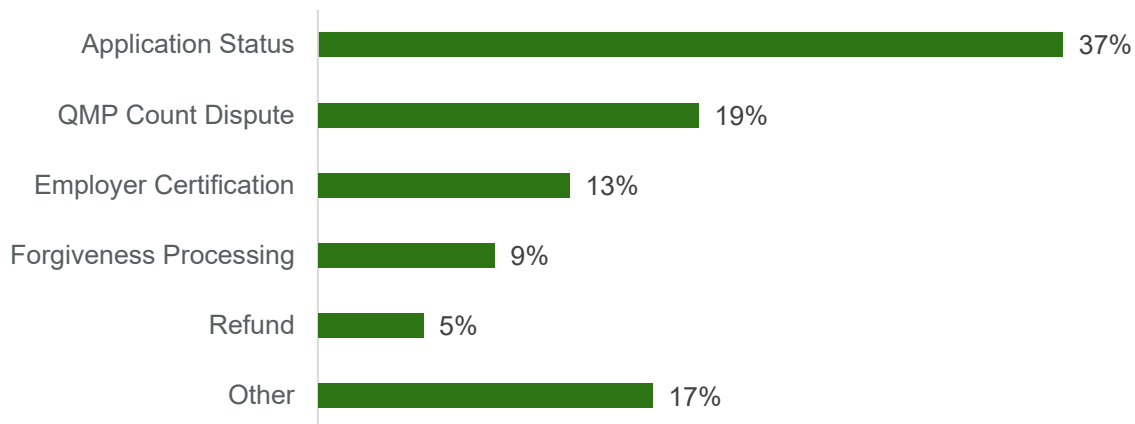
²⁹ See Payment Count Adjustments Toward Income-Driven Repayment and Public Service Loan Forgiveness Programs, available at <https://studentaid.gov/announcements-events/idr-account-adjustment>.

Figure 30: Complaints About Student Loans by Topic³⁰



Throughout the fiscal year, PSLF complaints mainly pertained to pending applications (37%), disputes over qualifying monthly payment counts (19%), and denials of employer certification forms (13%). Other issues included delays in forgiveness processing (9%) and delays in receiving refunds for payments made beyond the required 120 payments (5%).

Figure 31: PSLF Complaints by Subtopic³¹



³⁰ This figure reports 15,669 complaints reviewed; see Data Limitations section for methodological description.

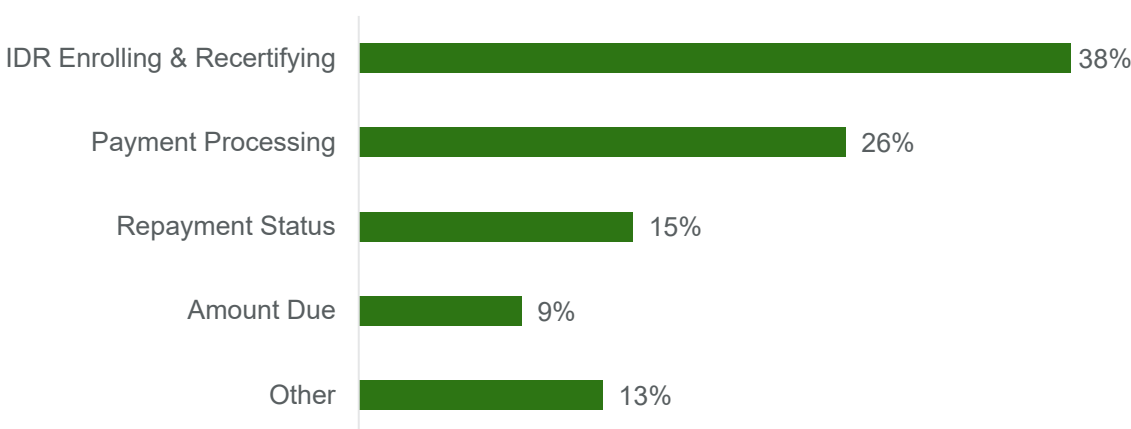
³¹ This figure reports 3,100 PSLF complaints identified as a subset of the 15,669 repayment-related complaints reviewed by Ombudsman staff.

On May 1, 2024, PSLF program operations transitioned from MOHELA to BPO vendors, resulting in a three-month pause in processing PSLF forms. This transition led to a surge in complaints, as borrowers expressed concerns over PSLF form processing delays, payment count updates, and loan forgiveness. For example, one borrower stated in August 2024:

I have made 120 payments on the PSLF program. MOHELA is still sending me bills. I have submitted two PSLF forms to them in the last 6 months reminding them that I was ready for discharge of my remaining balance. Why am I still getting billed? When will I be provided with a letter of forgiveness? I am 71 years old, way past retirement, I need to resign my job and move on with my life.

Where PSLF and Borrower Defense have historically been the most common repayment complaint topics, the return to repayment drove a surge in complaints about IDR enrollment and other general repayment issues, such as payment processing and repayment status. This fiscal year's IDR/Repayment complaints show that the largest number of borrower complaints were about struggling with IDR enrollment and recertification (38%). In addition, the calculated IDR monthly payment amounts of borrowers who complained about IDR enrollment and recertification show that these complainants were mostly from low- and middle-income borrowers.³² Other borrowers (26%) had issues with payment processing, 15% complained about being in the wrong repayment status or about the terms of their repayment status, and 9% disagreed with the amount due on their billing statement.

FIGURE 32: IDR/REPAYMENT COMPLAINTS BY SUBTOPIC³³



Borrowers seeking affordable repayment described challenges in all phases of the IDR enrollment and recertification process. They reported application processing delays, incorrect denials and unexplained cancellations, monthly payment calculation errors, being billed or auto-debited for payment amounts associated with their previous plan, being placed in the wrong

³² Ombudsman staff analysis of a random sample of 100 borrowers who complained to FSA between October 1, 2024, and July 17, 2024 about IDR enrollment or recertification (note: the online IDR application was closed on July 18, 2024 due to an injunction).

³³ 5,186 complaints out of the 15,669 student loan complaints reviewed by Ombudsman staff were about repayment and income-driven repayment.

Additional Reporting Requirements (Unaudited)

repayment plan, or being told to recertify an IDR plan well before their anniversary date.³⁴ Some borrowers experienced multiple issues for the same IDR application. Complaints also described long call center hold times and lack of servicer communication, especially in the earlier months of the return to repayment. One borrower wrote in December 2023:

My servicer, EdFinancial, has sent me numerous incorrect bills and has been extremely slow in responding to my inquiries and processing my IDR application. I just received a response to an inquiry I submitted to them online on 10/27/23 regarding the status of my SAVE IDR application. They are now telling me they have no record of that application, even though I submitted it on 8/23/23, and that they have me on a standard repayment plan. They told me to submit a new application. ... I can't afford the standard repayment plan amount and I'm afraid my loan servicer is going to damage my credit score if this doesn't get corrected soon. Can someone please help me?

Many borrowers also described how IDR access challenges affected them financially. These complaints show the importance of timely and accurate IDR processing. One borrower wrote in February 2024:

I'm currently unemployed and experiencing difficulty to pay my loans. I applied for SAVE last year but it was denied by my MOHELA servicer. I also applied for Unemployment Deferment but my application seemed to be ignored by my servicer as I didn't hear from them. Now, I have a balance due as well as past due amount. Again, on 02/20/2024, I applied for IDR and it is still in progress. Due to being unemployed, I'm unable to make payments at this time. I tried many times to log into my account with MOHELA but their website is not working properly at this time.

Some borrowers who complained about IDR enrollment challenges did not get the help they needed. As part of an in-depth review of IDR complaints, the Ombudsman found that some SAVE-eligible borrowers who submitted complete applications in 2023 were never enrolled.³⁵ And, others who were ultimately approved for SAVE experienced at least one kind of harm before approval, such as receiving and then paying a bill with a higher amount.³⁶

Notably, borrowers submitted 134,375 student loan complaints about issues faced with five Direct loan servicers.³⁷ But the majority of complaints received stemmed from issues with loans serviced by MOHELA (70,980 complaints, 53%). MOHELA complaints were prevalent in IDR/Repayment-related complaints for several reasons including late billing statements, borrowers being asked to recertify their income sooner than six months after return to

³⁴ Borrowers enrolled in IDR must recertify their payment plan each year and start receiving recertification notices approximately 90 days before they must recertify.

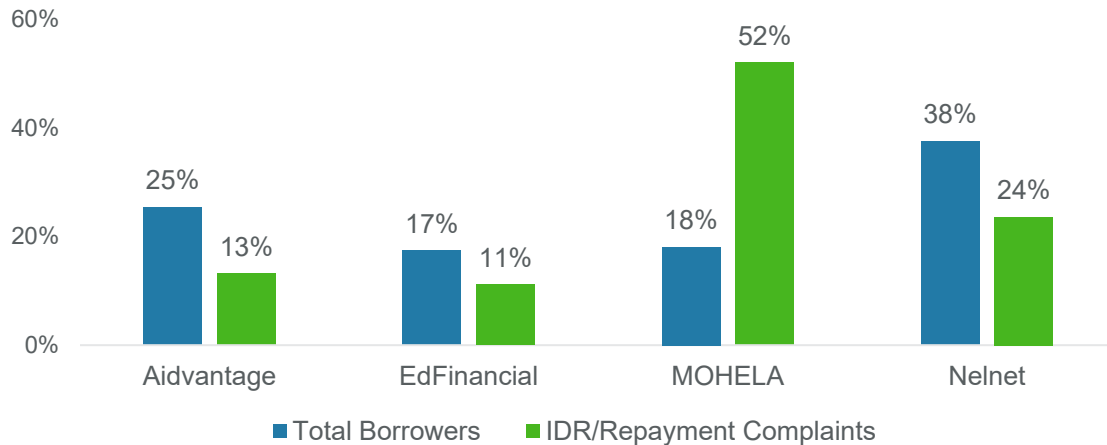
³⁵ *The Promise of Affordable Repayment: The Enrollment Experience of SAVE Applicants Who Complained to FSA in December 2023*, FSA Ombudsman Office, Complaint Research & Analytics Group (September 2024). The report examined outcomes for a random sample of 100 borrowers who complained about SAVE enrollment challenges in December 2023 and found that 16 percent were not correctly enrolled in SAVE by July 2024. This number included borrowers who were approved for SAVE but for the wrong monthly payment amount (12 borrowers), borrowers whose SAVE applications were not processed (two borrowers), and borrowers who refinanced their loans into the private sector before their application was processed (two borrowers).

³⁶ Seventy-six percent of the sample experienced at least one kind of harm before SAVE approval.

³⁷ Borrowers also submitted student loan complaints about non-Direct loan servicers. They make up only 16 percent of the complaints so are not included in this analysis.

repayment, and unexpected repayment-related issues caused by MOHELA's transition to a new servicing platform.

Figure 33: Share of IDR/Repayment Complaints Compared to Share of Total Borrowers Serviced, by Servicer³⁸



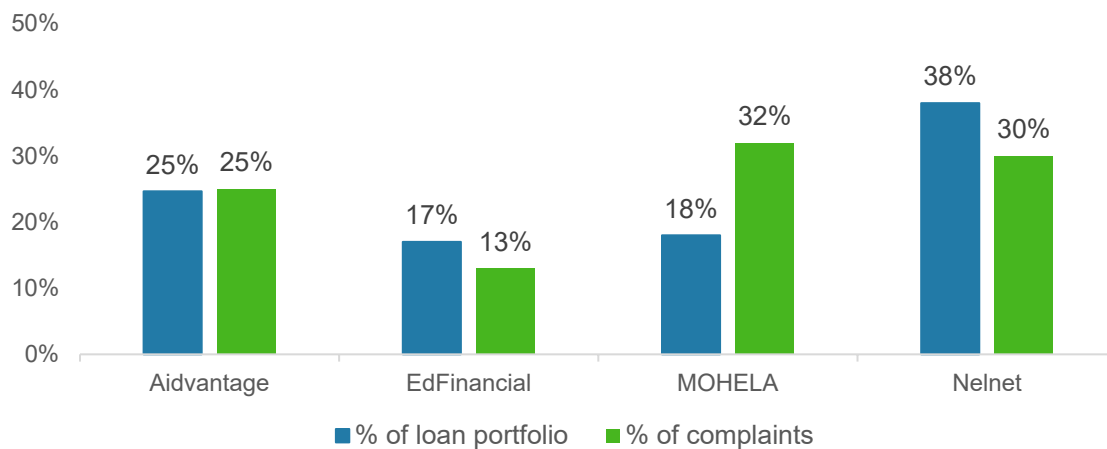
Borrowers serviced by MOHELA also disproportionately complained about issues related to Borrower Defense discharges.³⁹ One example is the case *Sweet v. Cardona*—a class action settlement in which the Department agreed to effectuate discharges and refunds for certain applicants but has faced challenges timely effectuating that relief. After a January 28, 2024, deadline passed with relief still unfinished for many eligible class members, there was a notable peak in complaints from class members with MOHELA-serviced loans. *Sweet* class members complained about extended delays receiving relief and about inaccurate discharges and refunds. Outside of that litigation, borrowers included in other group discharge actions also complained about not receiving their discharges and refunds.

Additionally, on May 1, 2024, the Department approved a group discharge for 317,000 borrowers who enrolled at any Art Institutes campus on or after January 1, 2004, through October 16, 2017. This announcement resulted in a substantial number of complaints from borrowers eligible for the discharge.

³⁸ This figure reports 4,931 IDR/repayment complaints reviewed by Ombudsman staff that had a Direct loan servicer listed in the borrower's case file. There were two complaints for CRI that were not included because the servicer could not be confirmed. "Total Borrowers" includes borrowers with Direct loans and ED-owned FFEL as of September 30, 2024. Source: NSLDS.

³⁹ These figures do not include complaints directed to the Ombudsman as ordered by the court in *Sweet v. Cardona*.

Figure 34: Share of Borrower Defense Complaints Compared to Share of Total Borrowers Serviced, by Servicer⁴⁰



Applying for Aid Complaints

During FY 2024, FSA received 92,295 complaints related to applying for aid, a four-fold increase (305% increase) over the number received in FY 2023. The 2024-25 FAFSA made significant changes to the form and application process, including introducing a new formula, the Student Aid Index (SAI), to calculate an applicant's financial need and requiring applicants and family members to transfer FTI from the IRS. Complaints about applying for aid fell into three broad categories: problems creating or logging in to [StudentAid.gov](https://studentaid.gov) using an FSA ID; parent/contributors experiencing issues accessing, completing, and submitting the FAFSA; and complaints about errors when applicants tried to correct or complete their FAFSA.⁴¹

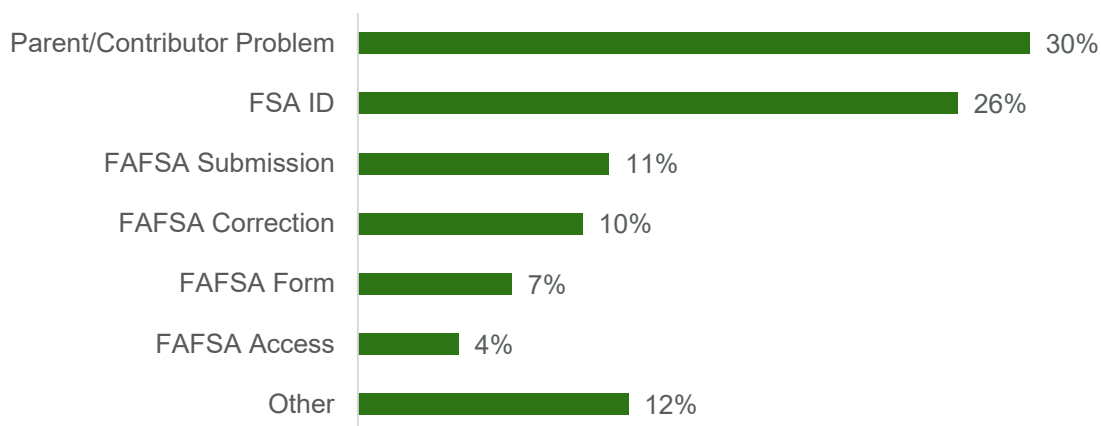
A review of a sample of FAFSA-related complaints found that the most common topic concerned the parent/contributor sections of the application (30%). In FY 2024, the new FAFSA required family members, known as “contributors,” to provide information within the student's application using a separate user account. Many applicants and contributors expressed confusion about the new process, reported technical problems receiving or using contributor links, or were unable to sign and finalize their portion of the application.

Complaints about FSA ID accounted for more than one-quarter of applying for aid complaints (26%). These cases concerned difficulty establishing or logging in using an FSA ID, including difficulty verifying an individual's identity. A smaller share of applicants complained about being unable to submit the FAFSA (11%) or about issues correcting a FAFSA (10%).

⁴⁰ The methodology involved calculating the proportion of complaints for each servicer by dividing the number of complaints received by that servicer by the total number of complaints across all servicers. This complaint rate was then compared to the servicer's portfolio size.

⁴¹ Of the 92,295 cases related to applying for aid, FSA received 28,017 complaints about the FAFSA process, 8,532 complaints about the FSA ID, 1,779 complaints about the FAFSA customer experience, and 1,077 complaints awaiting categorization.

Figure 35: Complaints About the FAFSA by Topic⁴²



Applicants and contributors also complained about delays verifying the identity of individuals without a Social Security Number when establishing an FSA ID. Because of the requirements to link FTI, those without a Social Security Number could not complete the FAFSA until FSA or vendor staff manually reviewed their identification documents and attestation of identity. Backlogs performing this work delayed FAFSA access for many complainants.

*I am helping my daughter fill the FAFSA for 2024–2025. Since I do not have a SSN, I had get the manual verification done. The manual verification was initiated on January 30, 2024 and I had sent an email to IDVerification@ed.gov on the same day. I had sent the attestation form along with in passport as a proof of identity. **Per the document the manual verification process would take 1 to 3 business days. I had been calling several times to know the status and it was said that it would take 14 business days due to large volume of similar requests. After 14 business days I was transferred to the help desk and they couldn't help me either. I was just asked to wait. The FAFSA deadline for my daughter's university is March 1, 2024. I would appreciate it if you could help me get through the manual verification process as soon as possible.***

In April, the Department announced changes to our system to temporarily allow those without a Social Security Number to immediately access the online 2024-25 FAFSA form after creating a StudentAid.gov account, foregoing the need to have the identity validation process completed prior to a student submitting their FAFSA form. The Department extended this process change into the 2025-26 FAFSA cycle.

Across FAFSA-related complaints, students and contributors describe facing technical difficulties, prompting concern about college enrollment and associated scholarships and grants. For example, in August one parent described this situation:

⁴² This figure reports on a sample of 1,800 complaints about the FAFSA as a subset of the 15,669 servicing-related complaints reviewed by Ombudsman staff. Percentages do not add up to 100% due to rounding.

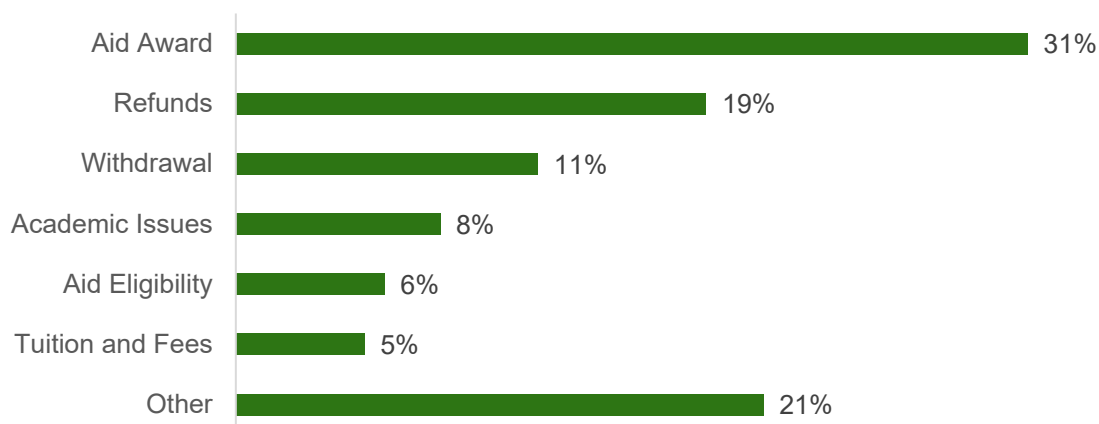
Additional Reporting Requirements (Unaudited)

I am trying to finish [the] FAFSA form and it says I need to sign my daughter's form and whenever I log into my account it says nothing for me to sign it. It also doesn't show that I am connected to my daughter at all. I called customer service twice and they said they have no idea what is going on and now my daughter might not be able to get her scholarships.

School Complaints

During FY 2024, FSA received 13,433 school-related complaints. These submissions covered a wide range of issues related to school operations after enrollment. Nearly one-third of the sampled complaints concerned the timing and amount of aid awards (31%).⁴³ The second-most common topic concerned the timing and amount of refunds (19%), followed by concerns about withdrawal (11%), including school charges and the return of aid. Students also complained about academic issues (8%), establishing eligibility for aid (6%), and unexpected tuition and fee charges (5%).

Figure 36: School Complaints by Topic



Some students reported that because of delays processing their 2024–25 FAFSA, their schools directed them to private loan products. One student attending a large, for-profit school wrote:

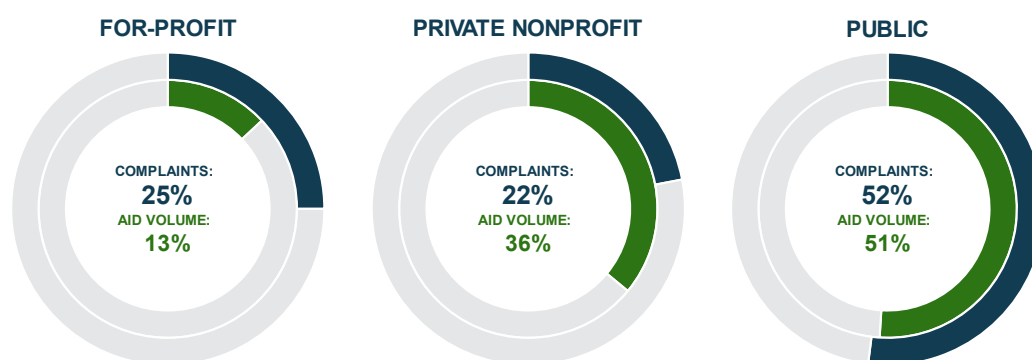
*They do not want to wait for 2024–25 FAFSA. **They want me to take out loans to pay them and then wait for FAFSA. They want me to take almost \$9000 worth of loans that I can't repay.** That is just crazy. I feel like they just do not want to wait on FAFSA, so they are trying to force me to take out loans before the academic year starts.*

Students who attended for-profit schools disproportionately submitted complaints about their schools relative to the share of *Title IV* aid funds disbursed to those schools. The for-profit sector accounts for 13% of annual aid volume but represents a quarter (25%) of FSA's identified

⁴³ The Ombudsman reviewed 3,600 likely school-related complaints based on selections made on complaint intake and identified 2,922 school-related complaints. The numbers reported in this section do not include 678 complaints primarily from former students about school misconduct as they sought discharge under borrower defense to repayment or reports of problems completing the FAFSA.

complaints. In contrast, the private, non-profit school sector accounts for a significantly smaller share of complaints than annual federal aid volume. The public-school sector's share of complaints and aid volume are nearly the same.

Figure 37: School-Related Complaints and Federal Aid Volume by School Sector⁴⁴



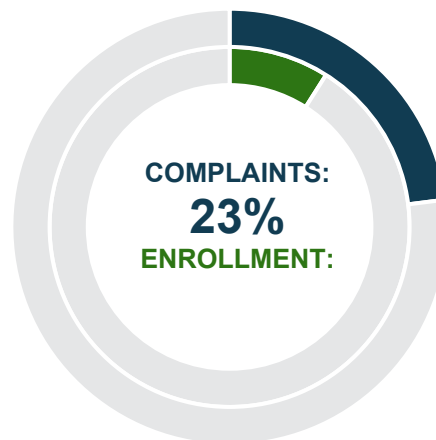
Students enrolled in many for-profit schools complained about refund disbursement policies that distributed funds in small amounts throughout an award period. Students reported that the delayed refunds affected their ability to purchase supplies or pay for basic needs. One student wrote:

I was informed while signing up for school that I can use my funding to be able to purchase a laptop. When I started school on July 8, 2024, I informed my student support advisor that I needed funding to purchase a laptop and supplies I need to complete my schooling. I was then told I'd have to wait 30 days to be able to get my left-over funding to be able to purchase supplies. It is now August 6, 2024, and I am currently halfway through WEEK FIVE, and I called them this morning saying I still need a laptop and supplies. Because I am at risk for failing since I do not have a laptop to complete schoolwork.

FSA also received a disproportionate number of complaints from predominantly online schools. FSA received 2,764 complaints (23%) about schools where more than 80% of students are enrolled exclusively online. In contrast, these schools accounted for only 9% of enrollment in *Title IV*-eligible schools during the 2023–24 school year, the most recent year data was available.

⁴⁴ The Ombudsman Office matched school complaints by sector using the Integrated Postsecondary Education Data System for the 2023–24 school year, the most recent year for which final data are available. Aid volume information was reported by the FSA Data Center (Award Year Summary by School Type) for the 2021–22 school year, the most recent year for which data is available.

Figure 38: School-Related Complaints about Predominantly Online Schools Compared with Share of Total Enrollment



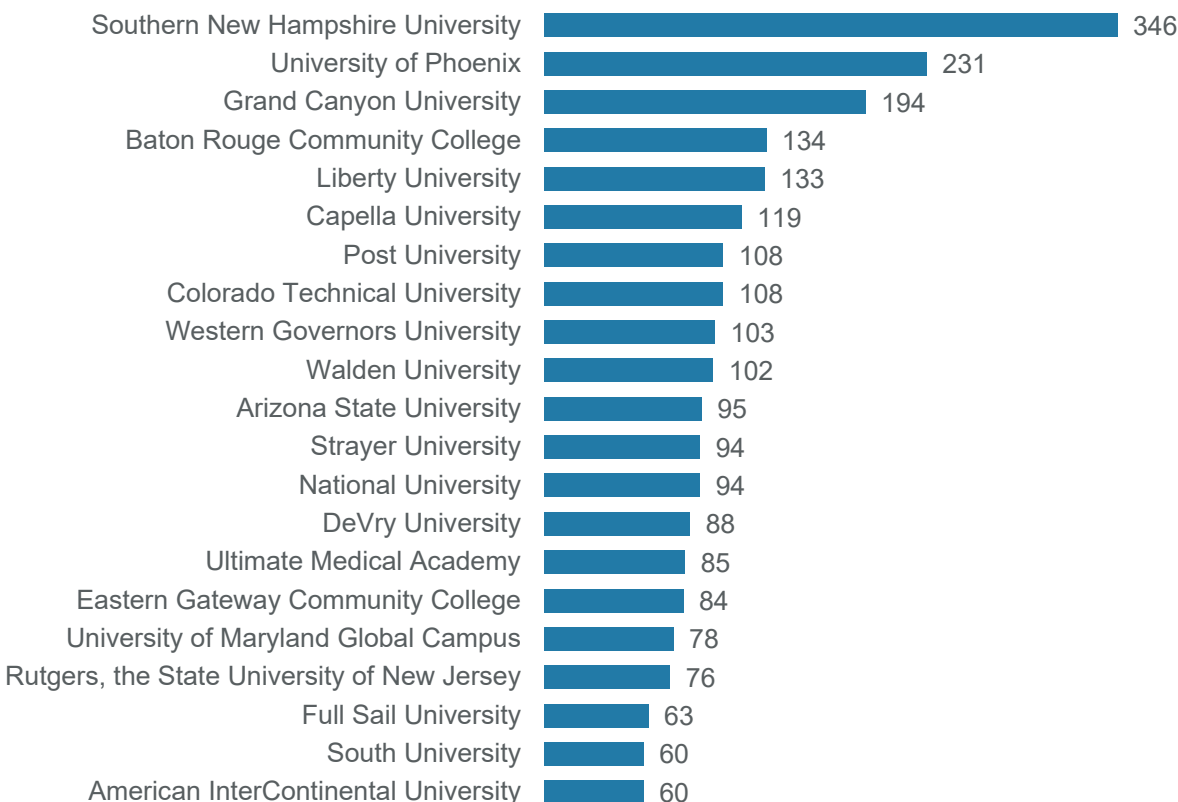
While FSA does not track the enrollment modality of students who submit complaints, many complaints from students attending predominantly online schools suggest that students struggle to interact with those who administer relevant programs at their schools in this format. These complaints describe an environment where students must await response from financial advisors or supervisors to answer questions or to process enrollment changes.

