Forward-Looking Information

This section summarizes information pertinent to the Department's future progress and success.

DIRECT LOAN PROGRAM

The Department's largest program, the William D. Ford Federal Direct Loan (Direct Loan) Program, provides students and their families with funds to help pay for their postsecondary education costs. The following describes (1) the steps the Department has taken to help make student debt more manageable and (2) the risks inherent in estimating the cost of the program.

Managing Student Loan Debt

Each year, federal student loans help millions of Americans obtain a college education—an investment that, on average, has high returns. While the average return to having a college degree remains high,[5] some students leave school poorly equipped to manage their debt.

Traditionally, federal student loans had fixed-payment 10-year repayment schedules, making it difficult for borrowers to begin repaying at the start of their career when their salaries are low. The recent expansion of income-driven repayment (IDR) plans allows students the opportunity for greater financial flexibility as it pertains to their monthly repayment. For more details on these plans, visit FSA's **How to Repay Your Loans Portal**.

Recent trends in student loan repayment data show that:

- More than 73 percent of the direct loan portfolio is in administrative forbearance—the suspended payment status provided to students through the extension of the student loan repayment deferrals.
- As of June 2022, nearly 8.4 million direct loan recipients were enrolled in IDR plans, representing a 1 percent increase from June 2021 and a 3 percent increase from June 2020. Overall, more than 45 percent of direct loan dollars and 33 percent of borrowers in repayment are enrolled in an IDR plan.

The Department continues to work relentlessly to make student loan debt more manageable. Looking to the future, the Department will:

- Continue conducting outreach efforts to inform student loan borrowers of their repayment options before the emergency loan relief measures expire.
- Work to improve customer service and student aid systems and processes by implementing FSA's Next Gen FSA, see page 39.
- Continue to support the development of additional tools, such as the College Scorecard and College Financing Plan, to increase transparency around higher education costs and outcomes that may help students and families make informed decisions before college enrollment.

Managing Risks and Uncertainty Facing the Direct Loan Program's Cost Estimates

Direct Loan Program costs are estimated consistent with the requirements of the *Federal Credit Reform Act of 1990*. Under the act, the future disbursements and collections associated with a cohort of loans are estimated for the entire life of the loan, up to 40 years in this case. The actual performance of a loan cohort tends to deviate from the estimated performance during that time, which is not unexpected in developing estimates. Estimation of Federal credit programs involves inherent risk. The Department utilizes the best data available with modeling techniques that have been examined over time by several outside entities. Management has 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. There are four types of inherent risk, described below, that make estimating lifetime program costs a difficult task.

Legislative, Regulatory, and Policy Risk

There are inherent risks to estimating future lifetime disbursements and collections for a cohort stemming from legislative, regulatory, or administrative actions. For instance, the cost structure of the Direct Loan Program may

5 https://cew.georgetown.edu/cew-reports/collegepayoff2021/

be significantly altered if policies around loan forgiveness are expanded. In addition, the effects on financial modeling and estimation associated with recent legislative, regulatory, and policy action is difficult to interpret given the lack of actual trend data availability. Some examples of current risks include the following:

Extension of Student Loan Payment Relief During the COVID-19 Pandemic: The emergency relief measures in the Direct Loan Program, including suspending loan payments, halting collections on defaulted loans, and setting interest rates to 0 percent have been extended. These actions have insulated federal student loan performance from economic disruption caused by the COVID-19 pandemic, while at the same time reducing the amount of loan repayments being remitted to the Department. As the pandemic is ongoing, there is uncertainty regarding cost estimates as future actions to support borrowers during the return to repayment in 2023 could affect those received payments.