FSA received school complaints about 2,851 institutions of higher education.⁴⁵ Students submitted 2,455 complaints (18%) about the 21 schools with the most complaint volume during the year. Many of the top 21 schools listed had the highest student enrollment for the most recent year data is available; other schools listed received more complaints than expected for their enrollment size.⁴⁶

⁴⁵ This number does not include cases where school information was not logged upon intake.

⁴⁶ Narratives discussed in this section pertain to one of the top 21 schools by complaint volume.

Figure 39: Number of Complaints by School from Top 21 by Volume⁴⁷



Student Loan Complaints from Underserved Communities

Executive Order 14091 requires federal agencies to review “potential barriers that underserved communities may face in accessing and benefiting from the agency’s policies, programs, and activities...”⁴⁸ In furtherance of this order, this report reviews complaints submitted from select underserved communities, including older borrowers, military borrowers, and incarcerated borrowers.

⁴⁷ School complaints were aggregated by OPEID, and the names were matched using the Integrated Postsecondary Education Data System for the 2023–24 school year, the most recent year for which final data are available. Table lists both South University and American Intercontinental University. Table lists 21 schools because FSA received an equal number of complaints about them.

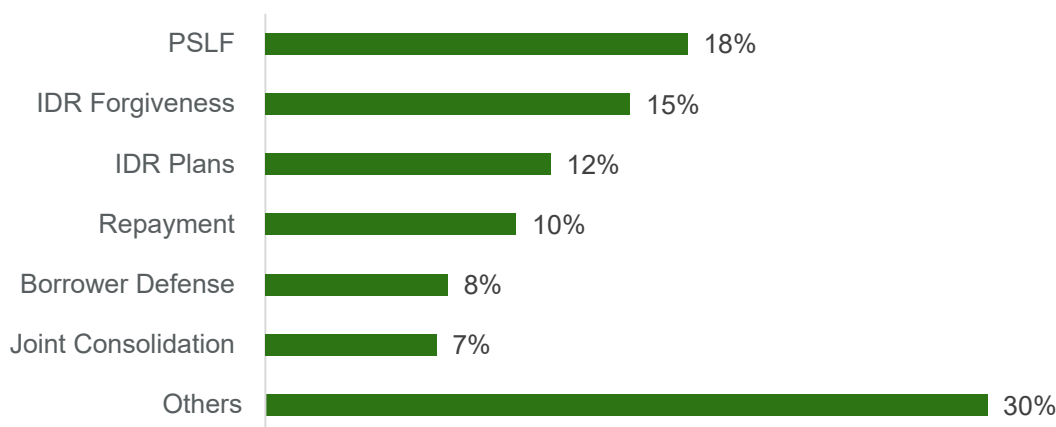
⁴⁸ *Executive Order on Further Advancing Racial Equity and Support for Underserved Communities Through The Federal Government*, The White House (February 16, 2023), <https://www.whitehouse.gov/briefing-room/presidential-actions/2023/02/16/executive-order-on-further-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/>.

Complaints from Older Borrowers

Research shows that borrowers are increasingly carrying student debt into retirement age.⁴⁹ In FY 2024, more than 726,300 borrowers aged 71 and older had student loan debt, and the total debt held by this group was more than \$28 billion.⁵⁰

Borrowers 71 or older submitted complaints detailing a broad spectrum of student loan issues. The top three complaint categories pertained to PSLF (18%), the payment count adjustment policy (15%), and IDR enrollment and recertification (12%). Older borrowers also reported challenges about general repayment issues (10%), Borrower Defense to Repayment (8%), as well as limitations imposed on borrowers of joint consolidation loans (7%).

Figure 40: Student Loan Complaints from Older Borrowers⁵¹



For example, one borrower reported in May 2024:

I assumed that President Biden had all student loans forgiven up to a certain amount and the years. I am 73 years old and retired. I now live on a fixed income, and I am on hardship during this time. This student loan is taking a toll on what little finances I am receiving. I would appreciate if the loan can be forgiven. I have shown good faith and trying to repay the loan without any penalties. Please take this in consideration and assist me with this matter.

Complaints from Military-Affiliated Borrowers

Pursuant to its responsibilities under the *Principles of Excellence*, FSA monitors complaints submitted by service members and military families.⁵² During FY 2024, FSA received 17,666

⁴⁹ National Consumer Law Center, *The Growing Impact of Student Debt on Older Borrowers* (2024), <https://www.nclc.org/wp-content/uploads/2024/09/Impact-of-Student-Debt-on-Older-Adults.pdf>.

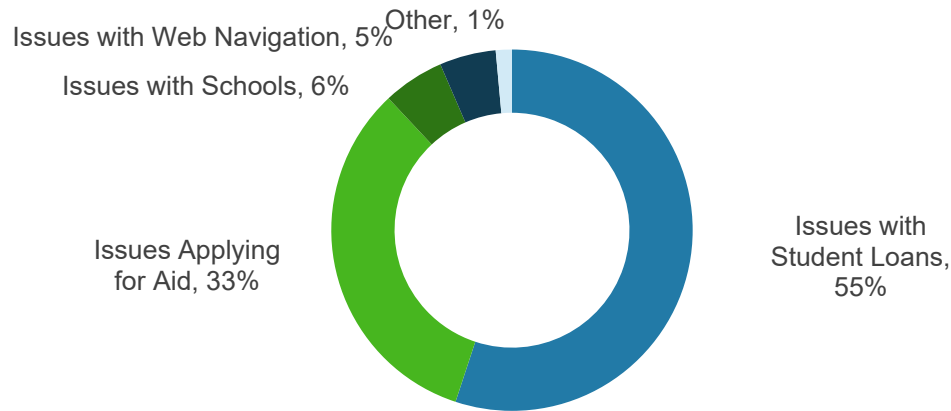
⁵⁰ National Student Loan Data System, as of August 31, 2024.

⁵¹ This figure reports 211 servicing complaints identified as a subset of the 15,669 servicing-related complaints reviewed by Ombudsman staff.

⁵² Executive Order No. 13607, 3 C.F.R. § 13607 (2012), <https://www.federalregister.gov/documents/2012/05/02/2012-10715/establishing-principles-of-excellence-for-educational-institutions-serving-service-members-veterans>. Complainants are able to log their affiliation as an active member of the military, a veteran, or a dependent of an active member or veteran.

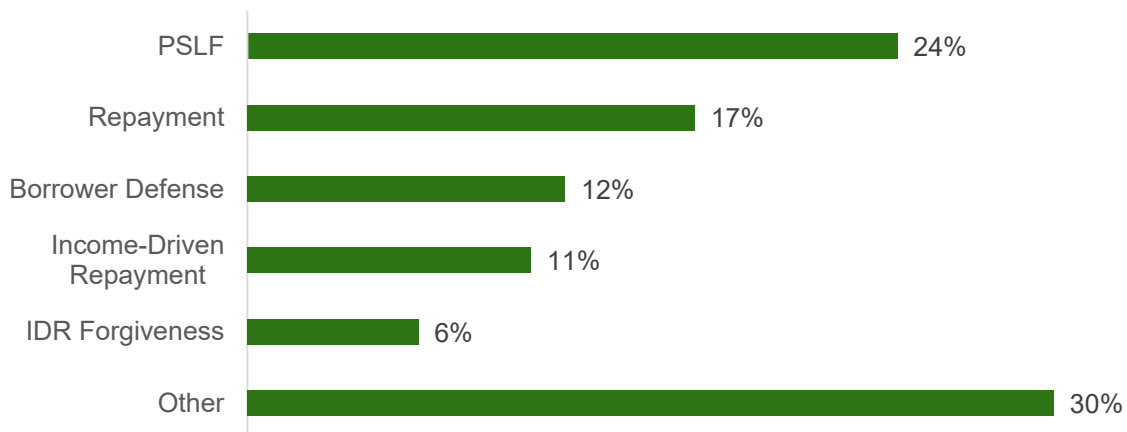
complaints from military-affiliated borrowers with more than half (55%) concerning student loan issues.

Figure 41: Military-Related Complaints Received by Stage of Federal Aid Lifecycle



During the fiscal year, military-related borrowers submitted complaints describing a wide range of student loan issues. Nearly one-quarter (24%) concerned PSLF, followed by Repayment (17%), Borrower Defense to Repayment (12%), IDR (11%), and IDR Forgiveness (6%).

Figure 42: Military-Related Complaints About Student Loans by Topic



Military-affiliated borrower described being removed from or delayed processing of military deferments during active-duty deployment periods. Borrowers also experienced delays and incorrect processing of loan forgiveness and discharges, impacting their ability to engage in military and civilian life. For example, one borrower who successfully completed the required 120 payments for PSLF described the negative effects of delayed forgiveness:

I made my 120th payment and submitted my application for PSLF in mid-April. Since then, I have been repeatedly told incorrect information on when it would be forgiven, with the goal post continuing to move. We borrowers have been left in the dark during this 'transition' period. I [had a Permanent Change of Station] leaving my family behind in another state because we can't buy a home literally because this is hanging on my credit report. And I can get NO accurate information on when it will be forgiven or ANY documentation that it will be forgiven to give to my underwriters.⁵³

In addition to student loans, FSA received 5,823 complaints from military-affiliated individuals reporting difficulty navigating the 2024–25 FAFSA. These families described how serving the military abroad made it more difficult to receive assistance with their FAFSA when needed. For example:

I have been trying to sign my son's FAFSA since February and I still cannot sign it. The last day for submitting a FAFSA is coming up soon and my husband is leaving on deployment in less than a week. We need to get this signed but every time it gets to the signature page it takes me back to the beginning. We are stationed overseas so calling during business hours is very difficult.

Complaints from Incarcerated Students and Borrowers

During FY 2024, SEG expanded outreach to incarcerated students and borrowers and their advocates. Two initiatives drove an increase in complaints submitted by incarcerated customers.

First, in September 2023, FSA published a factsheet for incarcerated borrowers that explained how to use Fresh Start to get out of default.⁵⁴ The factsheet provided a mailing address for the Ombudsman Office that was not previously available to incarcerated borrowers. Second, in September 2023, FSA wrote a letter encouraging administrators at correctional facilities to help reduce communication barriers that incarcerated borrowers face when trying to manage their student loans.⁵⁵ Throughout FY 2024, SEG conducted outreach on these initiatives through at least 18 engagements with local, tribal, state, and federal correctional agencies. Partners responded by distributing the Fresh Start factsheet in prisons and by exploring ways to improve phone and mail communications between customers and FSA.

As a result of these efforts, SEG received 369 complaints from incarcerated people, an increase of more than 311% over FY 2023.⁵⁶ Incarcerated complainants commonly seek help with repayment, default, write-off, consolidation, loan forgiveness, identity theft discharge, and

⁵³ This borrower received loan forgiveness at the beginning of FY 2025.

⁵⁴ Federal Student Aid, "Getting Out of Student Loan Default with Fresh Start," September 2023, available at <https://fsapartners.ed.gov/sites/default/files/2023-09/FactSheetFreshStartforIncarceratedStudents.pdf>.

⁵⁵ Federal Student Aid, "Dear Partners," September 12, 2023, available at <https://www2.ed.gov/about/offices/list/ovae/pi/AdultEd/fsa-letter-to-correctional-facilities.pdf>.

⁵⁶ The 369 complaints figure does not include the types of complaints from incarcerated and formerly incarcerated customers that were reported in previous FSA Annual Reports. In FY 2023, FSA reported 145 cases from incarcerated and formerly incarcerated customers. These complaints comprised those submitted by customers through FSA's website that were handled by contractors, servicers, or Ombudsman Office staff. They are identified through key word searches that indicate the complainants are or were incarcerated. In FY 2024, there were 228 such complaints, which are in addition to the 369 received by the Stakeholder Engagement Group because of increased outreach.

eligibility for education programs. These complaints often stem from the communication barriers associated with incarceration. For example:

I have written and requested the IDR Plan three times to my loan servicer Aidvantage. I am currently incarcerated... I do not have access to internet to fill out application of IDR plan. I do not have access to phone to call and apply for IDR plan. I can only write and request IDR application, and I have three times. I wrote and requested the IDR application before my first payment was due. I am now four months behind...

In another complaint, an incarcerated borrower described a critical need for a \$0 IDR plan, and yet could not enroll:

I am contacting you because I have made several unsuccessful attempts with the department and with my loan servicer provider to be placed into the IDR. My attempts and initial request have been ignored and I am reaching out to you for your assistance. I have included my income as an incarcerated individual, which includes my affidavit for the \$18.00 state pay I receive, and a copy of the information establishing my small monthly pension annuity income that I just started getting. Nevertheless, I am still indigent as this is all the money I receive and it is used to provide for my basic needs, such as hygiene items, small food items, phone time, envelopes, legal supplies, etc... I would like to be on a plan that is based off of this income...

In all complaints received directly from incarcerated students and borrowers, Ombudsman Office staff provide customized responses, mostly via postal mail. These complaints allow FSA to identify common obstacles of managing student loans in prison and to improve how FSA assists incarcerated customers.

In April 2024, FSA announced a policy change regarding loan consolidation.⁵⁷ Incarcerated borrowers who are not currently enrolled in a higher education program gained the ability to consolidate their loans, which opens a pathway to get out of default and to make Perkins loans and FFEL Program loans eligible for more repayment plans. SEG will release a factsheet that provides instructions to incarcerated borrowers on how to consolidate in early FY 2025 to coincide with the end of Fresh Start.

Activities of the Ombudsman

The Ombudsman Office's Stakeholder Engagement Group (SEG) facilitates engagement, outreach, and complaint handling in support of FSA's mission. It also helps to fulfill FSA's responsibilities under various laws to increase awareness about Title IV programs and solicit feedback on how to improve the delivery of aid. SEG effectuates the principles of accessibility, high-quality customer service, and responsive government through a variety of engagements, including listening sessions, webinars, meetings, and outreach efforts. In FY 2024, SEG participated in more than 500 engagements. In addition, SEG uses stakeholder feedback to lead initiatives aimed at improving outcomes for financial aid recipients, especially student loan

⁵⁷ U.S. Department of Education, "Biden-Harris Administration Opens New Path for Incarcerated Borrowers to Exit Default," April 16, 2024, available at <https://www.ed.gov/news/press-releases/biden-harris-administration-opens-new-path-incarcerated-borrowers-exit-default>.

borrowers from historically underserved populations. This section provides examples of SEG's most impactful work from FY 2024 and outlines programmatic goals for FY 2025.

Engagement

FSA has a statutory obligation to consult with stakeholders and solicit their feedback to improve the federal student aid system.⁵⁸ To ensure FSA heard from diverse communities during FY 2024, SEG worked to enhance existing relationships and create new connections with leaders in government, advocacy, industry, and the higher education community.

Throughout the fiscal year, SEG coordinated eight listening sessions with stakeholders to receive feedback about the federal student aid system. For example, SEG held a listening session on the topic of Fresh Start with loan policy experts, researchers, legal aid attorneys, and advocates. SEG also held several listening sessions on FAFSA support with higher education institutions and government representatives. SEG later provided feedback to FSA's College Support Strategies Team on what aspects of aid delivery institutions were struggling with and how FSA could better support these institutions.

State agencies are critical partners to FSA, and during FY 2024, SEG worked with state ombudsman offices, attorneys general, regulators, corrections agencies, higher education authorities, and more. SEG met monthly with 15 state ombudsman offices and met occasionally with state attorneys general and regulators to exchange information about borrower complaints, outreach efforts, and FSA's student loan programs. State ombudsmen repeatedly shared that the ability to engage in direct complaint resolution with the FSA Ombudsman Office has increased their ability to serve their constituents. These partnerships also offer new opportunities to collaborate.

Legal aid attorneys are another critical partner to FSA. They help student loan borrowers with complex legal problems and commonly refer complaints to SEG.⁵⁹ Like state partners, their engagement with FSA results in timely information about what borrowers are experiencing. To bolster FSA's relationship with legal aid attorneys, SEG piloted Complaint Resolution Office Hours, which gave legal aid attorneys dedicated time to meet with SEG staff once per month to ask questions, share observations, and refer complaints. In the second half of FY 2024, SEG held 30 office hours appointments with legal aid attorneys from across the country. Following the success of these meetings, SEG began holding office hours with state ombudsman in late FY 2024, holding 31 appointments attended by 15 state ombudsmen and their staff.

Outreach

In addition to its engagement work, SEG conducts direct outreach to students and borrowers through educational webinars, in-person events, and publications. These outreach efforts, while generally smaller than other FSA outreach activities, focus on communities that are traditionally

⁵⁸ 20 U.S.C § 1018(c)(3).

⁵⁹ Stakeholders covered under the STOP Act, Pub. L. 116-251 (2019), including state officials and legal aid attorneys, commonly contact the Ombudsman Office to request borrower records as FSA has not yet implemented to required access portal. Sec. 4(e)(2)(B)(iii).

underserved by FSA's broader communications channels.⁶⁰ To supplement FSA's other efforts, SEG prioritizes creating customized content to better meet the needs of its target audiences.

During FY 2024, SEG participated in 16 webinars to present information about managing student loans, return to repayment, and forgiveness programs to a variety of audiences, collectively reaching at least 1,500 students, borrowers, and stakeholders. In March 2024, during the White House's Week of Action to promote the SAVE Plan, SEG partnered with states, cities, advocacy organizations, and the Department's human resources office to present information at four virtual events. In addition, SEG partnered with the Consumer Financial Protection Bureau (CFPB) on two webinars, including a webinar collaboration between the CFPB and the American Association of Retired Persons to reach older Americans who have been tackling student loan debt for decades. SEG also focused on reaching military and veteran borrowers through webinars developed in partnership with veterans and military service organizations that were focused on issues relevant to these borrowers, including PSLF, TPD, and military service deferment.

Throughout the fiscal year, SEG significantly increased its engagement at in-person events to directly reach underserved communities, promote the visibility of the Ombudsman Office, and collaborate with stakeholders. During one week in July, for example, SEG members participated in seven events in Las Vegas, Nevada, including presentations, panels, and listening sessions at two national conferences, roundtable discussions on a college campus through a White House Initiative, and presentations with legal aid partners. In total, SEG participated in 29 in-person events in major cities and their suburbs across the country, including Atlanta, Baltimore, Boston, Boulder, Chicago, Dallas, Denver, Detroit, Durham (NC), Fort Worth, Jackson (MS), Las Vegas, Los Angeles, Phoenix, and Seattle.

In FY 2024, SEG was a key partner to the Education Department's Office of Communications and Outreach (OCO) in hosting and facilitating the SAVE on Student Debt partnership campaign organized by Civic Nation and other non-federal partners.⁶¹ SEG attended 16 events to present information on repayment and forgiveness programs. By participating in these outreach events, SEG expanded FSA's reach to additional stakeholders and promoted the visibility of the Ombudsman Office to borrowers.

To improve borrower outcomes and fill gaps in FSA's outreach, SEG also creates informational products. In FY 2024, SEG identified the need to educate medical professionals about how to complete a borrower's application for the TPD Discharge Program. Based on feedback from stakeholders and complainants, SEG published an FAQ-style factsheet on [StudentAid.gov](https://studentaid.gov) with tips for completing the application.⁶² SEG shared this product with relevant stakeholders, and Ombudsman Office staff shared it with complainants as a resource during the TPD application process.

⁶⁰ See also Executive Order on Further Advancing Racial Equity and Support for Underserved Communities Through The Federal Government, The White House (Feb. 16, 2023), <https://www.whitehouse.gov/briefing-room/presidential-actions/2023/02/16/executive-order-on-further-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/>.

⁶¹ White House, *FACT SHEET: The Biden-Harris Administration Launches the SAVE Plan, the Most Affordable Student Loan Repayment Plan Ever to Lower Monthly Payments for Millions of Borrowers* (Aug. 22, 2023), <https://www.whitehouse.gov/briefing-room/statements-releases/2023/08/22/fact-sheet-the-biden-harris-administration-launches-the-save-plan-the-most-affordable-student-loan-repayment-plan-ever-to-lower-monthly-payments-for-millions-of-borrowers/>.

⁶² Federal Student Aid, "Total and Permanent Disability Discharge Info for Medical Professionals," available at <https://studentaid.gov/manage-loans/forgiveness-cancellation/disability-discharge/medical-professionals>.

Lastly, to keep stakeholders informed with the latest news from FSA, SEG regularly sends emails with announcements, events, and policy updates. In FY 2024, SEG sent 47 such emails to state partners, legal aid attorneys, researchers, policy experts, advocates, school representatives, and other stakeholders.

Complaints from Stakeholders

The Ombudsman Office most commonly responds to customer complaints that are escalated through FSA's online complaint system or referred from other federal government offices, such as the White House and members of Congress. However, SEG handles a unique portfolio of complaints that instead originate directly from its engagements with stakeholders and customers. For example, state officials and legal aid attorneys bring complaints from their constituents and clients to SEG during office hour appointments, rather than asking them to submit another complaint to FSA. Additionally, SEG receives complaints from participants who attend its in-person events and virtual webinars. SEG also provides direct outreach to student loan borrowers in prison and invites their complaints directly via postal mail. SEG continuously works with stakeholders to improve complaint referral processes to work smoothly for the borrower and stakeholder. This allows for borrowers to seek meaningful resolutions via the complaint process of their choice without being passed between various agencies and systems.

From all its engagements during FY 2024, SEG received 1,171 complaints, a 151% increase compared to FY 2023.⁶³ In addition to resolving the complaints, the Ombudsman Office uses these complaints to identify systemic problems that require additional outreach and education.

SEG has a two-way relationship with stakeholders. It not only receives complaints; it shares complaint data back to partners for action. SEG shared 3,504 student debt relief scam complaints with attorneys general in 41 states and the District of Columbia. SEG continued to build working relationships with federal and state enforcement partners, which led to two enforcement actions taken by the Federal Trade Commission, one taken by the Federal Communications Commission, three investigations begun by state attorneys general, and multiple consumer alerts with educational materials about third-party debt relief scams.

Looking Ahead

In FY 2025, SEG will build upon its engagement with underserved communities identified in FY 2024 by prioritizing its partnerships with stakeholders who serve these communities. SEG plans to hold more listening sessions in FY 2025 as pandemic-era debt relief programs like the Repayment On-Ramp expire and borrowers enter a new normal of post-pandemic student loan repayment. The Ombudsman Office will solicit feedback on collections practices, servicing, and school accountability.

SEG will continue to capitalize on existing relationships with stakeholders, disseminate critical student loan updates, and seek stakeholder support in identifying community organizations that reach underserved students and families. In particular, SEG plans to expand Complaint Resolution Office Hours beyond state ombudsmen to state attorneys general and regulators, who also field and resolve borrower complaints. This will provide a regular opportunity for SEG

⁶³ In the FY 2023 Annual Report, FSA reported that SEG received 466 cases during FY 2023.

to connect with more state partners, especially in states that lack a student loan ombudsman function.

In addition, SEG will serve as FSA's representative for sharing information and coordinating enforcement with the Department's Office for Civil Rights (OCR) related to investigations or compliance reviews that involve allegations of racial or national origin discrimination in matters related to recruitment, admissions, and financial aid, consistent with an Intra-agency Agreement entered in FY 2024. Institutions that participate in Title IV must comply with the terms of their PPA, which requires compliance with Title VI and other federal civil rights laws. SEG looks forward to working collaboratively with OCR and FSA's Enforcement Division to protect students from discrimination.

Ombudsman Discussion

The following discussion and recommendations are made by the Ombudsman in accordance with the authority established under the *HEA* and informed by thousands of borrower complaints received throughout the year.

Introduction

Over the last few years, the Administration has taken critical action to correct servicing errors and provide much-needed relief for borrowers. These efforts also provided a bridge of financial security for communities hardest hit by the pandemic. For example, Fresh Start eliminated the negative impacts of federal student loan default, which otherwise carries extraordinary repercussions such as offsets to Earned Income Tax Credit refund checks,⁶⁴ and disproportionately affects Black and Latino borrowers.⁶⁵ Through Fresh Start, borrowers had a rapid pathway out of default, and for many, direct enrollment into an IDR plan that mitigates the common obstacles faced when trying to cure a default.

Fresh Start has been life-changing for approximately 900,000 borrowers who accessed the program. For example, research shows that borrowers who enroll in Fresh Start see a median credit score increase of 50 points.⁶⁶ This change can translate into tens of thousands of dollars in savings through access to better credit terms on other financial products. However, complaints demonstrate that certain segments of borrowers were unable to access Fresh Start based on loan-related circumstances beyond their control. Now, as the Department restarts collections after a four-year break, these borrowers are left with few options to get on track with their loans and avoid the devastating fallout of student loan defaults.

⁶⁴ National Consumer Law Center, *Voices of Despair: Student Borrowers Trapped in Poverty When the Government Seizes Their Earned Income Tax Credit* (2018), <https://www.nclc.org/wp-content/uploads/2022/10/voices-of-despair.pdf>.

⁶⁵ Student Borrower Protection Center, *Disparate Debts* (June 2020), <https://protectborrowers.org/wp-content/uploads/2020/06/SBPC-Disparate-Debts.pdf>.

⁶⁶ Christa Gibbs, Consumer Financial Protection Bureau, *Office of Research blog: Initial Fresh Start program changes followed by increased credit scores for affected student loan borrowers*, CFPB (Jul. 13, 2023), <https://www.consumerfinance.gov/about-us/blog/initial-fresh-start-program-changes-followed-by-increased-credit-scores-for-affected-borrowers/>.

Borrowers of Loans with Judgments

The Department had a longstanding practice of collecting on student loans through litigation.⁶⁷ Lawsuits could be initiated by a GA or referred directly to the U.S. Department of Justice (DOJ) by FSA.⁶⁸ When referred to DOJ, borrowers who lose their court cases may end up with judgments requiring them to pay the entire debt immediately; while others can negotiate a repayment schedule and enter into a settlement agreement.⁶⁹

Although most borrowers with defaulted loans had a path out of default during the Fresh Start initiative, borrowers with judgments were not eligible for Fresh Start. Similarly, loans with outstanding judgments are not eligible for the benefits regained by other borrowers who are able to get out of default, such as Direct Loan consolidation, access to income-driven repayment programs, and loan forgiveness through programs like PSLF. Lastly, Direct Loan borrowers with judgments are not able to access disability discharges without special assistance.