Income-Driven Repayment Plans: Without consideration of impacts from the pandemic, IDR plans tend to be more costly to the government than non-IDR plans. For the 2022 loan cohort, it is estimated that the government will recover 47 percent less for loans in IDR plans as compared to loans in standard plans. It is important to be careful in making such comparisons, however, as the underlying characteristics of borrowers (and the corresponding behavioral dynamics driving selection of plans) also impact the overall cost of loans under each plan. Also, having more repayment plan options complicates repayment plan selection, since the tradeoff decisions when selecting the plans vary by borrower and may not always be entirely clear. In general, however, the proliferation of IDR plans has made IDR terms more generous and made the plans available to a greater number of borrowers; these plans are traditionally more costly to the government. Selected comparisons between projected originations and borrower repayments under the different IDR plans are available on the **Department's website**. Future commitment to promote these programs, and potential increased participation in these plans, are areas of uncertainty. Future legislative and/or regulatory activity could also affect the underlying cost of IDR plans.

Public Service Loan Forgiveness: Enacted in 2007, the Public Service Loan Forgiveness (PSLF) program allows a direct loan borrower to have the balance of their direct loans forgiven after having made 120 qualifying monthly payments under a qualifying repayment plan, while working full time for a qualifying public service employer (such as government or certain types of nonprofit organizations). In general, forgiveness provided via PSLF raises the cost of the Direct Loan Program; however, there is still uncertainty as to how many borrowers will take advantage of the program. Much of this uncertainty arises because borrowers are not required to apply for the program or provide any supporting documentation on their employment until after having made the 120 qualifying monthly payments.

On October 5, 2021, the Department announced a temporary change to the PSLF program to allow previously ineligible loans to be immediately eligible for forgiveness, or additional progress toward forgiveness, with no further action from the borrower. The changes included a limited PSLF waiver that allows all payments by student borrowers to count toward PSLF, regardless of loan program or payment plan and a review of denied PSLF applications for errors, giving borrowers the ability to have their PSLF determinations reconsidered. Borrowers who have not previously certified employment have been able to apply for the waiver. Two permanent changes to military borrowers working toward PSLF were also implemented. This opportunity ended on October 31, 2022.

The *Consolidated Appropriations Act*, FY 2018, and the *Department of Education Appropriations Act*, FY 2019, each provided $350 million toward Temporary Expanded Public Service Loan Forgiveness (TEPSLF) for borrowers who met eligibility for public service employment but were not enrolled in a qualified repayment plan. The *Consolidated Appropriations Act*, FY 2020, and the *Consolidated Appropriations Act*, FY 2021, each provided $50 million for TEPSLF.

Data on approved PSLF applications first became available in FY 2018 since borrowers first became eligible for PSLF discharges starting October 1, 2017, after having made 120 qualifying payments. As of July 31, 2022, the total number of borrowers who received forgiveness from the PSLF waiver exceeded 172,000. The value of this forgiveness totaled $10.5 billion. Including TEPSLF and PSLF discharges not associated with the waiver, the value of forgiveness exceeded $12 billion.

As of July 31, 2022, the number of borrowers with certified employment totaled nearly 1.33 million. The low number of approved PSLF applications in relation to employment certifications may be partially due to the complicated nature of the program, in particular the determination of what constitutes a qualifying payment. In addition, many borrowers who file employment certification forms early in their careers may also move into private sector employment before completing the 10 years of qualifying payments and thus may (a) never apply for forgiveness or (b) apply for forgiveness much later after returning to public service work. Any future congressional or regulatory action that may affect eligibility for PSLF continues to be an area of uncertainty.

Broad-Based Debt Relief: In August, the administration announced its plan to cancel up to $20,000 in student debt for eligible borrowers to give working and middle-class families more breathing room as they recover from the pandemic. As a result of Student Debt Relief, millions of borrowers will no longer have to make repayments on their loans and millions more will be able to substantially reduce their repayments. The Department estimates that the vast majority of eligible borrowers—81%—will take the necessary steps to get relief. This assumption is uncertain, as other relief programs vary in terms of take-up rates.

The executive action carrying out the plan for Student Debt Relief is based on extensive legal analysis by multiple federal offices concluding that the action is within the Secretary's authority and otherwise complies with the law. That conclusion is reflected in a **memorandum** by the Office of the General Counsel and an **opinion** from the Department of Justice's Office of Legal Counsel, which were both made available with the action's announcement on August 24. As is the case with many high-profile executive actions, the plan is the subject of recent litigation, which is pending. The Department cannot predict the outcome of litigation, but the conclusions in the legal memoranda made available in August have not changed in the intervening time. Accordingly, the Department plans to vigorously defend the executive action against all existing and future challenges.

Borrower Defense to Repayment: On June 22, 2022, the Department and the plaintiffs reached a proposed settlement in the case titled *Sweet v. Cardona* (formerly *Sweet v. DeVos*). If approved by the court, that agreement will affect the processing of borrower defense applications in FY 2023. In the proposed settlements, if the borrower defense application is related to federal student loans taken out to pay for attendance at any school on **the list of schools attached to the settlement agreement**, the borrower will receive "Full Settlement Relief." Full Settlement Relief means that the federal student loan(s) associated with the borrower's attendance at the school will be discharged, the Department will refund any amounts paid to it on those loans, and the credit tradeline for those loans will be deleted from the borrower's credit report.

Estimation Risk

Actual student loan outcomes may deviate from estimated student loan outcomes, which is not unexpected given the long projection window of up to 40 years. The Direct Loan Program is subject to a significantly large number of borrower-level events and future economic factors that heavily impact the ultimate cost of student loans. For example, assumptions that need to be estimated for loans originating in FY 2022 include how long students will remain in school; what repayment plan will be chosen; whether the loan will be consolidated; whether the borrower will die prior to completing repayment, become disabled, bankrupt, or have another claim for discharge or forgiveness (closed school loan discharge, borrower defense to repayment, etc.); whether the loan will go into deferment or forbearance; whether the loan will go into default and, if so, what collections will be received on the defaulted loan; and, if the loan is in an IDR plan, what the borrower's employment (public sector or not) and income and family size will be over the next 25 years. These projections are generally made based on historical data about borrower characteristics and behavior, which are more difficult to estimate. Lastly, the direct loan portfolio has grown from approximately $356 billion in FY 2011 to more than $1.3 trillion as of the end of FY 2022. This growth naturally results in larger re-estimates, since a re-estimate worth 1 percent of the portfolio today would be more than three times as large as a similar re-estimate in FY 2011.

Macroeconomic Risk

The ultimate amount, timing, and total value of future borrower repayments under the Direct Loan Program are heavily affected by certain economic factors, especially since the introduction of IDR plans.

In 2022, the COVID-19 pandemic continued to cause widespread disruption to the American economy. The emergency relief measures provided by Congress and the President resulted in flexibilities for federal student loan borrowers, continuing to prevent spikes in delinquency and default rates. Involuntary loan collections from wage garnishment, tax refund reductions, and reductions of federal benefits such as Social Security are also suspended. However, the ultimate impact of the pandemic on long-term Direct Loan Program costs will depend on, among other things, short- and long-term unemployment, economic growth trends, and potential structural changes in the overall economy and job markets. Some types of macroeconomic risk are inherent to student loan cost estimation, and the Department analyzes them regularly—though some of these risks have been exacerbated by the unprecedented worldwide pandemic. New risks have also developed due to the conditions surrounding the pandemic. Specific examples of macroeconomic risk include:

Interest Rates: Direct Loan Program cost estimates are very sensitive to changes in interest rates. Under the current program terms, the fixed borrower rates for direct loans are established in advance of the upcoming school year, while the Treasury fixed interest rate on the Department's borrowings to fund those loans is not set until after those awards are fully disbursed, which can be as much as 18 months later. Unexpected changes in interest rates during this time can significantly impact Direct Loan Program cost.