In 1992, the DOJ began assigning student loan cases to private law firms, especially those with lower balances, because private firms could litigate the cases cheaply and quickly.⁷⁰ In 2018, 85% of judgments brought against student loan borrowers were brought by private law firms under contract with DOJ,⁷¹ making up 93% of the year-end private counsel portfolio.⁷² FSA instructed its PCAs to prepare litigation referral packages for loans with balances of \$25,000 or more to DOJ, but allowed for referrals of just \$600 or more to private counsel firms if the borrower resided in any of the five states in which the private firms were active: Texas, Michigan, Pennsylvania, California, and Florida.⁷³

The Ombudsman Office receives a steady influx of complaints from borrowers with outstanding judgments, many obtained through default proceedings. Some borrowers report never having been made aware of the lawsuit, discovering it only when applying for a mortgage or when subjected to garnishment orders. Other complaints report that DOJ and private firms are unresponsive, difficult to contact, or provide inaccurate information about options to remove the judgment. Borrowers describe how their requests for affordable repayment schedules are denied or how years of repayment under a settlement can make little, if any, dent in the loan balance due to the imposed attorney's fees. Payment plans offered to these borrowers are less generous than the Department's usual programs, and, according to borrower complaints, often unaffordable. For example, one borrower whose income places him below the poverty guideline saw his loan balance nearly triple while his loans were under judgment (from \$6,625 to \$16,217). This borrower complained that he was only offered a payment amount of \$65 per

⁶⁷ For example, Default Resolution Group's (DRG) internal procedures for DOJ referral state that a case should only be referred to the DOJ if "funds cannot be recovered through available collection tools." Loans should have been in default for a minimum of 3 years and no Treasury Offset Payments can have occurred within the last 2 years.

⁶⁸ The Department ended its contracts with PCAs in 2022. Additionally, in 2024, the Department directed GAs to not pursue collections activity.

⁶⁹ In addition, acceleration clauses in promissory notes make the whole loan due upon default, even without a court order. While Department-held debt referred to DOJ on which judgments were obtained have the entire debt deemed due immediately, the large majority of judgment debt is paid through a repayment schedule.

⁷⁰ U.S. Government Accountability Office, Civil Debt Collection: Justice's Private Counsel Pilot Program Should Be Expanded (govinfo.gov) (Sept. 14, 1994), at 14, FN16, <https://www.gao.gov/assets/ggd-94-195.pdf>.

⁷¹ National Consumer Law Center, *Inequitable Judgments* (April 2019), <https://www.nclc.org/wp-content/uploads/2022/10/report-inequitable-judgments-april2019.pdf>.

⁷² U.S. Department of Justice, Fiscal Year 2018, Debt Collection Recovery Activities of the Department of Justice for Civil Debts Referred for Collection Annual Report (May 2019), <https://www.justice.gov/jmd/page/file/1214971/dl?inline>, pg. 8.

⁷³ National Consumer Law Center, *Inequitable Judgments* (April 2019), <https://www.nclc.org/wp-content/uploads/2022/10/report-inequitable-judgments-april2019.pdf>.

month by DOJ's private collection counsel. This borrower would be eligible for \$0 under an IDR plan. Other borrowers have similarly described the undue burden these judgments place on their financial life. For example:

I am 74 years old. I have an \$80,000 student loan debt that I've had since 1997. It was \$30,000. I have a heart condition. I couldn't pay it. The amount ballooned. I live on \$1700 a month Social Security and \$378 pension. \$200 is taken out of my Social Security each month. My life as it is[,] is not sustainable.

Notably, the Department did not refer all defaulted loans to DOJ. Complaints show that for those that were referred, borrowers with judgments explain that they feel stuck and unlucky. As one borrower describes:

I have given great thought to my situation, and while I do not blame anyone for my default, quite frankly I am embarrassed by it. I was going through very difficult financial times many years back, but as I think about all of this, I am of the opinion that had my loan servicer, or the Department of Education provided me with additional information or options if any, then I may have been able to get my loans out of default via rehabilitation or consolidation and then enrolled in an eligible plan.

If these borrowers had not had their loans referred to DOJ, they could have accessed one of the means by which borrowers can cure a defaulted student loan, including rehabilitation or consolidation. Instead, many faced years of garnished wages and tax offsets.

Borrowers of Perkins Loans

During the fiscal year, the Ombudsman Office saw a spike in complaints from borrowers alleging that they received bills for decades-old Perkins Loans they did not even know existed or that they believed had been paid off decades ago—loans that had otherwise not been collected on for, in some cases, as long as 25 years. This cohort of borrowers—mostly older and with historical evidence of financial need may have been able to qualify for certain types of forgiveness available to Perkins loans or consolidated into the Direct Loan program to access other forms of relief. Instead, they are facing the need to repay these debts anew.

The Perkins Loan program expired in 2017 after almost 60 years of providing school-issued loans to students with “exceptional financial need.”⁷⁴ Colleges and universities with Perkins Loans portfolios were responsible for servicing the loans, including conducting due diligence after default and taking certain steps to locate unresponsive borrowers.⁷⁵ Many hired loan servicers to handle repayment and collections.⁷⁶

In 2019, FSA directed all schools with any Perkins Loans in default for more than two years to assign the loans to the Department, because “the fact that a loan has been in default for more than two years suggests a lack of compliance with the collection procedure criteria established

⁷⁴ P.L. 85-864, 72 Stat. 1580; 20 U.S.C. § 1087cc; 34 C.F.R. § 674.20(b).

⁷⁵ 34 C.F.R. § 674.33; 34 C.F.R. §§ 674.42-44, 34 C.F.R. § 674.48; Ask CFPB, *What is a Perkins Loan?*, <https://www.consumerfinance.gov/ask-cfpb/what-is-a-perkins-loan-en-551>.

⁷⁶ 34 C.F.R. § 674.48; e.g. *University of Maryland*, “Student Financial Services and Cashiering,” <https://billpay.umd.edu/perkins>, explaining that Perkins Loans are serviced by ECSI; *University of Illinois*, “University Bursar – Student Loans”, https://paymybill.uiillinois.edu/student_loans.

Additional Reporting Requirements (Unaudited)

by regulation.”⁷⁷ Once the assigned Perkins Loan arrived at FSA, the Federal Perkins Loan servicer, ECSI, placed them back into repayment or collections and began reporting information to credit bureaus. Because FSA has current contact information for these borrowers—all of whom had or have other federal student loans—ECSI has been able to successfully deliver billing and account statements. Once the COVID-19 payment pause ended, borrowers began receiving bills for the first time in years, fueling the surge in complaints to the Ombudsman’s Office.

A review of complaints found that many of these borrowers had been either making payments on other federal student loans, had previously paid off their student loans, or already received loan forgiveness. The schools originally holding these Perkins Loan could have located the borrowers through FSA’s systems, but did not do so, suggesting that they had not taken meaningful action to collect. In one complaint, a borrower with one of these long-defaulted Perkins loan stated he was baffled as to why he had never received a bill when he was an active alumni donor to the school.

Now, borrowers with these Perkins Loans must address repaying loans they were potentially not aware of for years, if not decades; whereas if the Perkins Loan had been serviced along with their other loans, it might have already been forgiven or discharged. Borrowers explain that they were given a variety of answers by their schools when asked about the loans, and that they believed the loans had been consolidated, cancelled, or paid off long ago. Borrowers question the legitimacy and accuracy of the new bills, whether these collection notices are scams, and whether they should rightfully owe the interest accrued after not receiving bills for five, ten, twenty, or even forty years. One borrower questioned the accuracy of credit reporting of her Perkins Loan, which appeared on her credit report for the first time this century with only two years of reported loan history out of the 44-year loan lifetime.

As this borrower explains:

I attended [school] in 1980. I received my first bill in 2022 for a Perkins loan of \$1567. 43 years later! [...] They told me to call [school]. [...] They admitted that they have not attempted to reach me since 1987! I HAVE NEVER RECEIVED A BILL OR HAS THIS APPEARED ON MY CREDIT REPORT UNTIL 2022!. [...] the loan amount of \$1567.77. A Perkins Loan of \$750 for principal and the remaining balance is interest?! On a loan that I haven't been billed for in 43 years?! [...]

Another borrower wrote:

In 1994 when I was an undergraduate at [school], I received a Perkins Loan for \$700. When I graduated from [graduate school] in 2004, I consolidated all of my loans. Until this past November, I had never received a bill for this \$700. [My undergraduate school] told me in December 2023, that they turned the bill over to a loan servicer back in 1994 and know nothing about it since then. The current bills are coming from ECSI [...] They don't seem to have a clue about what is going on and thought this was a new/current loan. They have also added on \$525.98 in interest – on a bill I never received. My friends are all sure this must be some sort

⁷⁷ September 16, 2019, Electronic Announcement, *Federal Perkins Loan Program – Assignment of Federal Perkins Loans in Default for Two or More Years* (Sept. 2019 EA), <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2019-09-16/federal-perkins-loan-program-assignment-federal-perkins-loans-default-two-or-more-years>.

of a scam, but the agency is legit. I suspect they just bought up a bunch of old debt to see what they could collect. Is there any sort of time limit on these ancient student loans. I'm now almost 75, and living on Social Security, no longer a rich recent graduate (If I ever was) and this was 30 years ago. Something doesn't seem right.

From January 2020 through June 2023, roughly tracking with the payment pause, about 290,000 Perkins Loans had been assigned to the Department from schools with active Perkins Loans portfolios, 60,000 of which were disbursed before 2000. Ultimately, borrowers with these old Perkins Loans are now on the hook despite schools' lack of compliance with collection procedures and have not been eligible for some new loan relief programs. In particular, because so many of these borrowers thought these billing notices were scams or contested the validity of this debt, they were not afforded ample time to explore whether Fresh Start was the appropriate option for their situation, since Fresh Start was only available once the Perkins borrowers' loans were taken over by the Department. Now, as the Department resumes collection activity, including tax refund offsets, these borrowers may come to experience additional financial harms stemming from decades' old debt.⁷⁸

Uninsured FFEL Program Loans

Loans originated under the FFEL Program are insured against default by GAs and then reinsured by the Department. Reinsurance is conditional upon loan holder and GA compliance with the Department's policy and regulations—if loan holders or GAs are non-compliant, the Department revokes its insurance.⁷⁹ If the violation is not cured within three years, the loan becomes permanently uninsured.

Although this policy was designed to create a financial penalty to the loan holder, it additionally causes substantial harm to borrowers with permanently uninsured loans. The Department treats these loans as effectively private student loans, and thus they cannot be consolidated into the Direct Loan program. Borrowers are often unaware that their loan has lost its federal insurance because the conduct stems from the loan holder or GA, not the borrower. It is often not until the borrower is denied access to certain federal student loan benefits that he or she becomes aware that the loan is not insured. Today, there are nearly 170,000 uninsured loans in NSLDS—of those, nearly 120,000 are with GAs that have now since closed or ended their participation in the FFEL program. The average age of these loans is 39 years and 9 months, and the average date of the loss of insurance is November 4, 1988.

Although these borrowers should have the same contractual rights as other FFEL Program borrowers given that they have signed the same promissory note, complaints indicate that may not occur in practice. For example, many loan holders view uninsured loans as defaulted loans—even if the loans are in good standing—and therefore ineligible for Income-Based Repayment (IBR).⁸⁰ Further, because the Department treats uninsured loans like private loans, the loan holder cannot have the loan paid off using Federal monies in situations like a loan

⁷⁸ Unlike other federal student loans, Perkins loans that are not paid in full are exempt from normal aged credit reporting protections that remove the tradeline after seven years of derogatory reporting. 20 U.S.C. § 1087cc(c)(3).

⁷⁹ Including the Higher Education Act of 1965, as amended (HEA), regulations, Dear Colleague Letters, and other policy and guidance.

⁸⁰ A GA considers an uninsured loan in default, and therefore, ineligible to enroll in the IBR plan while in default, regardless of the loan's actual repayment status.

consolidation. The result is borrowers are ineligible for one of the primary means of curing a default—loan consolidation. Given that the uninsured status means the loans are essentially private loans, this raises important questions about the collectability of this debt.

During the fiscal year, FSA received many complaints from borrowers with uninsured FFEL Program loans as these borrowers attempted to consolidate to gain access to various initiatives being promoted by the Department. Often, borrowers noted that they only became aware of their loan's uninsured status after their consolidation application was denied or they attempted to access Fresh Start.

For example, one borrower complained:

I began a federal student loan (FFEL Program type) in 1992 for \$9,250. Over the years, my loan and my spouse's loan were consolidated. About 6 months ago, I received a notice in the mail stating I owed \$42,100 which included fees, and penalties, etc.

Ombudsman review confirmed that the borrower had a loan become permanently uninsured on August 14, 2019, and therefore this borrower will be unable to access joint consolidation loan separation, Fresh Start, or any other program that may offer federal student loan debt relief.

Borrowers of Health Education Assistance Loans (HEAL)

The HEAL Program started in 1978 and ran through September 30, 1998.⁸¹ It was specifically designed to assist borrowers who were seeking graduate degrees in a variety of health-related fields or for nonstudents—such as interns or residents—who needed additional funds to pay interest charges on an earlier HEAL.⁸² In 2014, the management of the HEAL program was transferred by Congress from the Department of Health and Human Services (HHS) to the Department. And because of this change in system ownership and records management, the Department (and FSA) has limited ability to correct records or fill in gaps in data.

Similar to the FFEL Program, the HEAL program loans were funded by schools, banks, credit unions, and other institutions and insured by the federal government. However, HEAL are not statutorily eligible for the same relief opportunities available to FFEL loans. That means a HEAL borrower seeking to gain credit for multiple initiatives aimed to secure forgiveness and restore credit must consolidate into the Direct Loan program.

Despite being eligible for consolidation, common options for loan forgiveness like IDR and PSLF do not contemplate credit for periods of repayment on HEAL because those loans are not eligible for those programs prior to consolidating. Missing records add an additional hurdle to including these borrowers in any future loan forgiveness programs because the Department has a very limited record of payments or servicing history pre-transfer, given the transition in HEAL program management from HHS to the Department and the role of the private lenders. Borrowers note the challenges posed by this limitation, particularly given that, from their perspective, they still made payments on a federal student loan. As one borrower working in public service describes:

⁸¹ Provisions of the HEAL legislation allowed for the refinancing or consolidation of existing HEAL through September 30, 2004.

⁸² 34 C.F.R. § 681.1.

It's obvious that they are not counting any of my payments I have made to HEAL in the past. I'm really trying to stay encouraged but it's difficult to even consider paying another bill I really can't afford.

Currently, much of the Department's portfolio of defaulted HEAL is not in active servicing pending a reassignment of the loan servicing function to Education Credit Management Corporation. Borrowers have described how these loans are not reported on their credit reports and, as such, they were unaware of their loan balances and payment obligations. In addition, there are no records in NSLDS or even DMCS for HEAL, making it difficult to provide informative and accurate customer service to borrowers.

Earlier this year, one legal aid group informed the Department that some HEAL borrowers were receiving collection notices demanding immediate payment of their full balances. These letters mischaracterized hundreds of thousands of dollars of interest and fees as principal, threatened tax offset and administrative wage garnishment, and were even sent to borrowers who were not listed by the Department as having defaulted HEAL. The legal aid group described one borrower who received this letter despite having made monthly payments of \$200 on an approved plan for the last 20 years.

In another complaint received directly by FSA, a borrower described never receiving a billing notice before being referred for default. Upon default, her loan was referred to DOJ, and subsequently a lien was placed against her home. Upon investigation, the Ombudsman Office could not locate records to review whether the borrower properly received billing notices prior to default, or who held her loan prior to default. Other complaints from HEAL borrowers received during the review period echoed similar themes about billing notices, and the Ombudsman Office similarly struggled to locate loan ownership history.

Collectively, the limited records and historical servicing errors raise important questions about collectability and the harm these administrative problems can impose on borrowers.

Notably, Congress required that some borrowers who default on HEAL face the uniquely cruel punishment of having their names published in the Federal Register and reported to their professional licensing agency.⁸³ License revocation, a penalty that can be imposed at the state level for default on HEAL stemming from the federal notification to licensing boards and professional associations, presents a harsh Catch-22 for student loan borrowers—they need the license to do the job to pay their student loan, but they cannot maintain their license if their student loan is defaulted.⁸⁴

Recommendations

Over the last several years, the Department has demonstrated the importance of ensuring that borrowers are held harmless for industry misconduct. For the first time, meaningful numbers of borrowers are accessing the full benefits of programs like IDR and PSLF. But, while the Administration has taken laudable action to deliver on the promise of higher education, some

⁸³ HEAL Defaulted Borrower Information (Mar. 28, 2021), <https://fsapartners.ed.gov/knowledge-center/topics/health-education-assistance-loan-heal-information/heal-defaulted-borrower-information>; Congressional Research Service, Student Loan Programs Authorized by the Public Health Service Act: An Overview (Mar. 16, 2021), <https://crsreports.congress.gov/product/pdf/R/R46720>.

⁸⁴ Courtney Nagle, *Student Loan Debt Could Affect Your Job in 13 States*, U.S. News & World Report (Apr. 10, 2019), <https://www.usnews.com/education/blogs/student-loan-ranger/articles/2019-04-10/these-states-could-revoke-your-professional-license-over-student-loan-debt>.

borrowers remain locked out of these programs through no fault of their own. Actions by schools, loan holders, or even other federal agencies can leave these borrowers owing mountains of debt without meaningful access to the very programs designed to ensure this debt is manageable.

These problems are compounded for borrowers with older loans. Not only are many of these borrowers of retirement age and on fixed incomes, but they often have older loan products—such as HEAL or Perkins Loans—that are not included in current loan relief programs, or have faced collections consequences that have since been phased out due to borrower harm, cost, and operational difficulties.

The varying legal and programmatic requirements of the FFEL, HEAL, and Perkins loan programs often mean these borrowers are not covered by some initiatives designed to improve outcomes and remediate past servicing errors for Direct Loan borrowers. But these borrowers relied on the same promise of higher education—a path to the middle class without a lifetime of debt—and therefore deserve access the same programmatic fixes that restored this promise for millions of Direct Loan borrowers.

Policymakers should consider the following actions, which in many cases may require legislation, to promote equitable outcomes for borrowers in legacy loan programs:

- **Offering all borrowers, regardless of loan product or insurance status, the right to consolidate into the Direct Loan program.** Policymakers should explore means to allow borrowers with uninsured FFEL program loans to consolidate into the Direct Loan program without improperly rewarding loan holders for due diligence failures that led to the loss of insurance. Alternatively, appropriate regulators should evaluate whether loan holders can adequately uphold the terms of the federal promissory notes if the loan is not federally insured, and if not, assess whether the loan is lawfully collectible.
- **Offering credit for time in repayment, regardless of loan product, when a borrower consolidates into the Direct Loan program.** Where records are missing or incomplete, borrowers should automatically receive the benefit of the doubt through imputed positive repayment history, back to the date of origination. And where there are legal limitations on providing access to certain programs (such as with HEAL and IDR), the Department should evaluate the legal collectability of these loan products given the pervasiveness of recordkeeping errors.
- **Recalling all outstanding federal student loans with active judgments.** In certain circumstances, the Department has successfully requested that DOJ return loans, such as where the borrower is eligible for a statutory discharge. This same treatment should be offered to borrowers who may not yet be eligible for discharge, given the vast improvements made to many repayment programs over the last several years. Many borrowers might find that the circumstances that previously led them to default are no longer an obstacle. To effectuate this expanded access to repayment protections, the Departments of Education and Justice should assess whether active judgments can be vacated so that these borrowers' loans are reassigned to ED. Moreover, the Department should consider options to offer these borrowers credit toward loan forgiveness for the periods in which they made payments pursuant to a repayment plan with DOJ.
- **Maintaining the date of first delinquency for all legacy loan products.** One of the most critical protections in the Fresh Start program is the preservation of the borrower's first date

of delinquency. This protection means that if a borrower redefaults, the debt will not re-age on his or her credit. While Fresh Start ended in October 2024, this protection should be made permanent. As the Department assumes a larger portfolio of defaulted HEAL and Perkins loans, policymakers should ensure the Department can offer paths to cure default without re-aging the debt.⁸⁵

However, there are additional actions the Department can take administratively to expand relief for borrowers. For example, the Department can discharge uncollectible aged HEAL and Perkins loans. FSA has required schools with Perkins Loans in default to assign those loans to the Department and will soon be transferring servicing of the defaulted HEAL portfolio. The Department has an opportunity to take an approach that does not penalize borrowers for past collections failures and that rectifies the harm that inordinate collection delays have caused borrowers. Further, discharge of uncollectible loans would save significant administrative costs and time for FSA for groups of loans that, due to age, are unlikely to ever be paid off in significant amounts.⁸⁶ In particular, the Department could discharge aged HEAL and Perkins Loans, those with missing or incomplete records,⁸⁷ or those in which the borrower has already obtained other forms of loan forgiveness on their other federal loans. For example, Perkins Loans offer a variety of loan cancellation benefits for service in different professions. The Department could correlate borrowers' existing PSLF records to apply to Perkins discharge programs. The Department should also consider waiving interest corresponding with periods of lapsed due diligence.

⁸⁵ In general, Perkins loans are exempt from the seven-year limit on credit reporting. 20 U.S.C. § 1087cc(c)(3). However, reporting is voluntary and the Department can choose not to report these accounts to credit bureaus.

⁸⁶ 31 C.F.R. § 902.2(g).

⁸⁷ 34 C.F.R. § 674.50(g)(1).

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Financial Section (Unaudited)



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Overview of the Financial Section

This section includes the consolidated Balance Sheet and related notes and the Independent Auditors' Report. The subsections are listed below:

- **The Consolidated Balance Sheet.**
- **Notes to the Consolidated Balance Sheet.** The Notes to the Consolidated Balance Sheet provide a description of significant accounting policies and detailed information on select financial statement line items. The notes also include information that supports the computation of the various financial statement activities.
- **Report of the Independent Auditors.** The Report of the Independent Auditors presents the audit report issued by the Independent Auditors. The subsection also includes the Office of Inspector General Audit Transmittal Letter, and Management's Response to the Audit.

Consolidated Balance Sheet

United States Department of Education
Federal Student Aid
Consolidated Balance Sheet
As of September 30, 2024
(Dollars in Millions)

	FY 2024
Assets (Note 2)	
Intragovernmental:	
Fund Balance with Treasury (Note 3)	\$ 119,374
Other Assets (Note 4)	1
Total Intragovernmental	119,375
Other than Intragovernmental:	
Loans Receivable, Net (Note 5)	
Direct Loan Program	1,041,295
Federal Family Education Loan (FFEL) Program	36,781
Other Credit Programs for Higher Education	2,385
Cash and Other Monetary Assets	576
Other Assets (Note 4)	186
Total Other than Intragovernmental	1,081,223
Total Assets	\$ 1,200,598
Liabilities (Note 6)	
Intragovernmental:	
Debt Associated with Loans (Note 7)	
Direct Loan Program	\$ 1,098,623
FFEL Program	56,073
Other Credit Programs for Higher Education	593
Accounts Payable	1
Other Liabilities:	
Subsidy Due to Treasury (Note 8)	14,875
Guaranty Agency Funds Due to Treasury	576
Other Liabilities (Note 9)	1,441
Total Intragovernmental	1,172,182
Other than Intragovernmental:	
Accounts Payable	4,248
Loan Guarantee Liabilities (Note 5)	9,932
Other Liabilities:	
Accrued Grant Liabilities	7,331
Other Liabilities (Note 9)	37
Total Other than Intragovernmental	21,548
Total Liabilities	\$ 1,193,730
Commitments and Contingencies (Note 10)	
Net Position	
Unexpended Appropriations	\$ 33,908
Cumulative Results of Operations	(27,040)
Total Net Position	\$ 6,868
Total Liabilities and Net Position	\$ 1,200,598

The accompanying notes are an integral part of this statement.

Notes to the Consolidated Balance Sheet

Note 1. Summary of Significant Accounting Policies

Note 2. Non-entity Assets

Note 3. Fund Balance with Treasury

Note 4. Other Assets

Note 5. Loan Receivables, Net and Loan Guarantee Liabilities

Note 6. Liabilities Not Covered by Budgetary Resources

Note 7. Debt Associated with Loans

Note 8. Subsidy Due to Treasury

Note 9. Other Liabilities

Note 10. Commitments and Contingencies

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Notes to the Consolidated Balance Sheet for the Year Ended, September 30, 2024

Note 1. Summary of Significant Accounting Policies

Reporting Entity and Programs

Federal Student Aid (FSA) was created as a Performance Based Organization (PBO) within the U.S. Department of Education (the Department) in 1998, as a result of amendments to the Higher Education Act of 1965 (HEA), from previously existing Department student financial assistance program offices. FSA operates under the PBO mandate to develop a management structure driven by strong incentives to manage for results. FSA's primary goal is to assist lower-income and middle-income students in overcoming the financial barriers that make it difficult to attend and complete postsecondary education.

FSA is a component of the U.S. government. For this reason, some of the assets and liabilities reported by FSA may be eliminated for government-wide reporting. The Consolidated Balance Sheet should be read with the realization that it is for a component of the U.S. government.

Federal Student Loan Programs. FSA and the Department administer the William D. Ford Federal Direct Loan (Direct Loan) Program, the Federal Family Education Loan (FFEL) Program, the Health Education Assistance Loan program (HEAL), and the Federal Perkins Loan program to help students and their families finance the costs of postsecondary education. A direct loan is any debt instrument issued to the public by the federal government. A FFEL 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 Direct Loan Program, added to the HEA in 1993 by the Student Loan Reform Act of 1993, authorizes FSA to make loans through participating schools to eligible undergraduate and graduate students and their parents. The Direct Loan Program offers four types of loans: 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.

The FFEL Program, authorized by the HEA, operates through state and private nonprofit guaranty agencies that provide loan guarantees on loans made by private lenders to eligible students. The SAFRA Act, which was included in the *Health Care and Education Reconciliation Act of 2010* (HCERA), stated that no new FFEL loans would be made effective July 1, 2010. FFEL Program receivables include defaulted FFEL loans and acquired FFEL loans. Acquired FFEL loans include student loan assets acquired using temporary authority provided in the *Ensuring Continued Access to Student Loans Act of 2008* (ECASLA). ECASLA gave FSA temporary authority to purchase FFEL loans and participation interests in those loans. FSA implemented three activities under this authority: loan purchase commitments; purchases of loan participation interests; and a put, or forward purchase commitment, with an Asset-Backed Commercial Paper (ABCP) Conduit. This authority expired after September 30, 2010; as a result, loan purchase commitments and purchases of loan participation interests concluded.

However, under the terms of the Put Agreement with the conduit, ABCP Conduit activity ceased operations in January 2014. (See Note 5)

Grant Programs. FSA and the Department manage numerous grant programs, which provide financial aid that in most cases does not need to be repaid, to students with financial need. The largest of these programs is the Federal Pell Grant (Pell Grant) program, which provides need-based grants to low-income undergraduate and certain post baccalaureate students that promotes access to postsecondary education. Other grant programs include Federal Work-Study Program, Federal Supplemental Educational Opportunity Grants (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grants, and Iraq and Afghanistan Service grants.

COVID-19. COVID-19 relief legislation and administrative actions taken during FYs 2020 through 2023 provided support for student loan borrowers by:

- Temporarily suspending nearly all federal loan payments, interest free through August 31, 2023.
- Authorizing Guaranty Agencies to reimburse themselves from the Federal Student Loan Reserve Fund for lost revenue that resulted from student loan repayment deferrals.
- Making temporary changes to the PSLF program to allow student borrowers to get credit for payments made while working for a qualifying employer.
- Addressing issues with IDR payment counting.

Funding for these actions was provided through indefinite appropriations.

Other regulatory flexibilities and incentives provided to help students through COVID-19 include:

- Stopping all federal wage garnishments and collection actions for borrowers with federally held loans in default.
- Federal Supplemental Educational Opportunity Grants to provide emergency aid to students.
- Continuation of work-study payments, even if students can no longer work on-site.
- Pell Grants, financial aid, and loans originated for the spring 2020 term, which students who have had to leave college campuses will not have to pay back. Moreover, none of this aid will count against students' financial aid lifetime limits.
- Waiving satisfactory academic progress requirements to help ensure that students do not lose academic standing and the ability to receive federal financial student aid.
- Tax credits that incentivize employers to help pay for student loans.

Basis of Accounting and Presentation

The Consolidated Balance Sheet was prepared to report the financial position of FSA, as required by the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. The Consolidated Balance Sheet was prepared from the books and records of the Department and FSA, in accordance with Generally Accepted Accounting Principles (GAAP)

accepted in the United States for federal entities, issued by the Federal Accounting Standards Advisory Board (FASAB), and the Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements, as revised. This Consolidated Balance Sheet is different from the Consolidated Balance Sheet prepared by the Department.

The accounting structure of federal agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds.

Transactions and balances among FSA funds have been eliminated from the Consolidated Balance Sheet.

Accounting standards require all reporting entities to disclose that accounting standard practices allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Accounting for Federal Credit Programs

FSA's accounting for its loan and loan guarantees is based on the requirements of the Federal Credit Reform Act of 1990 (FCRA). The purpose of the FCRA is to record the lifetime subsidy cost (expense) of direct loans and loan guarantees, in present value terms, at the time the loan is disbursed (subsidy). Components of subsidy costs for loans and guarantees include defaults (net of recoveries); contractual payments to third-party, private loan collectors who receive a set percentage of amounts collected; and, as an offset, origination and other fees collected. For direct loans, the difference between interest rates incurred by FSA on its borrowings from the U.S. Department of Treasury (Treasury) and interest rates charged to particular borrowers is also subsidized (or may provide an offset to subsidy if FSA's rate is less).

Under the FCRA, subsidy cost is estimated using the net present value of future cash flows to and from FSA. In accordance with the FCRA, credit programs either estimate a subsidy cost to the government (a "positive" subsidy), breakeven (zero subsidy cost), or estimate a negative subsidy cost. Negative subsidy occurs when the estimated cost of providing loans to borrowers from Treasury borrowing, collection costs and loan forgiveness is less than the value of collections from borrowers for interest and fees, in present value terms.

The FCRA establishes the use of financing, program, and Treasury General Fund receipt accounts for loan guarantees committed and direct loans obligated after September 30, 1991.

- Financing accounts borrow funds from Treasury, make direct loan disbursements, collect fees from lenders and borrowers, pay claims on guaranteed loans, collect principal and interest from borrowers, earn interest from Treasury on any uninvested funds, and transfer excess subsidy to Treasury General Fund receipt accounts.
- Program accounts receive and obligate appropriations to cover the positive subsidy cost of a direct loan or loan guarantee when the loan is approved and disburses the subsidy cost to the financing account when the loan is issued. Program accounts also receive appropriations for administrative expenses.

- Treasury General Fund receipt accounts receive amounts paid from financing accounts when there are negative subsidies for new loan disbursements or downward re-estimates of the subsidy cost of existing loans.

When a loan is placed in deferment or forbearance, loan repayment is temporarily suspended with the length of postponement different for each borrower. Interest accrues while a loan is in deferment or forbearance for all loan types except subsidized Direct Loans. Loans are cancelled if a person dies, meets disability requirements, or occasionally through the bankruptcy courts. Loans are also cancelled through the PSLF program, which forgives the remaining balance on a Direct Loan after 120 qualifying monthly payments are made. These payments must be made under a qualifying repayment plan while working full-time for a qualifying employer. In addition, FSA offers income-driven repayment plans under which borrowers may receive forgiveness of the remaining balance of their loans after 10, 20 or 25 years under certain rules.

Entity and Non-Entity Assets

Assets are classified as either entity or non-entity assets. Entity assets are those that FSA has authority to use for its operations. Non-entity assets are those held by FSA but not available for use in its operations. FSA non-entity assets are offset by liabilities to third parties and have no impact on net position. FSA combines its entity and non-entity assets on the Consolidated Balance Sheet and discloses its non-entity assets in the notes. (See Note 2)

Fund Balance with Treasury

The Fund Balance with Treasury includes amounts available to pay current liabilities and finance authorized purchases, as well as funds restricted until future appropriations are received. Treasury processes cash receipts and cash disbursements for FSA. FSA's records are reconciled with Treasury's records. (See Note 3)

Accounts Receivable

Accounts receivable are amounts due to FSA from other federal agencies (intragovernmental) and the public (other than intragovernmental). Other than intragovernmental receivables result from overpayments to recipients of grants and other financial assistance programs, and disputed costs resulting from audits of educational assistance programs. Amounts due from federal agencies result from reimbursable agreements entered into by FSA with other agencies to provide various goods and services. Accounts receivable are reduced to net realizable value by an allowance for uncollectible amounts. The estimate of an allowance for loss on uncollectible accounts is based on FSA's experience in the collection of receivables and an analysis of the outstanding balances. (See Note 4)

Cash and Other Monetary Assets

Cash and other monetary assets are the federal government's interest in the program assets held by state and nonprofit FFEL Program guaranty agencies (guaranty agencies' federal funds). Section 422A of the HEA required FFEL guaranty agencies to establish federal student loan reserve funds. Guaranty agencies' federal funds include initial federal start-up funds, receipts of federal reinsurance payments, insurance premiums, guaranty agency share of

collections on defaulted loans, investment income, administrative cost allowances, and other assets.

The balance of guaranty agencies' federal funds represents consolidated reserve balances of the 13 guaranty agencies based on the guaranty agency financial reports that each agency submits annually to FSA. Although FSA and the guaranty agencies operate on different fiscal years, all guaranty agencies are subject to an annual audit. A year-end valuation adjustment is made to adjust FSA's balances to comply with federal accounting principles and disclose funds held outside of Treasury.

Guaranty agencies' federal funds are classified as other than intragovernmental non-entity assets and are offset by a corresponding liability due to Treasury on FSA's Consolidated Balance Sheet. The funds are held by the guaranty agencies but can only be used for certain specific purposes listed in FSA's regulations. The guaranty agencies' federal funds are the property of the United States and are reflected in the *President's Budget*. Payments made to FSA from guaranty agencies' federal funds through a statutory recall or agency closures represent capital transfers and are returned to Treasury's General Fund. (See Note 2)

Loan Receivables, Net and Loan Guarantee Liabilities

The financial statements reflect FSA's estimate of the long-term subsidy cost of direct and guaranteed loans in accordance with the FCRA. Loans and interest receivable are valued at their gross amounts less an allowance for the present value of amounts not expected to be recovered, and thus having to be subsidized—called an “allowance for subsidy.” The difference between the gross amount and the allowance for subsidy is the present value of the cash flows to, and from, FSA that are expected from receivables over their projected lives. Similarly, liabilities for loan guarantees are valued at the present value of the cash outflows from FSA less the present value of related inflows. The estimated present value of net long-term cash outflows of FSA for subsidized costs is net of recoveries, interest supplements, and offsetting fees.

The loan guarantee liabilities represent the net present value of all future cash flows from currently insured FFEL loans, including claim payments, interest assistance, allowance payments, and recoveries from assigned loans. Guaranteed loans that default are initially turned over to guaranty agencies for collection. Defaulted FFEL loans are accounted for as assets and reported at their net present value, similar to direct loans, although they are legally not direct student loans. Credit program receivables, net includes defaulted FFEL loans owned by FSA and held by FSA or guaranty agencies. In most cases, after approximately four years, defaulted guaranteed loans not in repayment are turned over by the guaranty agencies to FSA for collection.

FFEL Program receivables include purchased loans and other interests acquired under an expired program. The cash flows related to these receivables include collections on purchased loans and other activities, including transfers of re-estimated subsidy. The cash flows of these authorities also include inflows and outflows associated with the underlying or purchased loans and other related activities, including any positive or negative subsidy transfers.

Capitalization of interest occurs as a result of various initiatives such as loan consolidations. As a result, interest receivable is reduced, and loan principal is increased. (See Note 5)

Property and Equipment, Net and Leases

FSA has very limited acquisition costs associated with buildings, furniture, and equipment as all federal and contractor staff are housed in leased buildings. FSA does not own real property for the use of its staff. FSA leases office space from the General Services Administration (GSA). The lease contracts with GSA for privately and publicly owned buildings are intragovernmental leases.

Starting in FY 2024, FASAB SFFAS 54, Leases, requires that Federal reporting entities report a right-to-use lease asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement.

FASAB SFFAS 62, Transitional Amendment to SFFAS 54, provided reporting entities an option for a transitional accommodation to assist with implementation of this SFFAS 54, and FSA has elected to take this accommodation for FY 2024. SFFAS 62 amended the implementation section of SFFAS 54 by providing transitional accommodations to reporting entities implementing SFFAS 54 in the area of embedded leases. "Embedded leases" is a common industry term which generally describes contracts or agreements that contain lease component(s) and nonlease component(s), such as service components, and serve a primary purpose attributable to the nonlease component(s).

Under these amendments, reporting entities may elect not to assess whether contracts or agreements meeting the eligibility criteria for embedded leases are or contain lease component(s) as of October 1, 2023, as well as those subsequently entered into or modified through the end of the accommodation period. The contracts or agreements for which this accommodation is applied would be accounted for as nonlease contracts or agreements for their remaining term, unless they are subsequently modified after the end of the accommodation period. The Statement requires reporting entities electing the accommodation to prospectively apply the provisions of SFFAS 54 to lease components of new or modified contracts or agreements meeting the embedded leases eligibility criteria, depending on the end of the elected accommodation period.

Liabilities

Liabilities represent actual and estimated amounts to be paid as a result of transactions or events that have already occurred. Liabilities are classified as covered by budgetary resources if budgetary resources are available to pay them. Credit program liabilities funded by permanent indefinite appropriations are also considered covered by budgetary resources.

Liabilities are classified as not covered by budgetary resources when congressional action is needed before they can be paid. Although future appropriations to fund these liabilities are likely, it is not certain that appropriations will be enacted to fund these liabilities. Liabilities not requiring appropriated budgetary resources include those related to deposit funds, Subsidy Due to Treasury General Fund for future liquidating account collections (pre-1992 loan guarantee programs), and Federal Perkins Loan program balances due to be repaid to the Treasury General Fund. (See Note 6)

Debt Associated with Loans

FSA borrows from Treasury to provide funding for the Direct Loan, FFEL, and other credit programs for higher education. The liability to Treasury from borrowings represents unpaid principal at year-end. FSA repays the principal based on available fund balances. Interest rates are based on the corresponding rate for 10-year Treasury securities and are set for those borrowings supporting each cohort of loans once the loans for that cohort are substantially disbursed. Interest is paid to Treasury on June 30. (See Note 7)

Subsidy Due to Treasury

FSA must transfer to the Treasury General Fund all excess funding resulting from downward re-estimates of credit program loans that are subject to FCRA requirements. This excess funding is included in the liability for subsidy due to Treasury and will be transferred to Treasury in the succeeding fiscal year upon receipt of authority from OMB. Subsidy due to Treasury also includes future liquidating account collections (estimated collections in excess of estimated outlays) for FSA's pre-1992 FFEL and HEAL loans that, when collected, will also be transferred to the Treasury General Fund. (See Note 8)

Accounts Payable

Accounts payable include amounts owed by FSA for goods and services received from other entities, as well as payments not yet processed. Other than intragovernmental accounts payable to the public includes in-process grant and loan disbursements.

Accrued Grant Liabilities

FSA records grant expenses as grantees drawdown funding on their available grant balances. Some grant recipients incur allowable expenditures as of the end of an accounting period but have not yet drawn on their available balances to be reimbursed by FSA. FSA accrues liabilities for these allowable expenditures. The liability amounts are estimated using a combination of historical data and a statistical sample survey of current unliquidated balances. Some grantees drawdown funding in advance of incurring grant expenditures. A statistical estimate is made for these advance drawdowns and is recorded as other than intragovernmental advances (see Note 4).

Personnel Compensation and Other Employee Benefits

Annual, Sick, and Other Leave. The liability for annual leave, compensatory time off, and other vested leave is accrued when earned and reduced when taken. Each year, the accrued annual leave account balance is adjusted to reflect current pay rates. Sick leave and other types of nonvested leave are expensed as taken. Annual leave earned but not taken, within established limits, is funded from future financing sources. (See Notes 6 and 9)

Retirement Plans and Other Retirement Benefits. Employees participate in either the Civil Service Retirement System (CSRS), a defined benefit plan, or the Federal Employees Retirement System (FERS), a defined benefit and contribution plan. For CSRS employees, FSA contributes a fixed percentage of pay.

FERS consists of Social Security, a basic annuity plan, and the Thrift Savings Plan. FSA and the employee contribute to Social Security and the basic annuity plan at rates prescribed by law. In addition, FSA is required to contribute to the Thrift Savings Plan a minimum of 1 percent per year of the basic pay of employees covered by this system, match voluntary employee contributions up to 3 percent of the employee's basic pay, and match one-half of contributions between 3 percent and 5 percent of the employee's basic pay. For FERS employees, FSA also contributes the employer's share of Medicare.

Federal Employees' Compensation Act. The Federal Employees' Compensation Act (FECA) (Pub. L. 103-3) provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the U.S. Department of Labor (DOL), which pays valid claims and subsequently seeks reimbursement from FSA for these paid claims.

The FECA liability consists of two elements. The first element, accrued FECA liability, is based on claims paid by DOL but not yet reimbursed by FSA. FSA reimburses DOL for claims as funds are appropriated for this purpose. In general, there is a two- to three-year period between payment by DOL and reimbursement to DOL by FSA. As a result, FSA recognizes an intragovernmental liability, not covered by budgetary resources, for the claims paid by DOL that will be reimbursed by FSA.

The second element, actuarial FECA liability, is the estimated liability for future benefit payments and is recorded as an other than intragovernmental liability, not covered by budgetary resources. The actuarial FECA liability includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. DOL determines the actuarial FECA liability annually, as of June 30, using an actuarial method that considers historical benefit payment patterns, wage inflation factors, medical inflation factors, and other variables. The projected annual benefit payments are discounted to present value. (See Notes 6 and 9)

Net Position

The components of net position are classified on the Department's Consolidated Balance Sheet as follows:

Unexpended Appropriations. Unexpended Appropriations is the portion of the Department's appropriations received that are represented by undelivered orders or are unobligated.

Cumulative Results of Operations. Cumulative Results of Operations represents the accumulated net difference since inception between (1) expenses and (2) revenues and financing sources.

Taxes

FSA is part of a federal entity and is not subject to federal, state, or local taxes. Therefore, no provision for income taxes is recorded.

Use of Estimates

FSA and Department management are required to make certain estimates while preparing the Consolidated Balance Sheet in conformity with GAAP. These estimates are reflected in the assets, liabilities, and net position of the Consolidated Balance Sheet and may differ from actual results. FSA's estimates are based on management's best knowledge of current events, best available data, economic assumptions, historical experiences, and other assumptions that are believed to be reasonable under the circumstances. Significant estimates reported on the financial statements include: allocation of administrative overhead costs; allowance for subsidy and subsidy expense for direct, defaulted guaranteed and acquired loans; the liability for loan guarantees; and grant liability and advance accruals. (See Notes 4 and 5)

FSA's estimates for credit reform programs are calculated using a series of assumption models that are updated using a statistically valid sample of National Student Loan Data System (NSLDS®) data, data from the Debt Management and Collection System (DMCS), and economic assumptions provided by the Office of Management and Budget. Actual results may differ from those assumptions and estimates. Differences between actual results and these estimates may occur in the valuation of credit program receivables and liabilities for loan guarantees under guidelines in the FCRA. FSA recognizes the sensitivity of credit reform modeling. Slight changes in modeling methodology or data used to derive assumptions can produce largely varied results. FSA therefore continually reviews its model factors and statistical modeling techniques to reflect the most accurate credit program costs possible in its annual financial statements. FSA updates its assumption models in accordance with its model update plan, which takes into consideration statutory or new program requirements, major changes to the model structure or methodology, and data updates. This level of granularity in the modeling methodology is essential to the financial reporting and budgeting processes so that FSA can forecast the costs of various program options when making policy decisions. (See Note 5)

Note 2. Non-Entity Assets

(Dollars in Millions)

	2024 (Unaudited)	
	Intragovernmental	Other than Intragovernmental
Non-Entity Assets		
Loans Receivable, Net	\$ -	\$ 1,429
Cash and Other Monetary Assets	-	576
Accounts Receivable, Net	-	6
Total Non-Entity Assets	-	2,011
Entity Assets	119,375	1,079,212
Total Assets	\$ 119,375	\$ 1,081,223

FSA's FY 2024 assets are predominantly entity assets (99.8 percent), leaving the small portion of assets remaining as non-entity assets. Other than intragovernmental non-entity assets primarily consist of guaranty agency reserves (28.6 percent), reported as cash and other monetary assets, and Federal Perkins Loan program loan receivables (71.1 percent), reported as loan receivables, net. The corresponding liabilities for these non-entity assets are reflected in various accounts, including intragovernmental accounts payable, Guaranty Agencies' Federal Funds due to Treasury, and other liabilities. (See Note 9)

Note 3. Fund Balance with Treasury

(Dollars in Millions)

	2024 (Unaudited)
Appropriated Funds	\$ 41,687
Revolving Funds	77,671
Special Funds	12
COVID-19 Funds	4
Total Fund Balance with Treasury	\$ 119,374

In FY 2024, \$312 million of unused funds from canceled appropriations were returned to Treasury. Such balances are excluded from the amount reported as Fund Balance with Treasury in accordance with Treasury guidelines.

Note 4. Other Assets

(Dollars in Millions)

	2024 (Unaudited)	
	Intragovernmental	Other than Intragovernmental
Accounts Receivable, Net	\$ 1	\$ 186
Property and Equipment, Net	-	-
Total Other Assets	\$ 1	\$ 186

Note 5. Loan Receivables, Net and Loan Guarantee Liabilities

Loans Receivable

(Dollars in Millions)

	2024 (Unaudited)			
	Principal	Accrued Interest	Allowance for Subsidy	Net
Direct Loan Program	\$ 1,368,871	\$ 104,389	\$ (431,965)	\$ 1,041,295
FFEL Program	73,596	23,487	(60,302)	36,781
Other Credit Programs for Higher Education	2,514	618	(747)	2,385
Total Loans Receivable	\$ 1,444,981	\$ 128,494	\$ (493,014)	\$ 1,080,461

The federal student loan programs provide students and their families with the funds to help meet postsecondary education costs. Funding for these programs is provided through permanent indefinite budget authority.

As the net loans receivable represents the net present value of future cash flows, it is not necessarily representative of the proceeds that might be expected if these loans were sold on the open market.

What follows is additional analysis for each of the loan programs.

Direct Loan Program. The federal government makes loans directly to students and parents through participating institutions of higher education under the Direct Loan Program. Direct Loans are originated and serviced through contracts with private vendors.

Direct Loan Program loan receivables include defaulted and nondefaulted loans owned and held by FSA. Of the \$1,473.3 billion in gross loan receivables, as of September 30, 2024, \$67.8 billion (4.6 percent) in loan principal was in default and had been transferred to FSA's defaulted loan servicer.

Direct Loan Program Loan Disbursements by Loan Type

(Dollars in Millions)

	2024 (Unaudited)
Stafford	\$ 15,757
Unsubsidized Stafford	44,119
PLUS	25,674
Consolidation	62,156
Total Disbursements	\$ 147,706

The allocation of disbursements for the first three loan types is estimated based on historical trend information.

Student and parent borrowers may prepay existing loans without penalty through a new consolidation loan. Under the FCRA and requirements provided by OMB regulations, the retirement of direct loans being consolidated is considered a collection of principal and interest. This receipt is offset by the disbursement related to the newly created consolidation loan. Underlying direct or guaranteed loans, performing or nonperforming, are paid off in their original cohort; new consolidation loans are originated in the cohort in which the new consolidation loan was obligated. Consolidation activity is taken into consideration in establishing subsidy rates for defaults and other cash flows. The cost of new consolidations is included in subsidy expense for the current-year cohort; the effect of prepayments on existing loans could contribute to re-estimates of prior cohort subsidy costs. The net receivables include estimates of future prepayments of existing loans through consolidations; they do not reflect subsidy costs associated with anticipated future consolidation loans.

Direct loan consolidations were \$62.2 billion during FY 2024. The effect of the early payoff of the existing loans—those being consolidated—is recognized in the future projected cash flows associated with that cohort.

Direct Loan Subsidy Rates—Cohort 2024

	Interest Differential	Defaults	Fees	Other*	Total
Stafford	37.66%	2.55%	-1.06%	-12.93%	26.22%
Unsubsidized Stafford	36.95%	2.48%	-1.06%	-18.42%	19.95%
PLUS	18.59%	1.95%	-4.23%	-18.22%	-1.91%
Consolidation	38.55%	0.73%	0.00%	2.53%	41.81%
Weighted Average Total	29.53%	2.08%	-1.36%	-10.61%	19.64%

*The Other component reflects costs associated with loan cancellations and the interactive effects of payment plans on the components of subsidy.

The subsidy rates disclosed pertain only to the current year's cohorts. These rates cannot be applied to the direct loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans reported in the current year could result from disbursements of loans from both current year cohorts and prior-year cohorts. The subsidy expense reported in the current year also includes modifications and re-estimates.

The subsidy costs of FSA's student loan programs, especially the Direct Loan Program, are highly sensitive to changes in actual and forecasted interest rates. The formulas for determining program interest rates are established by statute; the existing loan portfolio has a mixture of borrower and lender rate formulas. Interest rate projections are based on probabilistic interest rate scenario inputs developed and provided by OMB.

Federal Family Education Loan Program. FFEL was established in fiscal year 1965 and is a guaranteed loan program. As a result of the SAFRA Act, no new FFEL loans have been made since July 1, 2010. Federal guarantees on FFEL program loans and commitments remain in effect for loans made before July 1, 2010, unless they were sold to FSA through an ECASLA authority (acquired FFEL loans), consolidated into a direct loan, or otherwise satisfied, discharged, or canceled.

FFEL Guaranteed Loans Outstanding

(Dollars in Billions)

	2024 (Unaudited)
Outstanding Principal of Guaranteed Loans, Face Value	\$ 62.6
Amount of Outstanding Principal Guaranteed	\$ 62.6

As of September 30, 2024, the total principal value of guaranteed loans outstanding and the amount of that principal which is guaranteed is approximately \$62.6 billion.

Additionally, the FFEL program guarantees outstanding interest balances. As of September 30, 2024, the interest balances outstanding for guaranteed loans held by lenders was approximately \$2.9 billion.

FSA's total FFEL program guarantees (principal and interest) are approximately \$65.5 billion as of September 30, 2024. Of the total guaranteed amount, FSA would expect to pay a smaller amount to the guaranty agencies. The guarantee rates range from 75 to 100 percent of the principal and interest balance depending on the type of claim, when the loan was made, and the

guaranty agency's claim experience. For purposes of disclosing FSA's total risk exposure for FFEL guarantees, the highest reimbursement rate of 100 percent is assumed.

Defaulted and acquired FFEL loans are accounted for as assets as shown in the following table.

FFEL Program Loan Receivables

(Dollars in Millions)

	2024 (Unaudited)			
	Principal	Accrued Interest	Allowance for Subsidy (Present Value)	Net
DEFAULTED FFEL GUARANTEED LOANS				
FFEL GSL Program (Pre-1992)	\$ 3,067	\$ 5,313	\$ (8,240)	\$ 140
FFEL GSL Program (Post-1991)	37,512	9,871	(36,290)	11,093
Total Defaulted FFEL Guaranteed Loans	40,579	15,184	(44,530)	11,233
ACQUIRED FFEL LOANS				
Loan Purchase Commitment	11,568	2,750	(7,686)	6,632
Loan Participation Purchase	20,321	5,164	(7,936)	17,549
ABCP Conduit	1,128	389	(150)	1,367
Total Acquired FFEL Loans	33,017	8,303	(15,772)	25,548
FFEL Program Loan Receivables	\$ 73,596	\$ 23,487	\$ (60,302)	\$ 36,781

Liabilities for Loan Guarantees

(Dollars in Millions)

	2024 (Unaudited)
Post-1991 FFEL Loan Guarantee Liability	\$ 9,670
Pre-1992 FFEL Liquidating Account Liability for Loan Guarantees	6
FFEL Liabilities for Loan Guarantees	9,676
HEAL Liabilities for Loan Guarantees	256
Total Ending Balance for Liabilities for Loan Guarantees	\$ 9,932

Other Credit Programs for Higher Education

(Dollars in Millions)

	2024 (Unaudited)			
	Principal	Accrued Interest	Allowance for Subsidy (Present Value)	Net
Federal Perkins Loans	\$ 1,323	\$ 503	\$ (397)	\$ 1,429
TEACH Program Loans	829	81	(355)	555
HEAL Program Loans	362	34	5	401
Total	\$ 2,514	\$ 618	\$ (747)	\$ 2,385

Federal Perkins Loan Program. Loans made through the Federal Perkins Loan program were low-interest federal student loans for undergraduate and graduate students with exceptional financial needs. Schools made these Perkins loans to their students and are responsible for servicing the loans throughout the repayment term. Borrowers who undertake certain public, military, or teaching service employment are eligible to have all or part of their loans cancelled.

The Perkins Loan program was a revolving loan program where the loan repayments collected from former students were used to make new loans to current students. FSA provided most of the capital used by schools to make these loans to eligible students. Participating schools provided the remaining program funding. In some statutorily defined cases, funds were provided by FSA to reimburse schools for loan cancellations. The above schedule includes only Perkins loans that were assigned to FSA when schools discontinued their participation in the program.

For these assigned Perkins loans, collections of principal, interest, and fees, net of amounts paid to cover contract collection costs totaled \$93 million for FY 2024.

The Federal Perkins Loan Program Extension Act of 2015 (Extension Act) eliminated the authorization for schools to make new Perkins loan disbursements as of September 30, 2017, and ended all Perkins loan disbursements by June 30, 2018. Before the authority for new Perkins loans ended, collections made by the schools would go back into each school's Perkins fund to be used to make more loans. Schools are required to return to FSA the federal share of any excess beyond what is needed (excess liquid capital).