Unemployment: Unemployment rates have been shown to affect both student loan volume and student loan repayment decisions and behavior. During periods of economic downturn, displaced workers have tended to pursue higher education opportunities in high numbers to strengthen their credentials, change career paths, or improve future employment opportunities. The exact impact on the cost estimates from the current period remains an area of uncertainty. For instance, higher short-term unemployment rates could have an impact on future collections of already defaulted loans by increasing the risk of fewer collections from wage garnishment and tax refund reductions. A sensitivity analysis examining the impact of a 5 percent reduction in default collections, limited to cohorts 2017–21, resulted in a projected increase in the re-estimate of $3.4 billion.

Wage Growth: The estimated costs of IDR plans are largely dependent on trends in observed wage growth. To the extent that future wage growth deviates significantly from prior wage growth, actual costs of IDR plans may deviate from estimated costs. The Department will closely monitor impacts to wage growth because of the pandemic. The estimates are sensitive to slight changes in model assumptions. The Department continues to manage risks in this area by building its knowledge about its borrower base and remaining informed of labor market statistics.

Operational Risk

Unforeseen issues in administering and servicing student loans may impact the cost estimates. For example, in December 2019, the President signed the *Fostering Undergraduate Talent by Unlocking Resources for Education Act* (FUTURE Act), which amends Section 6103 of the Internal Revenue Code to allow the IRS to share taxpayer data directly with the Department. Once implemented, this will make it easier for borrowers to stay enrolled in an IDR plan by allowing automated data sharing between federal agencies and eliminating the need for borrowers to annually recertify their income. A timeline for implementation of the FUTURE Act is uncertain. Similarly, the Department is working to implement the *FAFSA Simplification Act*, which makes significant changes to the need analysis formula that will also introduce operational challenges. The Department invests significant resources to ensure continuous improvements in cybersecurity defenses based on current and emerging threats. Despite this investment, security threats to operations are ongoing and incidents may happen without warning, potentially disrupting student loan administration and ultimately borrower cash flows, which can be impacted by the timing of when collections or disbursements are processed. Hence, there is an inherent risk that future, unpredictable disruptions in the administrative status quo may impact student loan cost estimates.

Another potentially unforeseen issue that may impact cost estimates is when federal loan servicers or private collection agencies exit the student loan servicing program, as several have over the last year. The Department remains committed to ensuring that borrowers receive high-quality service that helps them access the benefits granted by law.

NEXT GEN FSA

About FSA

As the nation's largest provider of financial aid for education beyond high school, Federal Student Aid (FSA) delivers approximately $112 billion in aid each year to students and their families. Through programs authorized under the *Higher Education Act of 1965*, as amended, FSA provides grants, loans, and work-study funds for college and career school. FSA's loan portfolio has grown to more than $1.6 trillion. FSA also provides oversight of approximately 5,600 postsecondary institutions that participate in the federal student aid programs. In every interaction with students and their families, FSA strives to be the most trusted and reliable source of student financial aid information and services in the nation.

The Vision

Through the Next Generation Federal Student Aid (Next Gen FSA) initiative, the Department continues to modernize FSA's programs, technology, processes, and operations to improve student, parent, and borrower experiences and outcomes, as well as those of student aid partners. Moreover, through Next Gen FSA, the Department continues to strengthen cybersecurity protections for students, parents, borrowers, institutions, and other financial partners.

Legacy Environment

In the current federal student aid process, students and families navigate a complex and fragmented landscape and interact with multiple systems, vendors, processes, and interfaces across a multitude of brands and user experiences. This poor customer experience creates confusion and results in customers failing to understand how to apply for and maintain their aid eligibility. Because of a confusing current state, federal student loan borrowers do not know for which loan forgiveness and repayment options they qualify. Additionally, operational complexities result in higher administrative costs and hinder effective oversight of the Department's vendors.

Next Gen FSA Environment

FSA combined multiple websites, contact centers, and other customer interfaces into a simplified, consistent, and engaging customer experience, which has been enhanced by standardized training and tools. FSA's website—StudentAid.gov—continues to be customers' single front door on the web. FSA continues to enhance its modern self-service and consumer information tools that help customers understand the aid they have received, their remaining eligibility, for what loan forgiveness programs they may be eligible, and how they can manage loan repayment in a way that meets their goals.