Schools are not required to liquidate and close out their programs now that no new Perkins loans are being made. Schools continue to take in collections and are required to return the federal share of the capital that is collected to FSA on an annual basis. Schools returned \$406 million to FSA in FY 2024 for the federal share of collected cash.

Beginning with the 2024 reporting year, as part of the wind-down of the Federal Perkins Loan Program, the Secretary began requiring schools to assign to FSA all Perkins Loans that have been in default for more than two years for which there have been no current collections. While the mandatory assignment policy has driven more schools to liquidate, the majority of schools are continuing to service existing portfolios to recover the money they contributed to their Perkins funds and will do so for as long as it is feasible or until the eventual wind-down of their portfolios. Schools that liquidate and close out their programs must transfer any outstanding portfolio to FSA and liquidate any final cash. Most recent data from the 2025-26 FISAP shows a \$1.1 billion outstanding principal balance on Perkins loans held by schools and FSA's equity interest on this portfolio is \$893 million.

The amounts collected by FSA annually for defaulted Perkins loans and for the return of the federal share of schools' Perkins capital contributions are returned to the Treasury General Fund.

TEACH Grant Program. FSA awards annual grants of up to \$4,000 to eligible undergraduate and graduate students who agree to serve as full-time mathematics, science, foreign language, bilingual education, special education, or reading teachers at high-need schools for four years within eight years of graduation. The maximum lifetime grant for students is \$16,000 for undergraduate programs and \$8,000 for graduate programs. For students failing to fulfill the service requirement, the grants are converted to Direct Unsubsidized Stafford Loans. The program is operated as a loan program under the FCRA for budget and accounting purposes since grants can be converted to direct loans.

TEACH Subsidy Rates—Cohort 2024

	Interest Differential	Defaults	Fees	Other*	Total
Subsidy Rates	78.35%	2.03%	0.00%	-29.94%	50.44%

*The Other component reflects costs associated with loan cancelations and the interactive effects of payment plans on the components of subsidy.

HEAL Program. FSA assumed responsibility in FY 2014 for the HEAL program and the authority to administer, service, collect, and enforce the program. The HEAL program is structured as required by the FCRA. A liquidating account is used to record all cash flows to and from the government resulting from guaranteed HEAL loans committed before 1992. All loan activity for 1992 and beyond is recorded in corresponding financing accounts.

Note 6. Liabilities Not Covered by Budgetary Resources

(Dollars in Millions)

	2024 (Unaudited)	
	Intragovernmental	Other than Intragovernmental
Liabilities Not Covered By Budgetary Resources		
Unfunded Leave	\$ -	\$ 22
FECA Liabilities	-	1
Total Liabilities Not Covered By Budgetary Resources	-	23
Liabilities Not Requiring Budgetary Resources		
Subsidy Due to Treasury General Fund	333	-
Federal Perkins Loan Program	1,419	-
Miscellaneous Receipt, Deposit Funds and Clearing Accounts	17	(1)
Total Liabilities Not Requiring Budgetary Resources	1,769	(1)
Total Liabilities Covered By Budgetary Resources	1,170,413	21,526
Total Liabilities	\$ 1,172,182	\$ 21,548

Note 7. Debt Associated with Loans

(Dollars in Millions)

	2024 (Unaudited)
	Ending Balance
Direct Loan Program	\$ 1,098,623
FFEL Program	56,073
Other Credit Programs for Higher Education	593
Total Debt Associated with Loans	\$ 1,155,289

FSA borrows from Treasury's Bureau of the Public Debt to fund the disbursement of new loans and the payment of credit program outlays and related costs. FSA makes periodic principal payments, after evaluating the cash position and liability for future outflows in each program and pays interest, as mandated by the FCRA.

Approximately 95.1 percent of FSA's debt, as of September 30, 2024, is attributable to the Direct Loan program.

Note 8. Subsidy Due to Treasury

(Dollars in Millions)

	2024 (Unaudited)
Credit Program Downward Subsidy Re-estimates	
Direct Loan Program	\$ 11,439
FFEL Program	3,103
Total Credit Program Downward Subsidy Re-estimates	14,542
Future Liquidating Account Collections	
FFEL Program	333
Total Future Liquidating Account Collections	333
Total Subsidy Due to Treasury General Fund	\$ 14,875

Note 9. Other Liabilities

(Dollars in Millions)

	2024 (Unaudited)	
	Intragovernmental	Other than Intragovernmental
Federal Perkins Loan Program	\$ 1,419	\$ -
Miscellaneous Receipt, Deposit Funds and Clearing Accounts	17	(1)
Accrued Funded Payroll and Leave	-	14
Accrued Unfunded Annual Leave	-	22
Employer Contributions and Payroll Taxes Payable	5	1
BECA Liabilities	-	1
Total Other Liabilities	\$ 1,441	\$ 37

Note 10. Commitments and Contingencies

FSA discloses contingencies where any of the conditions for liability recognition are not met and there is at least a reasonable possibility that a loss or an additional loss may have been incurred in accordance with SFFAS 5, *Accounting for Liabilities of the Federal Government*. The following commitments are amounts for contractual arrangements that may require future financial obligations.

Intragovernmental Leases

In accordance with SFFAS 54, *Leases*, FSA discloses information about intragovernmental lease activities. FSA leases from GSA all or a portion of 5 privately owned and 6 publicly owned buildings in 11 cities. The table below presents the estimated future minimum lease payments for these privately and publicly owned buildings.

Future Minimum Intragovernmental Lease Payments

(Dollars in Millions)

2024 (Unaudited)		
2025	\$	10
2026	\$	8
2027	\$	8
2028	\$	3
2029	\$	3
After 2029		3
Total	\$	35

Guaranty Agencies

FSA may assist guaranty agencies experiencing financial difficulties. FSA has not done so in FY 2024 and does not expect to in future years because FSA executed voluntary flexible agreements with 12 guaranty agencies effective October 1, 2024. FSA collaboratively negotiated these agreements to achieve the mutual goal of ensuring borrowers get greater outreach assistance to resolve their defaulted loans quickly while also providing stability for guaranty agencies—a key part of keeping the FFEL Program healthy as it continues its steady winddown. No provision has been made in the financial statements for potential liabilities.

Litigation and Other Claims

The Department is involved in various lawsuits incidental to its operations. In the opinion of management, the ultimate resolution of pending litigation will not have a material effect on FSA's financial position. As appropriate, the Department would seek recovery of some costs from Treasury's Judgment Fund for any loss in litigation that may occur. The Judgment Fund is a permanent, indefinite appropriation available to pay judgments against the government if appropriated funds cannot be used.

The cost of loan forgiveness related to borrower defense claims reflected in the accompanying financial statements is limited to loans originated through September 30, 2024. The final disposition of claims filed and those yet to be filed from loans originated before September 30, 2024, is not expected to have a material impact on these financial statements.

Independent Auditors' Report

Office of Inspector General Audit Transmittal



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

November 14, 2024

The Honorable Miguel Cardona
Secretary of Education
Washington, D.C. 20202

Denise Carter
Acting Chief Operating Officer
Federal Student Aid
Washington, D.C. 20202

Dear Secretary Cardona and Ms. Carter:

The enclosed Independent Auditors' Report (report) covers the consolidated balance sheet of Federal Student Aid (FSA) as of September 30, 2024, and the related notes (the consolidated financial statement), to comply with the Higher Education Amendments of 1998. The report should be read in conjunction with FSA's consolidated financial statement to fully understand the context of the information contained therein.

We engaged the independent certified public accounting firm KPMG LLP (KPMG) to audit the consolidated financial statement of FSA as of September 30, 2024. The contract requires that the audit be performed in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget bulletin, *Audit Requirements for Federal Financial Statements*. Following is a summary of the results reported in the Independent Auditors' Report

Report on the Audit of the Consolidated Financial Statement *Disclaimer of Opinion*

- KPMG has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion because of errors identified in the underlying data used to calculate the subsidy re-estimates for FSA's direct loan and loan guaranty programs.

Report on Internal Control Over Financial Reporting

Material Weakness (Exhibit A)

- Controls over the Relevance and Reliability of Underlying Data Used in Credit Reform Estimates Need Improvement.

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Promoting the efficiency, effectiveness, and integrity of the Department's programs and operations.

Office of Inspector General Audit Transmittal

Page 2 – Independent Auditors' Report

Significant Deficiencies (Exhibit B)

- Information Technology Controls Need Improvement, and
- Entity Level Controls Need Improvement.

Report on Compliance and Other Matters

The results of KPMG's tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

In connection with the contract, the Office of Inspector General reviewed KPMG's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the consolidated financial statement in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on FSA's consolidated financial statement or internal control over financial reporting, or conclusions on compliance and other matters. KPMG is responsible for the report dated November 14, 2024, and the conclusions expressed therein. However, our review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards.

We appreciate the cooperation given KPMG and my office during the audit. If you have any questions or would like to discuss the report, please contact me at (202) 245-6900.

Sincerely,



Sandra D. Bruce
Inspector General

Enclosure

Independent Auditors' Report



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Inspector General
United States Department of Education

Secretary
United States Department of Education

Chief Operating Officer
Federal Student Aid:

Report on the Audit of the Consolidated Financial Statement

Disclaimer of Opinion

We were engaged to audit the consolidated balance sheet of Federal Student Aid (FSA) as of September 30, 2024, and the related notes to the consolidated financial statement.

We do not express an opinion on the accompanying consolidated financial statement of FSA. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statement.

Basis for Disclaimer of Opinion

During fiscal year 2024, we identified errors in the underlying data used to develop assumptions used to calculate the subsidy re-estimates for FSA's direct loan and loan guaranty programs. In addition, management identified other errors in the underlying data used in the subsidy re-estimates calculation. However, management was unable to determine the extent of the impact of these issues on the balance sheet and related notes. As a result of this matter, we were unable to determine whether any adjustments to the balance sheet might have been necessary with respect to the fiscal year 2024 Loan Receivables, Net – Direct Loan Program; Loan Receivables, Net – Federal Family Education Loan (FFEL) Program; Subsidy Due to Treasury; Loan Guarantee Liabilities; Unexpended Appropriations; Cumulative Results of Operations; and the related notes.

Other Matter - Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the fiscal year 2024 Agency Financial Report to provide additional information for the users of its consolidated financial statement. Such information is not a required part of the consolidated financial statement or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Consolidated Financial Statement

Management is responsible for the preparation and fair presentation of the consolidated financial statement in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statement that is free from material misstatement, whether due to fraud or error.

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statement

Our responsibility is to conduct an audit of FSA's consolidated financial statement in accordance with auditing standards generally accepted in the United States of America (GAAS), *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, and to issue an auditors' report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this consolidated financial statement.

We are required to be independent of FSA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic consolidated financial statement. Such information is the responsibility of management and, although not a part of the basic consolidated financial statement, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statement in an appropriate operational, economic, or historical context. We were unable to apply certain limited procedures to the required supplementary information in accordance with GAAS because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph. We do not express an opinion or provide any assurance on the information.

Other Reporting Required by Government Auditing Standards

Report on Internal Control Over Financial Reporting

In connection with our engagement to audit FSA's consolidated financial statement as of September 30, 2024, we considered FSA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the consolidated financial statement, but not for the purpose of expressing an opinion on the effectiveness of FSA's internal control. Accordingly, we do not express an opinion on the effectiveness of FSA's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Exhibits, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Exhibit A, *Controls over the Relevance and Reliability of Underlying Data Used in Credit Reform Estimates Need Improvement*, to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Exhibit B, *Information Technology Controls Need Improvement* and *Entity Level Controls Need Improvement*, to be significant deficiencies.



Report on Compliance and Other Matters

In connection with our engagement to audit FSA's consolidated financial statement as of September 30, 2024, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statement. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

Additionally, if the scope of our work had been sufficient to enable us to express an opinion on the consolidated financial statement, other instances of noncompliance or other matters may have been identified and reported herein.

FSA's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on FSA's response to the findings identified in our engagement and described in Exhibit C. FSA's response was not subjected to the other auditing procedures applied in the engagement to audit the consolidated financial statement and, accordingly, we express no opinion on the response.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FSA's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.

November 14, 2024

Exhibit A

Material Weakness

Controls over the Relevance and Reliability of Underlying Data Used in Credit Reform Estimates Need Improvement**Background:**

The material weakness under this section is related to FSA's Direct and FFEL student loan portfolios.

FSA is required to perform interest rate and technical re-estimates of the subsidy costs (commonly referred to as subsidy re-estimates) of its direct loan and loan guaranty programs as of September 30 every year.

These subsidy re-estimates are calculated using an internally developed cash flow model, the Student Loan Model (SLM). The SLM utilizes assumptions based on internally sourced data elements from Information Technology (IT) systems. The future cash flow outputs generated from the SLM are input into the format required by the Office of Management and Budget (OMB) Credit Subsidy Calculator (CSC), a required present value discount tool for agencies with credit reform programs, to produce the subsidy re-estimates.

Condition:

Management did not design and implement sufficiently precise controls over the relevance and reliability of certain data used in key assumptions for the SLM.

Cause/Effect:

Management's risk assessment process did not sufficiently analyze the risks related to the relevance and reliability of the underlying data used in significant assumptions for the subsidy re-estimates to determine the need for additional controls. This condition led to errors in the subsidy re-estimates and increases the risk that the balance sheet and related notes could be materially misstated.

Criteria:

The following criteria were considered in the evaluation of the material weakness presented in this exhibit:

- The Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States (the Green Book), Principle 6, *Define Objectives and Risk Tolerances*; Principle No. 7, *Identify, Analyze, and Respond to Risks*; Principle No. 10, *Design Control Activities*; Principle No. 13, *Use Quality Information*; Principle No. 14, *Communicate Internally*.
- FASAB Technical Release 6, *Preparing Estimates for Direct Loan and Loan Guarantee Subsidies under the Federal Credit Reform Act – Amendments to Technical Release No. 3 Preparing and Auditing Direct Loan and Loan Guarantee Subsidies under the Federal Credit Reforms Act*, Paragraph 20.

Recommendation:

We recommend that management design and implement additional controls that respond to the risks associated with the relevance and reliability of underlying data used in developing the assumptions related to the subsidy re-estimates. Such review should be documented and maintained.

Exhibit B

Significant Deficiencies

A. Information Technology Controls Need Improvement

The following control deficiencies in the areas of Information Technology (IT) logical access, security management, segregation of IT duties, application change management, and computer operations are related to both the United States Department of Education (the Department) and FSA systems.

Conditions:

In prior years, we reported a significant deficiency related to the Department and FSA's IT controls due to persistent unmitigated IT control deficiencies. During FY 2024, the Department management and FSA management demonstrated progress implementing corrective actions to remediate some prior-year deficiencies, such as logical access and application change management controls. However, the Department management and FSA management have not fully remediated prior-year deficiencies related to security management, logical access administration, separated and transferred user access removal, user access reviews and recertification, and computer operations. New and existing IT control deficiencies related to access controls and change management controls for the Department's core financial management system and administration of the network service directory, two of FSA's financial and mixed systems, and one identity and access management support system are as follows:

Department:

1. Deficiencies in IT logical access controls: Access controls for new and separated contractors were not consistently and accurately performed, including the inconsistent reporting of start and termination effective dates. Further, the access controls were not consistently followed for the Department's core financial management system and the network service directory. Specifically,
 - a. Documentation supporting the authorization and approval of requested application access, completed role-based trainings and security clearance reinvestigations for new and modified users could not be provided;
 - b. Least privilege concepts were not followed for network service directory privileged accounts that no longer required network service directory access or were inactive, but not disabled according to Department and NIST requirements;
 - c. Evidence supporting completed access reviews was not provided and/or evidence supporting complete and accurate access reviews and recertifications was not provided or retained;
 - d. Password controls and system security settings were not designed to meet the Department's requirements; and
 - e. Deficiencies in IT controls related to the segregation of IT duties: For one of the Department's core financial management systems, a user with developer access to the code repository had access greater than read-only to the system's production environment. Additionally, least privilege concepts were not followed for two users who were assigned administrator permissions on their non-privileged accounts and their patch management tool accounts.
2. Deficiencies in IT application change management controls: The application change management policies and controls were not consistently followed for the Department's core financial management system in accordance with Department policy. The Department did not provide sufficient evidence to support testing approvals for certain application changes.

3. Deficiencies in IT computer operations controls: Controls over computer operations were not properly designed and implemented. Specifically,
 - a. Changes to the job processing and scheduling tools were not centrally tracked;
 - b. Changes were made directly in the production environment; and
 - c. The use and monitoring of generic and shared accounts for the job scheduling tool did not follow the Department's requirements.

FSA:

4. Deficiencies in IT security management controls: Management did not effectively operate corrective action, remediation, and quality review controls for IT security weaknesses. Specifically, Plan of Action and Milestone (POA&M) closure documentation for three FSA systems and one identity and access management system did not always address the root cause of the deficiencies, thereby increasing the potential of IT control deficiencies reoccurring in the future.
5. Deficiencies in IT logical access controls: The access control processes were not consistently followed for two FSA systems and one identity and access management system. Specifically,
 - a. Evidence supporting complete and accurate access listings and evidence supporting new, modified, or separated users was not provided or was provided with missing required information and/or approvals;
 - b. Unauthorized access was provisioned and/or access was provisioned without adhering to the least privileged principle;
 - c. Evidence supporting complete and accurate access reviews and recertification controls was unavailable, was not retained, or access reviews were not completed as required by Department and FSA requirements; and
 - d. Password controls and system security settings were not designed to meet the Department's requirements.

Cause/Effect:

Management has not performed effective risk assessments and there was a lack of effective monitoring controls over the effectiveness of designed control activities by the Department and FSA to ensure the following:

1. System deficiencies, including those identified during external audits, have a documented POA&M and are tracked in the required security management tool. Additionally, corrective actions to remediate prior-year conditions and associated causes are fully implemented, as well as verifying and validating that these corrective actions were effectively addressing the weakness with adequately documented supporting evidence.
2. Systems and support processes consistently adhered to documented agency-wide policies and procedures for the financial and mixed systems hosted and managed by FSA and the Department.
3. The established logical access control process is followed and requests and related evidence for new, modified, or separated or inactive users were retained, documented completely and accurately, and approved.
4. Complete and accurate access reviews are performed to detect and mitigate the risk of unauthorized accounts, access that is not commensurate with job responsibilities or least privilege, and access permissions not being revoked timely.

5. Password controls and system security settings are designed to meet the Department's requirements.
6. Segregation of duties and least privilege principles are followed and enforced.
7. The established application change process is followed.
8. The established process for job processing changes is followed and the requirements for the use and monitoring of generic/shared accounts controls for the job scheduling tool are followed and enforced.
9. The established computer operations process detects and/or prevents unauthorized changes to the job processing tool and schedules within the core financial system environment.

Ineffective IT controls increase the risk of unauthorized use, disclosure, disruption, modification, or destruction of information, and information systems that could impact the integrity and reliability of information processed in the associated applications which may lead to misstatements of the financial statements.

Criteria:

The following criteria were considered in the evaluation of the significant deficiency presented in this exhibit:

- The Green Book, Principle No. 3 *Establish Structure, Responsibility, and Authority*, Principle No. 4, *Demonstrate Commitment to Competence*, Principle No. 6, *Define Objectives and Risk Tolerances*, Principle No.10, *Design Control Activities*, Principle No. 11, *Design Activities for the Information System*, Principle No. 13, *Use Quality Information*, Principle No.16, *Internal Control System Monitoring*, Principle No.17, and *Evaluate Issues and Remediate Deficiencies*.
- Federal Information Processing Standards (FIPS) 200, *Minimum Security Requirements for Federal Information and Information Systems*.
- National Institute of Standards and Technology Special Publication 800-53, *Security and Privacy Controls for Federal Information Systems and Organizations*, Revision 5, Release 5.1.1, specifically security control requirements PM-4 *Plan of Action and Milestone Process*, AC-2 *Account Management*, AC-5 *Separation of Duties*, AC-6 *Least Privilege*, AC-7 *Unsuccessful Logon Attempts*, AT-3 *Role-based Training*, AT-4 *Training records*, IA-2 *Identification and Authentication (Organizational Users)*, PS-3 *Personnel Screening*, and CM-3 *Configuration Change Control*.

Recommendations:

We recommend that FSA work with the Department to:

1. Evaluate, design, and implement controls to track and report all new and separated contractors to allow for timely onboarding or off-boarding, respectively.
2. Provide training and oversight to the Department's personnel with access authorization and provisioning controls and ensure all requirements are met and documented prior to granting system and network service directory access.
3. Update access review procedures to require the reviewers to verify the access lists received to be used in the performance and operation of the access reviews is complete and accurate and not modified prior to commencing the access reviews.
4. Ensure the database, server layer, and network service directory controls comply and operate with the disabling of inactive accounts, PIV authentication, account lockout duration password setting requirements, as required by Department policy.

5. Following established user access provisioning procedures detailed in the Federal and Department guidance to authorize access and assign roles that are commensurate with job functions and do not violate the least privilege principle.
6. Oversee the Department's systems change management process to enforce adherence to the change management plan to ensure relevant documentation and approvals are properly completed prior to closing the change ticket.
7. Update the Department's systems' change management plan to require program change supporting documentation, such as approvals, be retained.
8. Develop and implement formal procedures addressing controls over the Department's systems':
 - a. Changes to production jobs, and schedules; and
 - b. Monitoring of actions taken by the generic job processing account in the job scheduling tool, including management of the password for the generic account.

We recommend that FSA:

9. Design and implement controls to evaluate the magnitude of impact, likelihood of occurrence, and nature of the deficiency in order to tailor the corrective actions to remediate the risk and address the root cause. Further, update guidance to ensure that quality reviews over the POA&M closure documentation are conducted to confirm the noted deficiencies are fully addressed to help prevent future reoccurrences.
10. Formally develop and implement a quality control review process to ensure that logical access control processes are followed completely and accurately to validate logical access requests, reviews, and recertifications.
11. Enforce established access authorization and provisioning controls and ensure all requirements are met and documented prior to granting system access. Follow established user access provisioning procedures detailed in the Federal, Department, and FSA guidance to authorize system access and assign roles that are commensurate with job functions and do not violate the least privilege principle.
12. Update access review procedures to require the reviewers to verify the access lists received to be used in the performance and operation of the access reviews is complete and accurate and not modified prior to commencing the access reviews.
13. Perform and formally document the periodic reviews of all application user accounts in accordance with Department policy to confirm access is current, authorized, commensurate with job responsibilities, and follow the concept of least privileged.
14. Ensure the application access controls comply and operate with the PIV authentication requirements, as required by Department policy.

B. Entity Level Controls Need Improvement

A key factor in improving accountability in achieving an entity's mission is to implement an effective internal control system. The control environment sets the tone of an organization by influencing the control consciousness of its personnel. It is also the foundation for all components of internal control, providing discipline and structure. FSA needs to address weaknesses in its entity-wide control environment as we have observed, through our procedures, two entity-wide control environment conditions in the areas of risk assessment and monitoring activities that have a pervasive influence on the effectiveness of controls.

Conditions:

1. Risk Assessment- FSA's entity level controls were not sufficiently designed and implemented in order to define objectives related to financial reporting processes to enable the identification of risks, define risk tolerances and identify controls responsive to those risks.
2. Monitoring Activities- FSA's entity level controls were not sufficiently designed and implemented in order to remediate identified internal control deficiencies in a timely manner.

Cause/Effect:

1. Inadequate risk assessment throughout FSA prevented the proper identification and analysis of certain risks related to the financial reporting process at FSA, and from designing appropriate risk responses.
2. Insufficient monitoring prevented FSA from implementing corrective action plans and remediating control deficiencies timely.

The conditions noted above contributed to the control deficiencies described earlier in Exhibits A and B.A and could lead to other weaknesses in internal control over financial reporting.

Criteria:

The following criteria were considered in the evaluation of the significant deficiency presented in this Exhibit:

- The Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States (the Green Book), Principle 6, *Define Objectives and Risk Tolerances*; Principle No. 7, *Identify, Analyze, and Respond to Risks*; Principle No.17, and *Evaluate Issues and Remediate Deficiencies*.

Recommendations:

We recommend that management:

1. Improve the risk assessment process at the financial statement assertion level and at the process level to ensure FSA is appropriately defining objectives to enable the identification of risks and define risk tolerances.
2. Implement key monitoring controls to ensure that corrective action plans are implemented to timely remediate control deficiencies identified. In addition, increase oversight, review, and accountability over the process among various offices and directorates within FSA.

Exhibit C

Management's Response

Federal Student Aid
an OFFICE of the U.S. DEPARTMENT of EDUCATION

DATE: November 8, 2024

TO: Sean Dawson
Assistant Inspector General for Audit

FROM: Richard J. Lucas
Acting Chief Financial Officer

RICHARD LUCAS Digitally signed by RICHARD LUCAS
Date: 2024.11.08 13:40:13 -05'00'

Daniel Commons
Acting Chief Information Officer

DAVON TYLER Digitally signed by DAVON TYLER
Date: 2024.11.08 14:31:25 -05'00'

SUBJECT: DRAFT INDEPENDENT AUDITORS' REPORT
Federal Student Aid Fiscal Year 2024 Financial Statement - ED-OIG/A24FS0167

Federal Student Aid (FSA) has reviewed the draft independent auditors' report on the fiscal year (FY) 2024 audit of FSA's consolidated financial statement. We concur with the findings and recommendations included in the report.

As noted in the auditors' report, control weaknesses underlying the disclaimer of opinion and material weakness included errors that FSA and KPMG identified in some data elements used to calculate subsidy re-estimates for FSA's direct loan and loan guaranty programs. The data elements were obtained from FSA Information Technology (IT) systems that contained data transmitted from external data providers, including loan servicers and guaranty agencies.

In FY 2024, FSA implemented new controls over data transmitted by external data providers to FSA IT systems and data derived from externally transmitted data. Through these controls, FSA identified erroneous data transmitted to FSA IT systems by some external data providers. Researching the errors to identify the root causes, scope, potential impacts on financial reporting, and corrective actions is a complex and time consuming process that requires coordination with, and actions to be taken by, data providers. The actions to address these issues are ongoing, and FSA is committed to resolving the issues as quickly as possible. FSA has also initiated actions to clarify requirements and hold external data providers accountable for erroneous data transmitted to FSA IT systems.

Regarding IT control deficiencies, we appreciate the auditors' acknowledgement of FSA's progress in remediating prior-year deficiencies in logical access and application change management controls. FSA has initiated actions to fully remediate the remaining prior year and new IT control deficiencies specific to FSA, and FSA will work with the Department to support corrective actions for enterprise-wide IT systems.

FSA acknowledges that entity level controls continue to need improvement. In FY 2024, FSA established frequent and regular communication among Department and FSA senior leaders to monitor corrective actions and increase collaboration among the multiple offices that shared collective responsibility for resolving control deficiencies impacting financial reporting. This new dynamic resulted in FSA substantially resolving the control deficiencies identified in prior years and identifying new control deficiencies. As noted above, FSA continues to address the newly identified control deficiencies with internal and external stakeholders.

Please convey our appreciation to everyone on your staff who worked diligently on this audit.

Please contact William Truitt, Director, Financial Management Group, at william.truitt@ed.gov with any questions or comments.