Some of FSA's Digital and Customer Care (DCC) tools include the Federal Student Aid Estimator, Loan Simulator, Aidan Virtual Assistant, and a Public Service Loan Forgiveness (PSLF) help tool. In FY 2022, FSA launched Medallia, a new survey tool, that allows FSA to use customers' feedback to better serve them, and FSA retired the myStudentAid mobile app due to low usage. In FY 2022, FSA also enhanced the PSLF Help Tool to reflect program changes as a result of the limited PSLF waiver the Department announced. FSA enhanced resources and tools to help borrowers prepare for student loan payments to restart after the COVID-19 payment pause ends. FSA also updated the income-driven repayment (IDR) plan application to allow borrowers to self-certify income and better streamline the application process, as well as updated its virtual assistant to answer more IDR plan-related questions.

Customers now are getting questions answered through contact centers staffed by Next Gen Business Process Operations (BPO) vendors, which the Department brought online in FY 2022 under enhanced cybersecurity standards. BPO is the personnel component of the Next Gen vision. These vendors manage millions of customer interactions, have been trained in a uniform way, and operate on a single contact center platform that will improve operational consistency, efficiency, and oversight. While managing customer and partner relations, BPO vendors:

- Deliver efficient and effective customer and partner experiences.
- Improve customer outcomes.
- Ensure compliance with consumer protections standards.
- Establish greater operational flexibility.
- Reduce operational complexity.

In FY 2022, FSA required customers who create a new account on StudentAid.gov to set up and use two-step verification, a commonly-used process where students, parents, and borrowers must provide two or more pieces of information to verify their identity to gain access to an application or digital resource. Two-step verification helps prevent cybercriminals from illegally obtaining student aid account information and credentials used to access online tools, such as the *Free Application for Federal Student Aid* (FAFSA®), PSLF Help Tool, and Loan Simulator. The Department's actions meet the requirements—in *Executive Order 14028 - Improving the Nation's Cybersecurity*—to implement multi-factor authentication.

Next Gen remains deeply committed to improving the FSA experience for partners as well as customers. In FY 2022, FSA introduced an enhanced, modernized National Student Loan Data System (NSLDS®) Professional Access website for the institutions and other partners that administer the federal student aid programs. The updated site is more secure and easier to navigate. The site also improves the user experience, eliminates the need for users to toggle between systems to see students' grant information, and simplifies the process to download most reports.

The FSA Partner Connect website, **fsapartners.ed.gov**, consolidates the tools that partners use regularly onto a single digital platform that streamlines operational information by award year, provides notifications related to a partner's specific school activities, tracks scheduled system outages, and more. FSA Partner Connect also reduces the administrative burden on financial aid professionals at more than 5,600 postsecondary schools around the globe, allowing them more time to serve students. FSA's future plans for the Partner Connect site include replacing the legacy Postsecondary Education Participants System (PEPS) and redesigning the Application for Approval to Participate in the Federal Student Financial Aid Programs (E-App).

In FY 2022, FSA posted the solicitation for its long-term loan servicing solution, the Unified Servicing and Data Solution (USDS). Currently, six federal loan servicers (i.e., legacy loan servicers) support borrowers first while they are in school and in loan repayment. Each legacy loan servicer operates under its own brand and has its own website and self-service tools for customers. This disjointed servicing system is often confusing for borrowers, and they are understandably frustrated when they receive inconsistent information about something as important as their student loans. The overarching goals of the USDS are to:

- Provide all federally managed borrowers with complete account management capabilities on StudentAid.gov.
- Increase servicer accountability to reduce loan delinquencies and defaults and other customer service benchmarks through clear, measurable service-level agreements and performance incentives.
- Allow FSA to collect more and better data from legacy loan servicers to improve account transfers, borrowers' access to information, and FSA's ability to monitor servicer performance.
- Bring legacy loan servicers up to enhanced cybersecurity standards.