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Other Information (Unaudited)



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Overview of the Other Information Section

This section includes the consolidated Statement of Net Cost, consolidated Statement of Changes in Net Position and the combined Statement of Budgetary Resources and related notes. It also includes Required Supplementary Information, a summary of the financial statement audit, links to the Management Assurance and Management Challenges sections located in the [AFR](#), and the Payment Integrity section. The subsections are listed below:

- **Unaudited Financial Statements:** The unaudited financial statements consist of the following statements: Statement of Net Cost, Statement of Changes in Net Position and Statement of Budgetary Resources.
- **Notes to the unaudited Financial Statements:** The notes to the unaudited financial statements provide a description of significant accounting policies and detailed information on select financial statement line items. The notes also include information that supports the computation of the various financial statement activities.
- **Required Supplementary Information (Unaudited):** The unaudited Required Supplementary Information includes the Combining Statement of Budgetary Resources by Program.
- **Summary of the Financial Statement audit**
- **Management Assurance**
- **Management Challenges**
- **Payment Integrity Section**

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Consolidated Statement of Net Cost

United States Department of Education
Federal Student Aid
Consolidated Statement of Net Cost
For the Year Ended September 30, 2024
(Dollars in Millions)

FY 2024 (Unaudited)

Program Costs

**INCREASE POSTSECONDARY VALUE BY FOCUSING ON EQUITY STRATEGIES
TO ADDRESS ACCESS TO AFFORDABILITY, COMPLETION, AND POST-
ENROLLMENT SUCCESS**

Direct Loan Program

Gross Costs	\$	93,552
Earned Revenue		(31,196)
Net Cost of Direct Loan Program	\$	62,356

FFEL Program

Gross Costs	\$	7,049
Earned Revenue		(2,327)
Net Cost of FFEL Program	\$	4,722

Other Credit Programs for Higher Education

Gross Costs	\$	48
Earned Revenue		(581)
Net Cost (Surplus) of Other Credit Programs for Hi	\$	(533)

Non-Credit Programs

Gross Costs	\$	39,654
Earned Revenue		(1)
Net Cost of Non-Credit Programs	\$	39,653

Net Program Costs	\$	106,198
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Total Program Gross Costs	\$	140,303
Total Program Earned Revenue		(34,105)
Net Cost of Operations (Note 15)	\$	106,198

The accompanying notes are an integral part of these statements.

Consolidated Statement of Changes in Net Position

United States Department of Education
Federal Student Aid
Consolidated Statement of Changes in Net Position
For the Year Ended September 30, 2024
Run Date (10 - 20 - 2023)
(Version 1 Round 2)
(Dollars in Millions)

	FY 2024 (Unaudited)	
	Cumulative Results of Operations	Unexpended Appropriations
Beginning Balances	\$ (67,221)	\$ 38,009
Appropriations Received	-	161,753
Appropriations Transferred - In/Out	-	(128)
Other Adjustments (Rescissions, etc.)	-	(313)
Appropriations Used	165,413	(165,413)
Imputed Financing from Costs Absorbed by Others	32	-
Negative Subsidy Transfers, Downward Subsidy Re-estimates, and Other	(19,066)	-
Net Cost of Operations	(106,198)	-
Net Change	\$ 40,181	\$ (4,101)
Net Position	\$ (27,040)	\$ 33,908

The accompanying notes are an integral part of these statements.

Combined Statement of Budgetary Resources

United States Department of Education
Federal Student Aid
Combined Statement of Budgetary Resources
For the Year Ended September 30, 2024
(Dollars in Millions)

	FY 2024 (Unaudited)	
	Budgetary	Non-Budgetary Credit Reform Financing Accounts
Budgetary Resources		
Unobligated Balance from Prior Year Budget Authority (Net) (Note 17)	\$ 17,008	\$ 30,569
Appropriations (Discretionary and Mandatory)	161,416	340
Borrowing Authority (Discretionary and Mandatory) (Note 17)	-	135,798
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	434	105,451
Total Budgetary Resources	\$ 178,858	\$ 272,158
Status of Budgetary Resources		
New Obligations and Upward Adjustments (Total)	\$ 170,671	\$ 222,432
Unobligated Balance, End of Year		
Apportioned, Unexpired Accounts	4,273	-
Unapportioned, Unexpired Accounts	633	49,726
Unexpired Unobligated Balance, End of Year	\$ 4,906	\$ 49,726
Expired Unobligated Balance, End of Year	3,281	-
Unobligated Balance, End of Year (Total)	\$ 8,187	\$ 49,726
Total Status of Budgetary Resources	\$ 178,858	\$ 272,158
Outlays, Net		
Outlays, Net (Discretionary and Mandatory)	160,260	
Distributed Offsetting Receipts (-) (Note 17)	(5,458)	
Agency Outlays, Net (Discretionary and Mandatory) (Note 17 & 18)	\$ 154,802	
Disbursement, Net (Total) (Mandatory)		(44,791)

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Statement of Net Cost, Consolidated Statement of Changes in Net Position, and Combined Statement of Budgetary Resources

Note 11. Other Accounting Policies

Note 12. Property and Equipment

Note 13. Credit Program Subsidy Expense and Reconciliations of Loans Receivable,
Allowance for Subsidy, and Liabilities for Loan Guarantees

Note 14. Roll-Forward of Debt Associated with Loans

Note 15. Net Cost

Note 16. COVID-19 Activity

Note 17. Statements of Budgetary Resources

Note 18. Reconciliation of Net Cost to Net Outlays

Note 19. Other Matters

Notes to the Consolidated Statement of Net Cost, Consolidated Statement of Changes in Net Position, and Combined Statement of Budgetary Resources for the Year Ended, September 30, 2024 (Unaudited)

Note 11. Other Accounting Policies

Basis of Accounting and Presentation

These financial statements were prepared to report the net cost of operations, changes in net position, and budgetary resources of the Department, as required by the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994.

These financial statements were prepared from the books and records of the Department and FSA, in accordance with Generally Accepted Accounting Principles (GAAP) accepted in the United States for federal entities, issued by the Federal Accounting Standards Advisory Board (FASAB), and the Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements, as revised. For FY 2024, FSA elected to present these financial statements as unaudited and include them in the Other Information section. These financial statements are different from the financial reports prepared by the Department pursuant to OMB directives.

The accounting structure of federal agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds.

Subsidy Cost and Budgetary Accounting for Federal Credit Programs

Under the FCRA, subsidy cost is estimated using the net present value of future cash flows to and from the Department. In accordance with the FCRA, credit programs either estimate a subsidy cost to the government (a “positive” subsidy), breakeven (zero subsidy cost), or estimate a negative subsidy cost. Negative subsidy occurs when the estimated cost of providing loans to borrowers from Treasury borrowing, collection costs, and loan forgiveness is less than the value of collections from borrowers for interest and fees, in present value terms.

Subsidy cost is an estimate of the present value cost of providing direct loans but excludes the administrative costs of issuing and servicing the loans. The Department estimates subsidy costs using a set of econometric and financial models, as well as cash flow models.

FSA estimates subsidy costs annually for new loans disbursed in the current year; updates to the previous cost estimates for outstanding loans disbursed in prior years (subsidy re-estimates); and updates to previous cost estimates based on new legislation or other government actions that change the terms of existing loans (loan modifications) that alter the estimated subsidy cost and the present value of outstanding loans. Loan modifications can also include modification adjustment gains and losses to account for the difference between the

discount rate used to calculate the cost of the modification and the interest rate at which the cohort pays or earns interest.

The subsidy costs of direct loan and loan guarantee programs are budgeted and tracked by the fiscal year in which the loan award is made, or the funds committed. Such a grouping of loans or guarantees is referred to as a “cohort.” A cohort is a grouping of direct loans obligated or loan guarantees committed by a program in the same year even if disbursements occur in subsequent years.

To account for the change in the net present value of the loan portfolio over time, the subsidy cost is amortized each year. Amortization accounts for the differences in interest rates, accruals, and cash flows over the life of a cohort, ensuring that cost is reflected in subsidy estimates and re-estimates. Amortization of subsidy is calculated as the difference between interest received from borrowers and Treasury (on uninvested funds) and interest paid to Treasury on borrowings.

Promissory notes are signed when schools reach individual agreements with borrowers and the schools subsequently report each disbursement of advanced funds to FSA. A new promissory note is usually not required for students in the second or later year of study.

Half of all loan awards are issued in the fourth quarter of the fiscal year. Loans awarded are typically disbursed in multiple installments over an academic period. As a result, loans may be disbursed over multiple fiscal years. Loan awards may not be fully disbursed due to students leaving or transferring to other schools. The Department’s obligation estimate may also not reflect the actual amount of awards made. Based on historical averages, the Department expects approximately 6.3 percent of the amount obligated for new loan awards will not be disbursed.

Budgetary Terms

The purpose of Federal budgetary accounting is to control, monitor, and report on funds made available to the Department by law and help ensure compliance with the law.

Budgetary resources are amounts that are available to incur and liquidate obligations in a given year. FSA’s budgetary resources include unobligated balances of resources from prior years and new resources, which include appropriations, authority to borrow from Treasury, and spending authority from collections. Obligations are legally binding agreements that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.

Borrowing authority is an indefinite budgetary resource authorized under the FCRA. This resource, when realized, finances the unsubsidized portion of the Direct Loan, FFEL, and other loan programs. In addition, borrowing authority is requested to cover the cost of the initial loan disbursement as well as any related negative subsidy to be transferred to Treasury General Fund receipt accounts. Treasury prescribes the terms and conditions of borrowing authority and lends to the financing account amounts as appropriate. Amounts borrowed, but not yet disbursed, are included in uninvested funds and earn interest. Treasury uses the same weighted average interest rates for both the interest charged on borrowed funds and the interest earned on uninvested funds. Treasury sets a different fixed interest rate to be used for each loan cohort once the loans are substantially disbursed. FSA may carry forward borrowing

authority to future fiscal years if cohorts are disbursing loans. All borrowings from Treasury are effective on October 1 of the current fiscal year, regardless of when FSA borrowed the funds, except for amounts borrowed to make annual interest payments.

Authority to borrow from Treasury provides most of the funding for disbursements made under the Direct Loan, FFEL, and other loan programs. Subsidy and administrative costs of the programs are funded by appropriations. Borrowings are repaid using collections from borrowers, fees, and interest on uninvested funds.

Unobligated balances represent the cumulative amount of budgetary resources that are not obligated and that remain available for obligation under law, unless otherwise restricted. Resources expiring at the end of the fiscal year remain available for five years, but only for upward adjustments of prior-year obligations, after which they are canceled and may not be used. Resources that have not expired at year-end are available for new obligations, as well as upward adjustments of prior-year obligations. Funds are appropriated on an annual, multiyear, or no-year basis. Appropriated funds expire on the last day of availability and are no longer available for new obligations. Amounts in expired funds are unavailable for new obligations but may be used to adjust previously established obligations.

Permanent Indefinite Budget Authority. The Direct Loan, FFEL, and other loan programs have permanent indefinite budget authority through legislation to fund subsequent increases to the estimated future costs of the loan programs. Parts B, Federal Family Education Loan Program, and D, Federal Direct Student Loan, of the HEA pertain to the existence, purpose, and availability of permanent indefinite budget authority for these programs.

Reauthorization of Legislation. Funds for most Department programs are authorized, by statute, to be appropriated for a specified number of years, with an automatic one-year extension available under Section 422 of the General Education Provisions Act. Congress may continue to appropriate funds after the expiration of the statutory authorization period, effectively reauthorizing the program through the appropriations process. The current President's Budget presumes all programs continue in accordance with congressional budgeting rules.

Outlays are the liquidation of obligations that often takes the form of an electronic funds transfer. Outlays are reported on the SBR net of offsetting collections and distributed offsetting receipts.

Offsetting collections and offsetting receipts are generally amounts collected from (1) business-like transactions with the public or (2) intragovernmental transfers. Offsetting collections usually may be used by the Department once received without further legislation whereas offsetting receipts must be appropriated to be used.

Offsetting receipts and offsetting collections both "offset" or reduce outlays. Offsetting collections reduce outlays at the expenditure account level, whereas offsetting receipts generally reduce outlays at the agency or Government-wide level. Offsetting receipts can be either "distributed" or "undistributed," with distributed offsetting receipts shown on the SBR reducing agency outlays and undistributed offsetting receipts reducing Government-wide outlays (and not shown on the SBR).

Budgetary transactions are included as outlays or receipts in the Budget and ultimately affect the budget deficit or surplus whereas non-budgetary amounts are a means of financing and do not affect the deficit or surplus. Non-budgetary amounts include the non-budgetary financing

account amounts for loan and loan guarantee programs shown on the SBR. Financing accounts reflect program cash flows as distinct from credit “program” accounts, which are budgetary and reflect the subsidy cost of the programs.

Imputed Costs

Services are received from other federal entities at no cost or at a cost less than the full cost to FSA. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by FSA are recognized as imputed costs in the Statement of Net Cost and are offset by imputed revenue in the Statement of Changes in Net Position. Such imputed costs and revenues relate to employee benefits. However, unreimbursed costs of services other than those related to employee benefits are not included in FSA’s financial statements.

Retirement Plans and Other Retirement Benefits. Contributions for CSRS, FERS, and other retirement benefits are insufficient to fund the programs fully and are subsidized by the Office of Personnel Management (OPM). FSA imputes its share of the OPM subsidy, using cost factors provided by OPM, and reports the full cost of the programs related to its employees in FSA’s Statement of Net Cost. These OPM imputed costs are offset by imputed financing sources from costs absorbed by others in FSA’s Statement of Changes in Net Position

Net Cost

Net cost consists of gross costs less earned revenue. Major components of FSA’s net costs include credit program subsidy expense, credit program interest revenue and expense, and grant expenses. Administrative overhead costs are allocated to loan and non-credit programs based on number of applications processed, number of loans serviced, dollar amount of loan originations, cost of school compliance actions, and the cost to collect defaulted loans.

Credit Program Subsidy Expense. Subsidy expense is an estimate of the present value cost of providing loans, excluding the administrative costs of issuing and servicing the loans. To estimate subsidy expense, FSA must project lifetime cash flows associated with loans disbursed in a specific fiscal year (i.e., the loan cohort). FSA projects these lifetime cash flows using a set of econometric and financial models, as well as cash flow models. FSA estimates subsidy expenses annually for new loans disbursed in the current year; updates the previous cost estimates for outstanding loans disbursed in prior years (subsidy re-estimates); and updates previous cost estimates based on changes to terms of existing loans (loan modifications). Loan modifications include actions resulting from new legislation or from the exercise of administrative discretion under existing law, which directly or indirectly alters the estimated subsidy cost of outstanding direct loans (or direct loan obligations). The change in book value of direct loans resulting from a modification and the cost of modification will normally differ due to the use of different discount rates or the use of different measurement methods. Any difference between the change in book value and the cost of modification is recognized as a modification adjustment transfer gain or a modification adjustment transfer loss.

Credit Program Interest Revenue and Expense. FSA recognizes other than intragovernmental interest revenue when interest is accrued on Direct Loan Program loans, defaulted and acquired FFEL loans, and outstanding principal for other loan programs. Interest due from borrowers is accrued at least monthly and is satisfied upon collection or capitalization into the loan principal. Federal interest revenue is recognized on the unused fund balances with Treasury in the financing accounts.

Federal interest expense is recognized monthly on the outstanding borrowing from Treasury (debt) used to finance direct loan and loan guarantee programs. Accrued interest to Treasury is paid on September 30. The interest rate for federal interest expense is the same as the rate used for federal interest revenue.

Interest expense equals interest revenue plus administrative fees accrued for all credit programs due to subsidy amortization. Subsidy amortization is required by the FCRA and accounts for the difference between interest expense and revenue cash flows. For direct loans, the allowance for subsidy is adjusted with the offset to interest revenue. For guaranteed loans, the liability for loan guarantees is adjusted with the offset to interest expense.

Net Position

Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations include undelivered orders and unobligated balances, except for amounts in financing accounts, liquidating accounts, and trust funds. Cumulative results of operations represent the net difference since inception between (1) expenses and (2) revenues and financing sources.

Use of Estimates

FSA and Department management is required to make certain estimates while preparing consolidated financial statements in conformity with GAAP. These estimates are reflected in the net cost and net position of the financial statements and may differ from actual results. The Department's estimates are based on management's best knowledge of current events, best available data, economic assumptions, historical experiences, and other assumptions that are believed to be reasonable under the circumstances. Significant estimates reported on the Consolidated Statement of Net Cost and the Consolidated Statement of Changes in Net Position include: allocation of Department administrative overhead costs; and subsidy expense for direct, defaulted guaranteed, and acquired loans. (See Notes 13 and 15)

Note 12. Property and Equipment

Changes in property and equipment balances were as follows.

Property and Equipment

(Dollars in Millions)

	2024 (Unaudited)		
	Acquisition Value	Accumulated Depreciation	Net
Balance Beginning of the Year	\$ 123	\$ (123)	\$ -
Balance At End of Year	\$ 123	\$ (123)	\$ -

Note 13. Credit Program Subsidy Expense and Reconciliations of Loans Receivable, Allowance for Subsidy, and Liabilities for Loan Guarantees

The net loans receivable increased by \$7.9 billion during FY 2024 as a result of activity identified in the following table.

Reconciliation of Loan Receivables, Net (Dollars in Millions)

	2024 (Unaudited)				
	Direct Loan Program	Defaulted FFEL Guaranteed Loans	Acquired FFEL Loans	Other Credit Programs for Higher Education	Total
Beginning Balance of Loans Receivable, Net	\$ 1,030,912	\$ 11,843	\$ 27,471	\$ 2,328	\$ 1,072,554
Add Loan Disbursements:					
New Loan Disbursements	85,550	-	-	42	85,592
Consolidations	62,156	-	-	-	62,156
Add Defaulted Loan Claim Payments	-	2,986	-	-	2,986
Less Principal, Interest, and Fee Payments Received:					
Principal	(79,874)	(924)	(2,725)	(114)	(83,637)
Interest	(21,584)	(148)	(921)	(44)	(22,697)
Fees	(1,732)	1	4	-	(1,727)
Add Interest Accruals	62,771	2,603	1,686	98	67,158
Less Loans Written Off:					
Principal	(42,816)	(2,056)	(1,860)	(70)	(46,802)
Interest	(12,593)	(248)	(118)	(7)	(12,966)
Allowance for Subsidy	55,409	2,304	1,978	77	59,768
Add Amortization of Net Interest:					
Interest Revenue on Uninvested Funds	(5,436)	-	(182)	(3)	(5,621)
Interest Revenue from the Public	(62,771)	-	(1,686)	(98)	(64,555)
Interest Expense on Borrowing	31,196	-	963	17	32,176
Positive Subsidy Transfers	(42,586)	-	-	(35)	(42,621)
Negative Subsidy Transfers	885	-	-	-	885
Upward Subsidy Re-Estimate	(29,426)	-	(26)	(23)	(29,475)
Downward Subsidy Re-Estimate	12,537	-	979	29	13,545
Loan Modifications	(2,083)	-	(21)	(2)	(2,106)
Other:					
Other Adjustments to Allowance for Subsidy	733	34	480	11	1,258
Other Non-Cash Reconciling Items	47	(5,162)	(474)	179	(5,410)
Ending Balance of Loans Receivable, Net	\$ 1,041,295	\$ 11,233	\$ 25,548	\$ 2,385	\$ 1,080,461

When Department-held loans are written off, the unpaid principal and interest are removed from the gross amount of loans receivable, along with an offsetting amount charged to the allowance for subsidy. Prior to the write off transaction, the estimated uncollectible amounts are provided for in the subsidy cost allowance through the subsidy cost estimate, re-estimates, or loan modifications. Therefore, the write off transactions do not affect the net loan receivable or expenses.

Other adjustments to allowance for subsidy for defaulted FFEL guaranteed loans shown in the table above includes the Department's allocation of current year subsidy re-estimates and modifications to the allowance for subsidy for Department-held defaulted FFEL guaranteed loans.

What follows is additional analysis for each of the loan programs.

Direct Loan Program

Direct Loan Program Reconciliation of Allowance for Subsidy

(Dollars in Millions)

	2024 (Unaudited)
Beginning Balance of Allowance for Subsidy	\$ 388,685
Total Subsidy Expense for Direct Loans Disbursed in the Current Year	41,701
Adjustments	
Loan Modifications	2,083
Fees Received	1,738
Loans Written Off	(55,409)
Subsidy Allowance Amortization	37,011
Other Activities	(733)
Ending Balance of Allowance for Subsidy Before Re-Estimates	415,076
Net Upward Subsidy Re-Estimates	16,889
Ending Balance of Allowance for Subsidy	\$ 431,965

The estimation process used to determine the amount of positive or negative subsidy expense each fiscal year, and subsequently the cumulative taxpayer cost of the program (allowance for subsidy), is subject to various external risk factors that often show strong interdependence with one another. These risks include uncertainty about changes in the general economy, changes in the legislative and regulatory environment, and changing trends in borrower performance related to contractual cash flows within the loan programs.

Due to the complexity of the Direct Loan Program, there is inherent projection risk in the process used for estimating long-term program costs. As stated, some uncertainty stems from potential changes in student loan legislation and regulations because these changes may fundamentally alter the cost structure of the program. Operational and policy shifts may also affect program costs by causing significant changes in borrower repayment timing. Actual performance may deviate from estimated performance, which is not unexpected given the long-term nature of these loans (cash flows may be estimated up to 40 years), and the multitude of projection paths and possible outcomes. The high percentage of borrowers in IDR plans has made projection of borrower incomes a key input for the estimation process. This uncertainty is directly tied to the macroeconomic climate and is another inherent program element that displays the interrelated risks facing the Direct Loan Program. The Department utilizes the best data available with modeling techniques that have been examined over time by several outside entities. Management obtains confidence over the estimates by using several different tools to analyze cost estimates. Re-estimates on the loan portfolio are performed twice a year ensuring that the most up to date data and models are used.

Other Information (Unaudited)

Loans written off result from borrowers having died, becoming disabled, or having a loan approved for discharge in bankruptcy or other type of discharge, including borrower defense discharges. The interest rate re-estimate reflects the cost of finalizing the Treasury borrowing rate to be used for borrowings received to fund the disbursed portion of the loan awards obligated.

Direct Loan Program Subsidy Expense

(Dollars in Millions)

	2024 (Unaudited)
Subsidy Expense for Direct Loans Disbursed in the Current Year	
Interest Rate Differential	\$ 54,166
Defaults, Net of Recoveries	2,449
Fees	(1,781)
Other	(13,133)
Total Subsidy Expense for Direct Loans Disbursed in the Current Year	41,701
Modifications and Re-Estimates	
Loan Modifications	
Modification Adjustment Transfer Loss	336
Loan Modifications	1,747
Total Loan Modifications	2,083
Net Upward Subsidy Re-Estimates	
Interest Rate Re-estimates	2,598
Technical and Default Re-estimates	14,291
Total Net Upward/(Downward) Subsidy Re-estimates	16,889
Total Modifications and Re-estimates	18,972
Direct Loan Subsidy Expense	\$ 60,673

Subsidy Expense for Direct Loans Disbursed in the Current Year. The two major components of the total subsidy expense for direct loans disbursed in the current year (subsidy transfers) are Interest Rate Differential and Other components. Interest Rate Differential is attributable to the difference between the borrowers' interest payments due to FSA and FSA's estimated cost to finance the direct loan on a present value basis. The Other component of subsidy transfers primarily consists of contract collection costs, program review collections, fees, and loan forgiveness.

Loan Modifications. Loan modifications for the Direct Loan Program for FY 2024 included the following:

- **DMCS Contract Change.** This modification reflects policy changes to make the future of involuntary collections more effective at collecting owed payments while taking steps to protect against pushing borrowers with defaulted loans into poverty. These changes will be reflected in the new contract to manage the Department's Debt Management and Collection System (DMCS), which is the system that houses the Department's portfolio of defaulted loans. These changes resulted in an upward modification cost of \$1.8 billion. There was a net positive \$0.3 billion modification adjustment transfer associated with this modification, bringing the total FY 2024 modification cost for the Direct Loan Program DMCS contract change to \$2.1 billion.

Net Upward/Downward Subsidy Re-Estimates for All Prior Year Loan Cohorts. The Direct Loan Program subsidy re-estimate increased subsidy expense in FY 2024 by \$16.9 billion. Re-estimated costs only include cohorts that are 90 percent disbursed (i.e., cohort years 1994–2023). The re-estimate reflects the assumption updates and other changes described below.

In addition to the major assumption updates described below, the re-estimate reflects several other assumption updates, including loan volume, enter repayment rates, and Teacher Loan Forgiveness.

- **Non-IDR Discharges.** Non-IDR discharge costs increased as a result of a regular data update made by the Department to reflect discharges through FY 2023, including the limited PSLF waiver and the payment count adjustment. The increase in costs were partially offset by the removal of an adjustment for ITT Technical Institute closed school claims and an adjustment for Sweet borrower defense claims used in prior cycles because the amount of those adjustments was seen in actual discharge data after these claims were processed. The combined effect of these updates led to a net upward re-estimate of \$6.0 billion.
- **IDR Model Changes.** The Department made IDR model changes that included standard event updates to use updated default, prepayments, and collection rates, along with an increase in PSLF rates for cohorts 2010 and earlier. The Department updated the economic assumptions (interest rates, inflation, poverty guidelines) used in the IDR model and updated loan discharges based on actual loan data through FY 2023. Additionally, the Department made IDR model changes to calibrate income and impute the number of years a loan is in consolidation before entering IDR, which is used to calculate the waivers that give credit for those time periods for new data. The combined effect of these updates led to a net upward re-estimate of \$12.8 billion.
- **Deferment and Forbearance.** Deferment and forbearance rates were updated based on actual payments made by students through FY 2023 using data from FSA. Economic assumptions were updated for unemployment rate and were used to forecast deferment and forbearance rates through 2035. Future year rates were forecasted using pre-pandemic rates. The effect of these changes led to a net upward re-estimate of \$3.9 billion.
- **Collections.** The Department updated the collections assumption using historical data from the Debt Management and Collections System. The combined effect of these updates led to a net downward re-estimate of \$1.3 billion.
- **Default.** The default assumption was updated to include updated unemployment rates and to reflect no new defaults through the end of FY 2025. The effect of these changes led to a net upward re-estimate of \$0.3 billion.
- **Student Loan Model (SLM) changes.** The Department made updates to the SLM to adjust the simple interest calculation used in the model. This model change resulted in a downward re-estimate of \$2 billion. The Department made a separate change to the model to change the way loan maturity is determined in the model to account for the COVID payment pause forbearance. An increase to the expected payments were forecasted in the SLM as a result of this change. This combined net effect of these updates led to a net downward re-estimate of \$30.2 billion.

Other Information (Unaudited)

- **2023 Cohort Assumption Changes.** The technical re-estimate cannot reflect the impacts of certain assumption changes applicable to the current year loan cohort until the following fiscal year per OMB guidance. The current year's re-estimate includes a net downward adjustment of \$5.0 billion for these current-year assumption changes attributable to the FY 2023 cohort.
- **Interest on the Re-Estimate.** Interest on re-estimates is the amount of interest that would have been earned or paid by each cohort on the subsidy re-estimate if the re-estimated subsidy had been included as part of the original subsidy estimate. The interest on the re-estimate calculated on the overall subsidy re-estimate resulted in a net upward re-estimate of \$7.4 billion.
- **Interactive Effects.** The re-estimate includes a net upward re-estimate of \$7.8 billion attributed to the interactive effects of the assumption changes described above. Each assumption described above is run independently. The interactive effect is a result of combining all assumptions together to calculate the final re-estimate. This interactive effect is much larger than previous years due to combination of the change to the SLM code to incorporate dynamic maturity and the Deferment and Forbearance assumptions.
- **Discount Rates.** The rates are used to calculate the NPV of the cash flows to create subsidy rates. Adjustments to the 2022 and 2023 cohorts were calculated. All other cohorts are actual. The combined effect of these changes led to a net upward re-estimate of \$12.6 billion.

Direct Loan Program Interest Expense and Revenues (Dollars in Millions)

	2024 (Unaudited)
Interest Expense on Treasury Borrowing	\$ 31,196
Total Interest Expense	\$ 31,196
Interest Revenue From the Public	62,771
Interest Revenue on Uninvested Funds	5,436
Amortization of Subsidy	(37,011)
Total Revenues	\$ 31,196

Federal Family Education Loan Program.

Reconciliation of Liabilities for Loan Guarantees (Dollars in Millions)

	2024 (Unaudited)
Beginning Balance of Post-1991 FFEL Loan Guarantee Liability	\$ 11,084
Adjustments	
Loan Modifications	1,289
Interest Supplements Paid	(1,960)
Claim Payments to Lenders	(2,986)
Fees Received	533
Interest on Accumulation on the Liability Balance	(129)
Other Activities	(2,363)
Net Upward Subsidy Re-Estimates	4,202
Ending Balance of Post-1991 FFEL Loan Guarantee Liability	9,670
Pre-1992 FFEL Liquidating Account Liability for Loan Guarantees	6
FFEL Liabilities for Loan Guarantees	9,676
HEAL Liabilities for Loan Guarantees	256
Total Liabilities for Loan Guarantees	\$ 9,932

Other activity includes negative special allowance collections, collections on defaulted FFEL loans, guaranty agency expenses, and loan cancellations due to death, disability, or bankruptcy.

Allowance for Subsidy Reconciliation for Acquired FFEL Loans (Dollars in Millions)

	2024 (Unaudited)			
	Loan Purchase Commitment	Loan Participation Purchase	ABCP Conduit	Total
Beginning Balance of Allowance for Subsidy	\$ 8,204	\$ 9,879	\$ 167	\$ 18,250
Adjustments				
Loan Modifications	8	13	-	21
Subsidy Allowance Amortization	460	413	32	905
Loans Written Off	(450)	(1,482)	(46)	(1,978)
Other Activities	(106)	(364)	(3)	(473)
Ending Balance of Allowance for Subsidy Before Re-estimates	8,116	8,459	150	16,725
Net Downward Subsidy Re-Estimates	(430)	(523)	-	(953)
Ending Balance of Allowance for Subsidy	\$ 7,686	\$ 7,936	\$ 150	\$ 15,772

FFEL Program Subsidy Expense
(Dollars in Millions)

	2024 (Unaudited)
Loan Modification Costs	
FFEL Guaranteed Loan Program	
Net Modification Adjustment Transfer (Gain)/Loss	\$ (16)
Loan Modifications	1,305
Total FFEL Guaranteed Loan Program Loan Modifications	1,289
Loan Purchase Commitment	
Net Modification Adjustment Transfer (Gain)/Loss	1
Loan Modifications	7
Total Loan Purchase Commitment Loan Modifications	8
Loan Participation Purchase	
Net Modification Adjustment Transfer (Gain)/Loss	2
Loan Modifications	11
Total Loan Participation Purchase Loan Modifications	13
Total Loan Modification Costs	1,310
Upward/(Downward) Subsidy Re-Estimates	
FFEL Loan Guarantee Program	4,202
Loan Purchase Commitment	(430)
Loan Participation Purchase	(523)
Total FFEL Program Subsidy Re-Estimates	3,249
FFEL Program Subsidy Expense	\$ 4,559

Loan Modifications. Loan modifications for the FFEL Loan program for FY 2024 included the following:

- **DMCS Contract Change.** This modification reflects policy changes to make the future of involuntary collections more equitable and less punitive for defaulted federal student loan borrowers. These changes will be reflected in the new contract to manage DMCS, which is the system that houses the Department's portfolio of defaulted loans. These changes resulted in an \$18.0 million upward modification cost for the FFEL Program and a positive \$2.7 million modification adjustment transfer associated with this modification.
- **VFA and DMCS Contract Change.** This modification also reflects policy changes to make the future of involuntary collections more equitable and less punitive for defaulted federal student loan borrowers and will be reflected in the new contract to manage DMCS. This modification also reflects changes made to the Voluntary Flexible Agreements (VFA) between the Department and guaranty agencies. These agreements develop new processes, policies, and procedures and undertake certain efforts in connection with FFEL loans to help borrowers access benefits available to them through consolidation and ensure stability in the FFEL Program as the number of outstanding loans declines over time. These changes resulted in an upward modification cost of \$1.3 billion and a negative \$16.3 million modification adjustment transfer associated with this modification.

Net Upward/Downward Subsidy Re-estimates. The total FFEL subsidy re-estimate increased subsidy expense in FY 2024 by \$3.2 billion. The net upward re-estimates in the FFEL Program were due primarily to technical changes to the collections and defaults assumption models for the FFEL guaranteed program that resulted in a net upward re-estimate of \$1.9 billion.

Other Credit Programs for Higher Education

TEACH Grant Program.

Loan Modifications. Loan modifications for the TEACH Program for FY 2024 included the following:

- **DMCS Contract Change.** This modification reflects policy changes to make the future of involuntary collections more equitable and less punitive for defaulted federal student loan borrowers. These changes will be reflected in the new contract to manage DMCS, which is the system that houses the Department's portfolio of defaulted loans. These changes resulted in a \$2.3 million upward modification cost for the TEACH Program.

Note 14. Roll-Forward of Debt Associated with Loans

(Dollars in Millions)

	2024 (Unaudited)				
	Beginning Balance	Borrowing	Repayments	Accrued Interest	Ending Balance
Direct Loan Program	\$ 1,127,011	\$ 127,196	\$ (155,584)	\$ -	\$ 1,098,623
FFEL Program	60,896	1,459	(6,282)	-	56,073
Other Credit Programs for Higher Education	598	54	(59)	-	593
Total Debt Associated with Loans	\$ 1,188,505	\$ 128,709	\$ (161,925)	\$ -	\$ 1,155,289

Most of the \$127.2 billion new Direct Loan Program borrowing activity for the year was designated for new loan disbursements. Principal repayments during FY 2024 for the Direct Loan Program totaled \$155.6 billion.

During FY 2024, TEACH net borrowing was used for the advance of new grants and repayments of principal made to Treasury.

Note 15. Net Cost

Gross Costs and Exchange Revenue by Program

(Dollars in Millions)

2024 (Unaudited)	
INCREASE POSTSECONDARY VALUE BY FOCUSING ON EQUITY STRATEGIES TO ADDRESS ACCESS TO AFFORDABILITY, COMPLETION, AND POST-ENROLLMENT SUCCESS	
<u>Direct Loan Program</u>	
Gross Cost	
Credit Program Interest Expense	\$ 31,196
Subsidy Expense	60,673
Administrative Expenses	1,683
Earned Revenue	
Interest & Administrative Fees	(68,207)
Subsidy Amortization	37,011
Net Cost (Surplus) of Direct Loan Program	62,356
<u>FFEL Program</u>	
Gross Cost	
Credit Program Interest Expense	2,500
Subsidy Expense	4,577
Subsidy Amortization (Guaranteed Loans)	(129)
Guaranty Agencies	(136)
Administrative Expenses	237
Earned Revenue	
Subsidy Expense	(18)
Interest & Administrative Fees	(3,276)
Subsidy Amortization (Acquired FFEL Loans)	905
Guaranty Agencies	62
Net Cost of FFEL Program	4,722
<u>Other Credit Programs for Higher Education</u>	
Gross Cost	
Credit Program Interest Expense	17
Subsidy Expense	32
Administrative Expenses	(1)
Earned Revenue	
Interest & Administrative Fees	(101)
Subsidy Amortization	22
Other	(502)
Net Cost (Surplus) of Other Credit Programs for Higher Education	(533)
<u>Non-Credit Programs</u>	
Gross Cost	
Grants	39,424
Other	230
Earned Revenue	(1)
Net Cost of Non-Credit Programs	39,653
Net Program Costs (Surplus)	106,198
Total Program Gross Costs	140,303
Total Program Earned Revenue	(34,105)
Net Cost (Surplus)	\$ 106,198

Credit Program Interest Expense and Revenues

(Dollars in Millions)

	2024 (Unaudited)						
	Gross Interest Expense	Subsidy Amortization	Net Interest Expense	Gross Interest and Administrative Fee Revenue		Subsidy Amortization	Net Revenue
	Intragovernmental	Other than Intragovernmental		Intragovernmental	Other than Intragovernmental	Other than Intragovernmental	
Direct Loan Program	\$ 31,196	\$ -	\$ 31,196	\$ 5,436	\$ 62,771	\$ (37,011)	\$ 31,196
FFEL Program	2,500	(129)	2,371	1,590	1,686	(905)	2,371
Other Credit Programs for Higher Education	17	-	17	3	98	(22)	79
Total	\$ 33,713	\$ (129)	\$ 33,584	\$ 7,029	\$ 64,555	\$ (37,938)	\$ 33,646

Interest expense equals interest revenue plus administrative fees accrued for all credit programs due to subsidy amortization. Subsidy amortization is required by the FCRA and accounts for the difference between interest expense and revenue cash flows. For direct loans, the allowance for subsidy is adjusted with the offset to interest revenue. For guaranteed loans, the liability for loan guarantees is adjusted with the offset to interest expense.

The COVID-19 relief actions that temporarily suspended nearly all required federal student loan payments and set borrower interest rates to zero percent ended August 31, 2023. As a result, new interest revenues were recognized during FY 2024 and are included in the current year's other than intragovernmental interest in the schedule above.

Grant Expenses

(Dollars in Millions)

	2024 (Unaudited)
Pell Grants	\$ 37,059
Federal Work-Study Program	1,434
Federal Supplemental Educational Opportunity Grants	931
Total	\$ 39,424

Pell Grants – Provides need-based grants to students to promote access to postsecondary education. Grant amounts are dependent on the student's expected family contribution, the cost of attendance (as determined by the institution), the student's enrollment status (full-time or part-time), and whether the student attends for a full academic year or less. Pell Grants are the single largest source of grant aid for postsecondary education.

Federal Work-Study Program – Provides funds by formula to enable eligible institutions to offer employment to students based on financial needs. The program is available to full-time or part-time students and encourages community service work. The work is often related to the student's course of study. Hourly earnings under this program must be at least the federal minimum wage. Federal funding, in most cases, pays 75 percent of a student's hourly wage, with the remaining 25 percent paid by the employer.

Federal Supplemental Education Opportunity Grants – Provides funds by formula to enable eligible institutions to offer grants to students based on need. Federal grants distributed under this program are administered directly by the financial aid office at each participating school.

Note 16. COVID-19 Activity

(Dollars in Millions)

	2024 (Unaudited)					
	Unobligated Balance from Prior Year Budget Authority (Net)	Appro- priations	New Obligations and Upward Adjustments of Prior Year Obligations	Unobligated	Outlays	Net Costs (See Note 15)
COVID-19 Direct Appropriations						
Student Aid Administration	\$ 4	\$ -	\$ -	\$ 4	\$ 10	\$ 10
Total COVID-19 Activity	\$ 4	\$ -	\$ -	\$ 4	\$ 10	\$ 10

Note 17. Statements of Budgetary Resources

The SBR compares budgetary resources with the status of those resources. As of September 30, 2024, budgetary resources were \$451.0 billion and net agency outlays were \$154.8 billion.

Net Adjustments to Unobligated Balances Brought Forward

(Dollars in Millions)

	2024 (Unaudited)	
	Budgetary	Non-Budgetary Credit Reform Financing Accounts
Prior Year Unobligated Balance, End of Year (Total)	\$ 14,216	\$ 54,143
Recoveries of Prior Year Unpaid Obligations	3,077	7,405
Borrowing Authority Withdrawn	-	(4,783)
Actual Repayments of Debt, Prior-Year Balances	-	(26,414)
Actual Capital Transfers to the Treasury General Fund	(95)	-
Canceled Authority	(312)	-
Downward Adjustments of Prior-Year Paid Delivered Orders	252	216
Other Differences	(130)	2
Unobligated Balance from Prior Year Budget Authority (Net)	\$ 17,008	\$ 30,569

During the period ended September 30, 2024, certain adjustments were made to the balance of unobligated budgetary resources available as of October 1, 2023. These adjustments included, among other things, recoveries of prior year unpaid obligations that resulted from downward adjustments of undelivered orders that were obligated in a prior fiscal year.

Unused Borrowing Authority (Dollars in Millions)

	2024 (Unaudited)
Beginning Balance - Unused Borrowing Authority	\$ 46,397
Current Year Borrowing Authority	135,798
Funds Drawn from Treasury	(128,709)
Borrowing Authority Withdrawn	(4,783)
Ending Balance - Unused Borrowing Authority	\$ 48,703

FSA is given authority to draw funds from Treasury to finance the Direct Loan, FFEL, and other loan programs. Unused borrowing authority is a budgetary resource and is available to support obligations for these programs. FSA periodically reviews its borrowing authority balances in relation to its obligations resulting in the withdrawal of unused amounts.

Undelivered Orders at the End of the Period (Dollars in Millions)

	2024 (Unaudited)	
	Intragovern- mental	With the Public
Unpaid	\$ 52	\$ 103,498
Paid	-	722
Undelivered Orders	\$ 52	\$ 104,220

Undelivered orders represent the amount of goods and/or services ordered that have not been actually or constructively received. Paid amounts include any orders that may have been prepaid or advanced but for which delivery or performance has not yet occurred.

Distributed Offsetting Receipts (Dollars in Millions)

	2024 (Unaudited)
Negative Subsidies and Downward Re-estimates of Subsidies:	
Direct Loan Program	\$ 2,571
FFEL Program	2,339
HEAL Program	13
TEACH Program	15
Total Negative Subsidies and Downward Re-estimates of Subsidies	4,938
Repayment of Perkins Loans and Capital Contributions	520
Distributed Offsetting Receipts	\$ 5,458

Distributed offsetting receipts are amounts that FSA collects that are used to offset or reduce FSA's budget outlays. FSA's outlays are measured on both a gross and net basis, with net outlays being reduced by offsetting receipts.

Most of the distributed offsetting receipts line item on the SBR represents amounts paid from the Direct Loan Program and FFEL Program financing accounts to Treasury General Fund

Other Information (Unaudited)

receipt accounts for downward current fiscal year executed subsidy re-estimates, downward modifications, and negative subsidies.

Reconciliation of the SBR to the Budget of the United States Government (Dollars in Millions)

	Budgetary Resources	New Obligations and Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statements of Budgetary Resources	\$ 787,411	\$ 719,052	\$ 347,189	\$ (158,821)
Expired Funds	(4,302)	(1,806)	-	-
Distributed Offsetting Receipts	-	-	-	347,189
Other	(4)	(1)	-	-
Budget of the United States Government¹	\$ 783,105	\$ 717,245	\$ 347,189	\$ 188,368

¹ Amounts obtained from the Appendix, Budget of the United States Government, FY 2025

The FY 2026 President's Budget, which presents the actual amounts for the year ending September 30, 2024, has not been published as of the issue date of these financial statements. The FY 2026 President's Budget is scheduled for release in February 2025 and will be made available on OMB's website. The table above reconciles the FY 2023 SBR to the FY 2025 President's Budget (FY 2023 actual amounts) for budgetary resources, new obligations and upward adjustments, distributed offsetting receipts, and net outlays.

Reconciling differences exist because the President's Budget excludes expired funds. Additionally, the President's Budget includes a public enterprise fund that reflects the gross obligations by the FFEL Program for the estimated activity of the consolidated federal fund of the guaranty agencies. Ownership by the federal government is independent of the actual control of the assets. Since the actual operation of the federal fund is independent from FSA's direct control, budgetary resources and new obligations and upward adjustments are estimated and disclosed in the President's Budget to approximate the gross activities of the combined federal fund. Amounts reported on the SBR for the federal fund are compiled by combining all guaranty agencies' annual reports to determine a net valuation amount for the federal fund.

Budgetary Status of Fund Balance with Treasury (Dollars in Millions)

Available unobligated balances represent amounts that are apportioned for obligation in the current fiscal year. Unavailable unobligated balances represent amounts that are not apportioned for obligation during the current fiscal year and expired appropriations no longer available to incur new obligations.

Note 18. Reconciliation of Net Cost to Net Outlays

(Dollars in Millions)

	2024 (Unaudited)		
	COVID-19 Funds	All Other Funds	Total
Status of Funds			
Unobligated Balance			
Available	\$ 4	\$ 4,269	\$ 4,273
Unavailable	-	53,064	53,064
Obligated Balance, Not Disbursed	-	114,875	114,875
Appropriated Authority Not Yet Converted to Fund			
Balance with Treasury	-	(4,135)	(4,135)
Borrowing Authority Not Yet Converted to Fund			
Balance with Treasury	-	(48,703)	(48,703)
Total Fund Balance with Treasury	\$ 4	\$ 119,370	\$ 119,374

	FY 2024 (Unaudited)		
	Intragovernmental	Other than Intragovernmental	Total
Net Cost	\$ 26,830	\$ 79,368	\$ 106,198
Components of Net Cost Not Part of Budgetary Outlays:			
Year-End Credit Reform Subsidy Accrual Re-Estimates	-	(12,401)	(12,401)
Loan Modification Adjustment Transfers	-	(322)	(322)
Increase/(Decrease) in Assets:			
Loans Receivables, Net (Non-FCRA)	-	(39)	(39)
Other Assets	1	(4)	(3)
(Increase)/Decrease in Liabilities:			
Accounts Payable	-	60	60
Loan Guarantee Liabilities (Non-FCRA)	-	(147)	(147)
Other Liabilities	(378)	(4,251)	(4,629)
Financing Sources:			
Imputed Costs	(32)	-	(32)
Total Components of Net Cost Not Part of Budgetary Outlays	(409)	(17,104)	(17,513)
Components of Budget Outlays Not Part of Net Cost:			
Effect of Prior-Year Credit Reform Subsidy Re-estimates	-	66,061	66,061
Total Components of Budget Outlays Not Part of Net Cost	-	66,061	66,061
Miscellaneous Items:			
Non-Entity Activity	42	-	42
Other	-	14	14
Total Miscellaneous Items	42	14	56
Budgetary Agency Outlays, Net			\$ 154,802

This reconciliation explains the relationship between FSA's net cost and its net outlays. Reconciling items result from transactions that did not result in a current period outlay but did result in a current period cost, and current period outlays that did not result in a current period cost.

Disbursements for new FCRA loans and collections of principal and interest on existing FCRA loans are recorded in nonbudgetary credit reform financing accounts. These disbursements and collections are reported on the SBR as disbursements, net, and not as agency outlays, net. Since these disbursements and collections affect neither net cost of operations nor agency outlays, net, they are excluded from this reconciliation as are any increases or decreases in the FCRA loan receivable balances.

The two major reconciling differences, both associated with FSA's FCRA loan programs, are for Year-End Credit Reform Subsidy Accrual Re-estimates (current-year subsidy accrual costs) and Effect of Prior-Year Credit Reform Subsidy Re-estimates (current-year budget subsidy costs).

- Current-year subsidy accrual costs are the portion of the current-year loan subsidy re-estimates not impacting the current year outlays.
- Current-year budget subsidy costs are current year indirect appropriations provided to fund subsidy costs accrued in the prior year. This includes the portion of the current year's executed President's Budget re-estimates not included in this year's net cost subsidy expense.

Note 19. Other Matters

Some portion of the current-year financial assistance expenses (grants) may include funded recipient expenditures that are subsequently disallowed through program review or audit processes. In the opinion of management, the ultimate disposition of these matters will not have a material effect on the FSA's financial position.

**United States Department of Education
Federal Student Aid
Combining Statement of Budgetary Resources
For the Year Ended September 30, 2024
(Dollars in Millions)**

	Combined		Health Education Assistance Loans	
	Budgetary	Non-Budgetary Credit Reform Financing Accounts	Budgetary	Non-Budgetary Credit Reform Financing Accounts
Budgetary Resources:				
Unobligated Balance from Prior Year Budget Authority (Net)	\$ 17,008	\$ 30,569	\$ 1	\$ 25
Appropriations (Discretionary and Mandatory)	161,416	340	-	-
Borrowing Authority (Discretionary and Mandatory)	-	135,798	-	-
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	434	105,451	4	5
Total Budgetary Resources	\$ 178,858	\$ 272,158	\$ 5	\$ 30
Status of Budgetary Resources:				
New Obligations and Upward Adjustments (Total)	\$ 170,671	\$ 222,432	\$ 1	\$ 15
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts	4,273	-	2	-
Unapportioned, Unexpired Accounts	633	49,726	2	15
Unexpired Unobligated Balance, End of Year	\$ 4,906	\$ 49,726	\$ 4	\$ 15
Expired Unobligated Balance, End of Year	3,281	-	-	-
Unobligated Balance, End of Year (Total)	\$ 8,187	\$ 49,726	\$ 4	\$ 15
Total Status of Budgetary Resources	\$ 178,858	\$ 272,158	\$ 5	\$ 30
Outlays, Net (Discretionary and Mandatory)	\$ 160,260		\$ (2)	
Distributed Offsetting Receipts (-)	(5,458)		(13)	
Agency Outlays, Net (Discretionary and Mandatory)	\$ 154,802		\$ (15)	
Disbursements, Net (Total) (Mandatory)	\$ (44,791)		\$ 11	

**United States Department of Education
Federal Student Aid
Combining Statement of Budgetary Resources
For the Year Ended September 30, 2024
(Dollars in Millions)**

	Direct Student Loan Program		TEACH Grant Program	
	Budgetary	Non-Budgetary Credit Reform Financing Accounts	Budgetary	Non-Budgetary Credit Reform Financing Accounts
Budgetary Resources:				
Unobligated Balance from Prior Year Budget Authority (Net)	\$ 2,041	\$ 5,220	\$ 9	\$ 1
Appropriations (Discretionary and Mandatory)	114,183	336	64	-
Borrowing Authority (Discretionary and Mandatory)	-	134,197	-	58
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	-	91,197	-	52
Total Budgetary Resources	\$ 116,224	\$ 230,950	\$ 73	\$ 111
Status of Budgetary Resources:				
New Obligations and Upward Adjustments (Total)	\$ 114,183	\$ 209,365	\$ 64	\$ 109
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts	-	-	-	-
Unapportioned, Unexpired Accounts	-	21,585	-	2
Unexpired Unobligated Balance, End of Year	\$ -	\$ 21,585	\$ -	\$ 2
Expired Unobligated Balance, End of Year	2,041	-	9	-
Unobligated Balance, End of Year (Total)	\$ 2,041	\$ 21,585	\$ 9	\$ 2
Total Status of Budgetary Resources	\$ 116,224	\$ 230,950	\$ 73	\$ 111
Outlays, Net (Discretionary and Mandatory)	\$ 110,176		\$ 60	
Distributed Offsetting Receipts (-)	(2,571)		(15)	
Agency Outlays, Net (Discretionary and Mandatory)	\$ 107,605		\$ 45	
Disbursements, Net (Total) (Mandatory)		\$ (37,367)		\$ 3

United States Department of Education
Federal Student Aid
Combining Statement of Budgetary Resources
For the Year Ended September 30, 2024
(Dollars in Millions)

	Federal Family Education Loan Program		Perkins Loans and Grants	Administrative Funds
	Non-Budgetary Credit Reform Financing Accounts			
	Budgetary		Budgetary	Budgetary
Budgetary Resources:				
Unobligated Balance from Prior Year Budget Authority (Net)	\$ 505	\$ 25,323	\$ 14,306	\$ 146
Appropriations (Discretionary and Mandatory)	13,350	4	31,760	2,059
Borrowing Authority (Discretionary and Mandatory)	-	1,543	-	-
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	410	14,197	(206)	226
Total Budgetary Resources	\$ 14,265	\$ 41,067	\$ 45,860	\$ 2,431
Status of Budgetary Resources:				
New Obligations and Upward Adjustments (Total)	\$ 13,607	\$ 12,943	\$ 40,466	\$ 2,350
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts	35	-	4,170	66
Unapportioned, Unexpired Accounts	623	28,124	8	-
Unexpired Unobligated Balance, End of Year	\$ 658	\$ 28,124	\$ 4,178	\$ 66
Expired Unobligated Balance, End of Year	-	-	1,216	15
Unobligated Balance, End of Year (Total)	\$ 658	\$ 28,124	\$ 5,394	\$ 81
Total Status of Budgetary Resources	\$ 14,265	\$ 41,067	\$ 45,860	\$ 2,431
Outlays, Net (Discretionary and Mandatory)	\$ 13,197		\$ 34,721	\$ 2,108
Distributed Offsetting Receipts (-)	(2,339)		(520)	-
Agency Outlays, Net (Discretionary and Mandatory)	\$ 10,858		\$ 34,201	\$ 2,108
Disbursements, Net (Total) (Mandatory)	\$ (7,438)			

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Summary of the Financial Statement Audit

The following table provides a summarized report of FSA's financial statement audit.

Audit Opinion: Disclaimer

Restatement: No

Table 54: Summary of Financial Statement Audit

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	1	0	0	0	1

Management Assurances

For details on the management assurances related to the FSA programs, please refer to the **Analysis of Systems, Controls and Legal Compliance** discussion in the Management's Discussion and Analysis section of this document as well as the **Summary of Financial Statement Audit and Management Assurances** located in the Other Information section of the Department's [AFR](#).

Management Challenges

For details on FSA Management Challenges, please refer to the **Office of Inspector General's Management and Performance Challenges for Fiscal Year 2025 Executive Summary** found in the Other Information section located within the Department's [AFR](#).

Payment Integrity

Payment Integrity Information Act Reporting

The *Payment Integrity Information Act of 2019* (Pub. L. 116-117) requires federal agencies to report information annually on improper payments and unknown payments to the President and Congress. For improper payment and unknown payment information, FSA's activities are part of an overall Departmental integrated reporting effort and reported on paymentaccuracy.gov. Additional information on the Department's payment integrity program can be found in the Department's [AFR](#).

In FY 2024, the Federal Pell Grant and Direct Loan Programs are the FSA programs identified as susceptible to significant improper payments. The Federal Pell Grant program is also an OMB-designated high priority program. FSA continues to place additional emphasis on these important programs as required by OMB guidance to ensure payment integrity and minimize improper payments and unknown payments. The methodologies used to estimate Federal Pell

Other Information (Unaudited)

Grant and Direct Loan improper payments and unknown payments are described on the Department's [improper payments website](#). Details on FSA's Federal Pell Grant and Direct Loan sampling and estimation methodologies, improper payment and unknown payment estimates, root causes, and corrective actions can be found at [paymentaccuracy.gov](#).