To maintain the stability of the loan servicing environment, FSA expects to award new loan servicing contracts through the USDS and ensure that USDS vendors are compliant with modern cybersecurity standards before the legacy loan servicing contracts expire in December 2023. Through the USDS solicitation, FSA will award contracts to multiple loan servicers who will help guide more than 35 million student loan borrowers with federally managed loans through successful repayment.

LEVERAGING DATA AS A STRATEGIC ASSET

The Department continues to focus on leveraging its data as a strategic asset by further implementing requirements in the *Foundations for Evidence-Based Policymaking Act* (Evidence Act; **P.L. 115-435**) and the **Federal Data Strategy**. The Department has implemented efforts to strengthen data governance while overseeing the unprecedented investment in students and schools through the Education Stabilization Fund, created and subsequently augmented through the triad of COVID relief laws. This section highlights five areas guiding the Department towards realizing the power of data in daily operations and national policy: (1) the ED Data Strategy; (2) Open Data; (3) the Education Stabilization Fund Transparency Portal; (4) Data Quality; and (5) the ED Learning Agenda.

The Department's Data Strategy

The FY 2020 Action Plan for the Federal Data Strategy called for agencies to "put in place a data strategy or road map," and in December 2020, the Department completed and **published** its inaugural Data Strategy. The Department's Data Governance Board (DGB) guided the development of four goals—to strengthen agency-wide data governance, build human capacity to leverage data, advance the strategic use of data, and to improve data access, transparency, and privacy. The Office of the Chief Data Officer (OCDO) led agency-wide working groups composed of representatives of each principal office to develop 19 objectives and a multi-year action plan to guide implementation throughout FY 2021 and FY 2022.

December 2021 marked the completion of the first year implementing the Department's **Data Strategy** and executing its priority goals and objectives designed to realize the full potential of data to drive decision-making and support our nation's students. Building on progress made in FY 2021, the DGB and OCDO coordinated across principal offices of the Department in FY 2022 to implement data governance policies, strengthen data management functions, launch an agency data literacy program, conduct research for a data privacy playbook, improve our data quality approach, and more.

More specifically, in FY 2022, OCDO recommended improvements to the management of data-related investments through the Department's capital planning process, to support Goal 1 of the Data Strategy, documenting the current state and target state, with an implementation plan for Quarter Four of FY 2022. The agency also continued exemplary progress in Goal 2 with the implementation of a suite of new curricular opportunities for Department staff to enhance their data competencies and skills, continued internal outreach and advocacy through weekly and monthly data skill engagements and principal office-specific sessions, and a focus on cross-agency engagement to share the Department's leading-edge work in this space.

As evidence of the impact and effectiveness of these efforts to instill a data centric culture throughout the Department, in early FY 2022, the DGB completed a review of the FY 2021 Agency Data Maturity Assessment (DMA), in which 93% of ED's principal offices improved their data maturity from FY 2020. This analysis of the DMA further informed the DGB's priorities for FY 2022, which include a focus on data management strategies and oversight as well as data quality. ED's pioneering work in the Data Maturity arena was highlighted in a *Partnership for Public Service* **issue brief** as an example for other federal agencies to emulate.

Finally, OCDO and the DGB have commenced an analysis to gauge the progress and accomplishments rendered through ED's inaugural Data Strategy with the goal of publishing by early FY 2023 the agency's Data Strategy version 2.0 to guide and inform efforts throughout FYs 2023, 2024, and 2025.

Open Data

Improving access to Department data, while maintaining its quality and confidentiality, is key to expanding the agency's ability to generate evidence to inform policy and program decisions. Increasing access to data for Department staff, federal, state, and local lawmakers, and researchers can help the Department to make new connections and foster evidence-based decision making.