Appendices (Unaudited)



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Appendix A: Performance Metrics and Target Changes

Appendix A includes any modifications made to the strategic plan. These modifications include revisions or discontinuation of performance metrics, as well as changes to the performance indicator targets that were made during the strategic plan annual update. In FY 2024, no revisions were made to the Strategic Plan or the performance indicator targets.

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Appendix B: Data Validation and Verification Matrix

Appendix B provides data validation and verification information for all performance indicators included within the five Strategic Goals of the current FSA strategic plan.

Strategic Goal 1: Improve Customer Service and Outcomes for Students and Borrowers

Table 55: Performance Data Validation and Verification for Metric 1.1.A

Performance Indicator 1.1.A	Number of borrowers that received loan forgiveness.
Data Source	National Student Loan Data System (NSLDS).
Data Validation and Verification	Measured by the total number of borrowers approved who have receive "loan forgiveness", which includes TPD, BD, PSLF, and IDR count adjustments. Validation to be conducted via the FSA Data Request Team process with verification conducted by the PSLF program team. The indicator leverages two reports that are used for several other purposes, including the public-facing FSA Data Center. The report methodology was validated through FSA's Data Request Team in 2022. This experience helps facilitate spotting anomalies. FSA also continues to monitor overall performance of the federal loan servicers to identify any areas where reporting errors have occurred and notifies servicers of results and corrective actions as needed. By design, the data office is separated from the servicers' staff and systems, so there is currently no systematic way to verify servicer reporting. For this reason, the data directorate partners with the servicer monitoring team to investigate, identify and solution, if possible, any reporting issues identified.

Table 56: Performance Data Validation and Verification for Metric 1.1.B

Performance Metric 1.1.B	Percentage of borrowers using auto debit.
Data Source	National Student Loan Data System (NSLDS)
Data Validation and Verification	Enrollment in auto-debit is reported by federal loan servicers to the NSLDS. Accuracy of that data is validated by FSA using NSLDS monitoring techniques. NSLDS queries will provide the volume of borrowers enrolled in Automatic Direct Debit (auto-debit) and the total volume of borrowers in repayment. The auto-debit volume will be divided by the total borrowers in repayment volume and rounded to 1/10th percent to calculate auto-debit percentage.

Table 57: Performance Data Validation and Verification for Metric 1.1.C

Performance Metric 1.1.C	Percentage of users who start and complete the Public Service Loan Forgiveness (PSLF) Help Tool by generating a PSLF form.
Data Source	COD Portal
Data Validation and Verification	The source of the data is on the COD Portal and provided by an FSA contract resource. The contractor assists with the monitoring of PSLF Help Tool usage and which form is generated based on customer interaction with the PSLF Help Tool.

Table 58: Performance Data Validation and Verification for Metric 1.2.A

Performance Metric 1.2.A	Percentage of contractor interactions reviewed that received a passing score.
Data Source	FSA Vendor Management/Vendor Oversight and Program Accountability (VOPA)
Data Validation and Verification	Measured by the percentage of contractor interactions reviewed that received a passing score. Validation and verification to be conducted by different FSA Customer Analytics Group members.

Table 59: Performance Data Validation and Verification for Metric 1.3.A

Performance Metric 1.3.A	Surveys to third party stakeholders.
Data Source	Forthcoming survey
Data Validation and Verification	TBD

Table 60: Performance Data Validation and Verification for Indicator 1.4.A

Performance Indicator 1.4.A	Timeliness of case handling
Data Source	Salesforce (Feedback Dispute Management System (FDMS))
Data Validation and Verification	The data for this performance indicator is provided by the Ombudsman office and validated by the Office of Strategic Measures and Outcomes (SMO) Enterprise Performance Intelligence and Collaboration team.

Table 61: Performance Data Validation and Verification for Indicator 1.4.B

Performance Indicator 1.4.B	Accuracy of business process operations
Data Source	Salesforce
Data Validation and Verification	The data for this performance indicator is provided by Salesforce and analyzed by the Ombudsman office. Data will be verified by the BPO team in accordance with applicable SLAs.

Table 62: Performance Data Validation and Verification for Indicator 1.4.C

Performance Indicator 1.4.C	Accuracy of first level complaint response
Data Source	Responses uploaded into Salesforce
Data Validation and Verification	Quality reviews will be conducted by the Ombudsman office, in conjunction with the BPO team and Vendor Oversight Group. Data will be verified by the BPO team and Vendor Oversight in accordance with applicable SLA.

Strategic Goal 2: Advance Equity and Access to Student Financial Assistance

Table 63: Performance Data Validation and Verification for Metric 2.1.A

Performance Metric 2.1.A	Overall borrower satisfaction score for online counseling
Data Source	Medallia
Data Validation and Verification	The data for this performance indicator is pulled from Medallia data portal using a standardized query. The Customer Analytics Group staff member pulls the data, and another Customer Analytics Groups staff member validates the data.

Table 64: Performance Data Validation and Verification for Metric 2.2.A

Performance Metric 2.2.A	Customer satisfaction survey score associated with completing the FAFSA.
Data Source	Free Application for Federal Student Aid® customer satisfaction survey currently administered by FSA's Customer Analytics Group and CFI Group (Independent Research Firm)
Data Validation and Verification	The data for this performance indicator is provided by the contractor and is verified by the Free Application for Federal Student Aid® product team.

Table 65: Performance Data Validation and Verification for Indicator 2.3.A

Performance Indicator 2.3.A	StudentAid.gov Digital Satisfaction
Data Source	Medallia
Data Validation and Verification	The data for this performance indicator is pulled from Medallia data portal using a standardized query. The Customer Analytics Group staff member pulls the data, and another Customer Analytics Groups staff member validates the data.

Table 66: Performance Data Validation and Verification for Indicator 2.3.B

Performance Indicator 2.3.B	StudentAid.gov Post transaction Satisfaction
Data Source	Medallia
Data Validation and Verification	The data for this performance indicator is pulled from Medallia data portal using a standardized query. The Customer Analytics Group staff member pulls the data, and another Customer Analytics Groups staff member validates the data.

Table 67: Performance Data Validation and Verification for Indicator 2.3.C

Performance Indicator 2.3.C	Contact Center Customer Satisfaction
Data Source	Medallia
Data Validation and Verification	The data for this performance indicator is pulled from Medallia data portal using a standardized query. The Customer Analytics Group staff member pulls the data, and another Customer Analytics Groups staff member validates the data.

Table 68: Performance Data Validation and Verification for Metric 2.3.D

Performance Metric 2.3.D	Email Campaign helpfulness
Data Source	Medallia
Data Validation and Verification	The data for this performance indicator is pulled from Medallia data portal using a standardized query. The Customer Analytics Group staff member pulls the data, and another Customer Analytics Groups staff member validates the data.

Strategic Goal 3: Strengthen Engagement and Accountability for Educational and Financial Institutions

Table 69: Performance Data Validation and Verification for Metric 3.1.A

Performance Metric 3.1.A	Review for participating partners that have been provisionally certified
Data Source	Postsecondary Education Participants System and the Partner Connect system.
Data Validation and Verification	Metric calculations are based on data extracts from the data system. The data extracts are subject to quality checks and validation. After data are compiled, a staff member reviews the queries and formulas to ensure proper functioning and correct counting reviews/schools. Since Office of Partner Participation and Oversight (PPO) may perform more than one compliance review of an institution during a fiscal year, the data are de-duplicated to ensure an institution is counted only once. The count of unduplicated institutions for whom Office of Partner Participation and Oversight (PPO) performed a compliance review is compared with an unduplicated count of participating institutions to calculate the actual percentage for this performance indicator.

Table 70: Performance Data Validation and Verification for Metric 3.2.A

Performance Metric 3.2.A	Build and implement an FSA Enforcement Strategy that incorporates a risk model for identifying schools that pose risk to students and taxpayers
Data Source	Internal Enforcement Strategic Plan
Data Validation and Verification	The progress will be measured internally through the Enforcement Strategic Plan.

Table 71: Performance Data Validation and Verification for Metric 3.3.A

Performance Metric 3.3.A	institutional participation rates in <i>Title IV</i> training and specialized technical assistance programs
Data Source	FSA Training Center, Postsecondary Education Participation System, Salesforce, Federal Student Aid Training Center (FSATC) registration, and the FSA Data Center.
Data Validation and Verification	<p>Office of Postsecondary Education Identification (OPEID) is self-reported by users of the Learning Management System. Reports run in the Learning Management System (fsatraining.ed.gov) identify individual users of the site. Technical assistance participation is determined through the Salesforce tool used by PTAG, MSURSD and Partner Engagement & Relationship Management Group (PERM). Escalated technical assistance requests are tracked manually through the Ask A Fed Mailbox. Federal Student Aid Training Conference registrant data is also received from the (Registration system) used across FSA.</p> <p>The combined reports are exported to Excel and manipulated to remove users without an Office of Postsecondary Education Identification (OPEID) and duplicate Office of Postsecondary Education Identification (OPEID)s. All data is merged with the Learning Management System data to produce a list of Office of Postsecondary Education Identification (OPEID)s who have received training. The quality of the data is impacted because not all instances of technical assistance and support have been tracked historically by FSA. Data collection from multiple systems using differing demographic points (e.g., user reported school name variances, branch campus Office of Postsecondary Education Identification (OPEID) v Main Campus) and manual counts of user emails can affect the consistency of the information used for analysis.</p>

Strategic Goal 4: Increase Workforce and Workplace Capabilities

Table 72: Performance Data Validation and Verification for Metric 4.1.A

Performance Metric 4.1.A	Federal Employee Viewpoint Survey Diversity, Equity, Inclusion, and Accessibility (DEIA) Index
Data Source	Federal Employee Viewpoint Survey New Inclusion Quotient Index
Data Validation and Verification	The data will come from Federal Employee Viewpoint Survey results conducted by U.S. OPM since 2002. OPM maintains a 100 percent accuracy rate for employee security and data integrity.

Table 73: Performance Data Validation and Verification for Metric 4.1.B

Performance Metric 4.1.B	Percent of underrepresented workforce population from qualified candidates resulting in new hires and backfills.
Data Source	Monster, Oracle Business Intelligence Enterprise Edition (OBIEE), and LinkedIn
Data Validation and Verification	Acquisition and development indicators will come from the Human Capital Group, specifically the Office of Strategy, Planning, and Transformation and the Operations Team. HCG will track data and provide educational awareness from a HCM/WFP perspective on how the targets may be addressed.

Table 74: Performance Data Validation and Verification for Metric 4.1.C

	Percentage of underrepresented populations denoted in organizational talent acquisition, promotion, and development/training activities.
	Monster, Oracle Business Intelligence Enterprise Edition (OBIEE), and FedTalent
Data Validation and Verification	Acquisition and development indicators will come from the Human Capital Group, specifically the Office of Strategy, Planning, and Transformation, Workforce Development Division, Executive Services, and the Operations Team. HCG will track data and provide educational awareness from a HCM/WFP perspective on how the targets may be addressed.

Table 75: Performance Data Validation and Verification for Metric 4.1.D

Performance Metric 4.1.D	Percentage of employees engaged annually in formal Diversity, Equity, Inclusion, and Accessibility efforts.
Data Source	FSA First Class 1 (mailbox) and attendance number captured via Microsoft Teams or roster
Data Validation and Verification	Diversity, Equity, Inclusion, and Accessibility participation results will come from Organization Development and Executive Services Group (counting unique participants)

Table 76: Performance Data Validation and Verification for Indicator 4.2.A

Performance Indicator 4.2.A	Federal Employee Viewpoint Survey: Intrinsic Work Experience
Data Source	Federal Employee Viewpoint Survey Employee Engagement Index, Workforce Transformation Tracking System (WTTs) and F (FPPS)
Data Validation and Verification	The data for the Workforce planning Maturity Model and U.S. OPM Annual Time to Hire Metrics will come from the Human Capital Group, specifically the Office of Strategy, Planning, and Transformation and the Operations Team.

Table 77: Performance Data Validation and Verification for Indicator 4.3.A

Performance Indicator 4.3.A	Federal Employee Viewpoint Survey: Employee Engagement Index
Data Source	Federal Employee Viewpoint Survey Employee Engagement Index
Data Validation and Verification	The data will come from Federal Employee Viewpoint Survey results conducted by OPM since 2002. OPM maintains a 100% accuracy rate for employee security and data integrity.

Table 78: Performance Data Validation and Verification for Indicator 4.3.B

Performance Indicator 4.3.B	Federal Employee Viewpoint Survey: Leaders Lead
Data Source	The average of questions for communications from the FEVS OPM survey.
Data Validation and Verification	<p>The data will come from Federal Employee Viewpoint Survey results conducted by U.S. OPM since 2002. OPM maintains a 100 percent accuracy rate for employee security and data integrity.</p> <p>The validation of data should be a second entity to review the FEVS source for the questions relating to communications and averaging the scores.</p>

Table 79: Performance Data Validation and Verification for Indicator 4.3.C

Performance Indicator 4.3.C	Federal Employee Viewpoint Survey: Supervisors
Data Source	Federal Employee Viewpoint Survey Employee Engagement Index score and subfactor score for Supervisors.
Data Validation and Verification	The data will come from Federal Employee Viewpoint Survey results conducted by OPM since 2002. OPM maintains a 100% accuracy rate for employee security and data integrity.

Strategic Goal 5: Enhance the Management and Transparency of the Portfolio

Table 80: Performance Data Validation and Verification for Metric 5.1.A

Performance Metric 5.1.A	The Sum of Annual Data Maturity Assessment (DMA) for DMA Processing Areas.
Data Source	Annual Data Maturity Assessment
Data Validation and Verification	The DMA is every year. In alternating years, the US Department of Education Office of the Chief Data Officer (OCDO) conducts and certifies the DMA. In the other year, FSA performs the DMA, i.e. a self-assessment, which is reviewed and certified by OCDO. The 2023 assessment (the most recent DMA – showing up in the FY 2024 Annual Report for the first time, as it was completed in fall 2023) was conducted and certified by OCDO. The DMA likely to be included in the FY 2025 annual report would be from an FSA self-assessment, completed in fall 2024, which is reviewed, modified, and certified by OCDO..

Table 81: Performance Data Validation and Verification for Indicator 5.1.B

Performance Indicator 5.1.B	Successful maintenance and use of statistical models in <i>Title IV</i> operations
Data Source	Enterprise Data Warehouse and Analytics (EDWA)
Data Validation and Verification	The data for this performance indicator is provided by the Statistical Research and Modeling Office in FSA's Enterprise Data Office.

Table 82: Performance Data Validation and Verification for Indicator 5.1.C

Performance Indicator 5.1.C	Implement new statistical modeling initiatives
Data Source	Enterprise Data Warehouse and Analytics (EDWA)
Data Validation and Verification	The data for this performance indicator is provided by the Statistical Research and Modeling Office in FSA's Enterprise Data Office.

Table 83: Performance Data Validation and Verification for Metric 5.2.A

Performance Metric 5.2.A	Operational performance.
Data Source	From Finance for FSA Spend Plan: IAC scoring workbook, IAC communications, IAC meeting minutes, IAC/IRB/LC presentation materials, COO decision memoranda. From SMO Project Management or Project Investment Owners for Portfolio Performance - TBD
Data Validation and Verification	Measured by the results of the Investment Advisory Committee (IAC) FY 2022 Investment prioritization exercise to finalize an FSA spend plan. IAC members independently reviewed more than 200 project initiatives (known as Budget Initiative Requests) across the FSA enterprise and ranked using a scoring methodology based on 4 key organizational drivers. The FY 2022 ranking was used as a baseline to align the FY 2023 Investment portfolio to 3 potential funding scenarios (straight-line, and with 2 funding increases) to have a final recommendation on budgetary items in preparation for an enacted FY 2023 appropriation. New FY 2023 project initiatives were evaluated and scored using the established methodology and factored into the overall Investment portfolio ranking. The final FY 2023 Investment portfolio was approved in March 2023 to align with the FY23 enacted appropriation. Validation and verification can be confirmed through the various FY 2023 portfolio prioritization process artifacts. Performance of the Investment portfolio to reach FY 2023 target measured by: TBD

Table 84: Performance Data Validation and Verification for Metric 5.3.A

Performance Metric 5.3.A	Prepare time duration estimates for procurement related tasks for use in Program Schedules.
Data Source	FSA Acquisitions Directorate
Data Validation and Verification	Federal Procurement Data System – Next Generation (FPDS-NG)

Table 85: Performance Data Validation and Verification for Metric 5.3.B

Performance Metric 5.3.B	Plan, develop and implement a new investment management process aligning acquisitions, budget, and human capital with program planning
Data Source	FSA's Acquisitions Directorate, Finance Directorate, and other Business Units
Data Validation and Verification	Strategic Measures and Outcomes (Enterprise Program Management Office)

Table 86: Performance Data Validation and Verification for Metric 5.4.A

Performance Metric 5.4.A	Cybersecurity Maturity Level (OIG Maturity Levels)
Data Source	Yearly Inspector General FISMA Reporting Metrics and Quarterly Self-Assessments
Data Validation and Verification	Comparison of Current Yearly Inspector General FISMA Reporting Metrics with prior year and the results of the self-assessments.

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Appendix C: Glossary of Acronyms and Terms

Acronym	Description
A	
AAASG	Administrative Actions and Appeals Service Group
AAG	Advanced Analysis Group
ABCP Conduit	Asset-Backed Commercial Paper Conduit
ACERS	Analytics, Compliance, Evaluation, and Remediation System
ACICS	Accrediting Council for Independent Colleges and Schools
ACS	American Community Survey
ACSI	American Customer Satisfaction Index
<i>AFR</i>	<i>U.S. Department of Education FY 2023 Agency Financial Report</i>
<i>Annual Report</i>	<i>Federal Student Aid Fiscal Year (FY) 2023 Annual Report</i>
APG	Agency Priority Goal
AR	Abandon Rate
ASA	Average Speed to Answer
ASLA	Annual Student Loan Acknowledgment
ATO	Authorities to Operate
B	
Baseline	Performance result is baselined. Baseline data will provide a historical point of reference to inform program planning such as target setting
BD	Borrower Defense
BDG	Borrower Defense Group
Borrower Defense	Borrower Defense to Repayment
BPO	Business Process Operations
C	
CAP	Corrective Action Plan
<i>CARES Act</i>	<i>Coronavirus Aid, Relief, and Economic Security Act</i>
CDR	Cohort Default Rate
CFPB	Consumer Financial Protection Board

Acronym	Description
<i>Clery Act</i>	<i>Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act</i>
COD	Common Origination and Disbursement
Congress	U.S. Congress
COO	Chief Operating Officer
COVID-19	Coronavirus Disease 2019
CR	Change Request
CRI	Common Review Initiative
CSRS	Civil Service Retirement System
D	
DCC	Digital Customer Care
D2D	Direct to Discharge
DEIA	Diversity, Equity, Inclusion, and Accessibility
the Department	U.S. Department of Education
DFSCA	<i>Drug-Free Schools and Communities Act Amendments of 1989</i>
Direct Loan	William D. Ford Federal Direct Loan
DMA	Data Maturity Assessment
DMCS	Debt Management and Collection System
DNP	Do Not Pay
DOJ	U.S. Department of Justice
DOL	U.S. Department of Labor
E	
<i>ECASLA</i>	<i>Ensuring Continued Access to Student Loans Act of 2008</i>
EDMAPS	Enterprise Data Management Analytics Platform Services
EDWA	Enterprise Data Warehouse and Analytics
EEl	Employee Engagement Index
Enforcement	Enforcement Office
e-signature	Electronic signature
ETD	Enterprise Technology Directorate
Executive Order 13607	<i>Executive Order 13607, Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members</i>

Acronym	Description
Executive Order 14028	Executive Order 14028, <i>Improving the Nation's Cybersecurity</i>
Executive Order 14035	Executive Order 14035, <i>Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce</i>
F	
FAFSA®	Free Application for Federal Student Aid®
<i>FAFSA Simplification Act</i>	<i>Free Application for Federal Student Aid (FAFSA) Simplification Act</i>
FASAB	Financial Accounting Standards Advisory Board
<i>FCRA</i>	<i>Federal Credit Reform Act of 1990</i>
FDMS	Feedback and Dispute Management System
FECA	<i>Federal Employees' Compensation Act</i>
Federal Fund	Federal Student Loan Reserve Fund
FERS	Federal Employees Retirement System
FEVS	Federal Employee Viewpoint Survey
FFEL	Federal Family Education Loan
FFMIA	<i>Federal Financial Management Improvement Act of 1996</i>
FIOS	Financial Institution Oversight Service
<i>FISMA</i>	<i>Federal Information Security Modernization Act of 2014</i>
FMFIA	<i>Federal Managers' Financial Integrity Act of 1982</i>
FMS	Financial Management System
FPS	Federal Processing System
FSA	Federal Student Aid
FSATC	Federal Student Aid Training Conference
FSEOG	Federal Supplemental Educational Opportunity Grant
FTI	Federal Tax Information
<i>FUTURE Act</i>	<i>Fostering Undergraduate Talent by Unlocking Resources for Education Act</i>
FVT	Financial Value Transparency
FY	Fiscal Year
<i>FY 2022–26 Strategic Plan</i>	<i>Department of Education Strategic Plan for Fiscal Year 2022–26</i>
<i>FY 2023–27 Strategic Plan</i>	<i>Federal Student Aid Five-Year Strategic Plan for Fiscal Years 2023–27</i>

Acronym	Description
G	
GA	Guaranty Agency
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GE	Gainful Employment
GLBA	<i>Gramm-Leach-Bliley Act</i>
<i>GPRA Modernization Act</i>	<i>Government Performance and Results Modernization Act of 2010</i>
H	
HBCU	Historically Black College or University
HCEI	Human Capital and Employee Initiatives Team
<i>HCERA</i>	<i>Health Care and Education Reconciliation Act of 2010</i>
HCG	Human Capital Group
HCM	Human Capital Management
<i>HEA</i>	<i>Higher Education Act of 1965, as amended</i>
HEAL	Health Education Assistance Loan
HOPS	Heal Online Processing System
HR	Human Resources
I	
IDR	Income Driven Repayment
IHE	Institution of Higher Education
Investigations	Investigations Group
IP	Internet Protocol
IRS	Internal Revenue Service
IT	Information Technology
L	
LIBOR	London Inter-Bank Offered Rate
M	
MCP	Marketing Communications Platform
Met	Performance result met or exceeded target
MSI	Minority-Serving Institution

Acronym	Description
MSURSD	Minority-Serving Under-Resourced Schools Division
N	
NASFAA	National Association of Student Financial Aid Administrators
N/A	Performance result is not applicable because the performance indicator was not developed, the performance indicator was not implemented, or the required data were not available in time for inclusion.
Next Gen FSA	Next Gen Federal Student Aid
NFP	Not-For-Profit
Not met	Performance result did not meet target
NSLDS®	National Student Loan Data System
O	
OIG	Office of Inspector General
OMB	U.S. Office of Management and Budget
OMB Circular A-11	OMB Circular A-11, <i>Preparation, Submission and Execution of the Budget, Part 6, Section 260</i>
OMB Circular A-123	OMB Circular A-123, <i>Management's Responsibility for Enterprise Risk Management and Internal Control</i>
OMB Circular A-123, Appendix A	OMB Circular A-123, Appendix A, Management of Reporting and Data Integrity Risk
OMB Circular A-136	OMB Circular A-136, <i>Financial Reporting Requirements</i>
OPEID	Office of Postsecondary Education Identification
OPM	U.S. Office of Personnel Management
P	
Partner Connect	FSA Partner Connect
PMSS	Partner Management and Support Services
PBO	Performance-Based Organization
PCA	Private Collection Agency
PCI	Performance Confidence Index
PULSE	Power Users Learning Series for Employees
Pell Grant	Federal Pell Grant Program
PEOSD	Partner Eligibility and Oversight Services Directorate
PEPS	Postsecondary Education Participants System

Acronym	Description
PII	Personally Identifiable Information
PLUS	Parent Loan for Undergraduate Students
PMG	Performance Management Group
PMSS	Partner Management and Support Services
PPA	Program Participation Agreement
PPO	Office of Partner Participation and Oversight
President's Budget	<i>Budget of the United States Government</i>
PS	Project Success
PTAG	Partner Technical Assistance Group
Pub. L	Public Law
PSLF	Public Service Loan Forgiveness
Q	
QM	Quality Management
S	
SABER	Student Aid and Borrower Eligibility Reform
SAR	Student Aid Report
SAVE	Saving on A Valuable Education
SBR	Statement of Budgetary Resources
SEAD	Office of Student Experience and Aid Delivery
Secretary	Secretary of Education
SecOps	Security Operations
SEG	Stakeholder Engagement Group
SEOSG	School Eligibility and Oversight Service Group
SES	Senior Executive Service
SLA	Service Level Agreement
SMA	Special Mandatory Assignment
SMS	Short Message Service
SOC	Security Operations Center
SOFR	Secured Oversight Financing Rate
SPPR	Strategic Planning Performance Review
STOP Act	<i>Stop Student Debt Relief Scams Act of 2019</i>

Acronym	Description
<i>Sweet Settlement</i>	<i>Sweet v. Cardona Settlement</i>
T	
TCU	Tribal Colleges and Universities
TEACH Grant	Teacher Education Assistance for College and Higher Education Grant
TEDI	Targeted Early Delinquency Intervention
TEPSLF	Temporarily Expanded Public Service Loan Forgiveness
TISG	Training and Information Services Group
<i>Title IV</i>	<i>Title IV of the Higher Education Act of 1965, as amended</i>
TIVAS	<i>Title IV</i> Additional Servicers
TIVOD	Title IV Origination & Disbursement
TPD	Total and Permanent Disability
TPDR	Third Party Debt Relief
Treasury	U.S. Department of the Treasury
TROR	Treasury Report on Receivables
U	
U.S.	United States
USDS	Unified Servicing and Data Solution
V	
VAWA	<i>The Violence Against Women Act</i>
VAWA 2022	<i>VAWA Reauthorization Act of 2022</i>
VOG	Vendor Oversight Group

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Appendix D: Availability of the FSA Report

The *Federal Student Aid Fiscal Year 2024 Annual Report* and the *Annual Reports* from prior years are available on the following websites:

- FSA: [StudentAid.gov](https://studentaid.gov)
- The Department: ed.gov/about/reports

The *Federal Student Aid: Strategic Plan, Fiscal Years 2023–27* and prior years' strategic plans are also available at [StudentAid.gov](https://studentaid.gov).

Stay connected to Federal Student Aid through social media:

- Visit the FSA website: [StudentAid.gov](https://studentaid.gov)
- Like FSA on Facebook:  [Facebook.com/federalstudentaid](https://facebook.com/federalstudentaid)
- Follow FSA on X:  [@FAFSA](https://twitter.com/FAFSA)
- Follow FSA on Instagram:  instagram.com/federalstudentaid
- Follow FSA on LinkedIn:  linkedin.com/company/federal-student-aid
- Find FSA on YouTube:  YouTube.com/user/federalstudentaid



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- Strategic Planning and Reporting Directorate.
- Office of the Ombudsman.
- Office of Strategic Communications.
- COO Front Office.

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- Budget Service.
- Office of the Secretary.
- Office of Legislation and Congressional Affairs.
- Office of Chief Information Officer.

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The Federal Student Aid FY 2024 Annual Report

Federal Student Aid
A Principal Office of the U.S. Department of Education
Finance Directorate
November 2024

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