The Department's Open Data Platform (ODP) (**https://data.ed.gov/**) was publicly launched in December 2020, with an initial population of public data profiles. A central repository for Department data assets, ODP is a fully featured, robust, and highly scalable data repository that maintains all data assets in a fully searchable catalog. As required by the Evidence Act and guided by Data Strategy Goal 4, throughout FY 2022, the Department continued to advance towards a comprehensive data inventory by further expanding on the ODP; increasing its catalogued data assets for both externally available open data and internal sources subject to open data priorities, reviewing all data assets for release, and growing the number of Department open data assets listed in the Federal Data Catalogue.

The ODP significantly improves the Department's ability to grow and operationalize its comprehensive data inventory while progressing on open data requirements. In FY 2022, OCDO and the National Center for Education Statistics (NCES) worked to catalogue and consolidate NCES data sets to the comprehensive data inventory. The data inventory will become significantly more comprehensive when that consolidation has been completed later in FY 2022. Additionally, the Open Data Platform has been enhanced to provide principal office data stewards with login.gov access as well as improved upload and meta data entry interface that will simplify growing and maintaining the comprehensive data inventory.

Finally, while guidance related to the consistent implementation of Title II of the Evidence Act remains unpublished by OMB and the 2022 Federal Data Strategy Action Plan has yet to be released to agencies, the Department remains committed to publishing and executing the Act's required open data plan by the end of FY 2022. Collectively, the Department remains at the forefront of federal agencies in realizing the requirements of the *Open, Public, Electronic and Necessary Government Data Act* (**OPEN**) (Title II of the Evidence Act), and the ODP is leading example of how the Department is making its data open by default.

Education Stabilization Fund Public Transparency Portal

Launched publicly in the first quarter of FY 2021, the Education Stabilization Fund (ESF) Transparency Portal (Portal), located at **covid-relief-data.ed.gov**, is the Department's website dedicated to collecting and disseminating data and information about the ESF programs managed by the Department and authorized through the *Coronavirus Aid, Relief, and Economic Security* (CARES) *Act*, *Coronavirus Response and Relief Supplemental Appropriations* (CRRSA) *Act*, and the *American Rescue Plan* (ARP) *Act*. The Portal provides decision-makers, parents, students, teachers, education leaders, and taxpayers with information about ESF programs and discloses how states, districts, and institutions of higher education (IHEs) spent COVID relief funds. The funding data is from public data sources and reflects data collected by the Department and data released or shared by other federal agencies, including the General Services Administration, and the Department of the Treasury. The Portal enables state and IHE grantees to submit annual performance reports on funding authorized through the ESSER, GEER, EANS, and HEER Funds, providing the public and decision makers fuller insight into the expenditures and usage of ESF program funds.

Throughout FY 2022, the Department executed several enhancements to the Portal which improved transparency and increased accountability. For example, in FY 2022, the Office of Elementary and Secondary Education (OESE) collaborated with OCDO to include state level award and expenditure data for the Emergency Assistance to Non-Public Schools (EANS) program authorized through the ARP Act. This feature was in addition to a cyclical monthly refresh of award and expenditure data for all ESF programs as disclosed on USAspending.gov and subsequently published to the Portal.

OCDO, in coordination with OESE and the Office of Postsecondary Education, also developed and published the Year 2 Annual Performance Report (APR) forms for the ESSER, GEER, and HEER Fund programs and Year 1 APR form for the EANS program. This involved the review and adjudication of hundreds of public comments and the training on the APR form requirements via webinars for grantees of each of the four main ESF programs featured on the Portal. ESSER and GEER grantees were also afforded the opportunity to submit corrections to improve the quality of their now final Year 1 APR data submissions documenting usage of CARES Act funds. Collectively, the enhanced level of technical assistance provided to ESF grant recipients in FY 2022 supports the Department's efforts to improve the quality and accuracy of the data it receives from ESF grantees on the expenditure and use of funding under CARES, CRRSA, and ARP Acts.

Beginning in quarter three of FY 2022, the Department commenced collection of Year 2 APR data for the ESSER, GEER, and HEER Fund grantees and Year 1 data for EANS prime grantees through the Portal. The Department anticipates publishing the near 5,000 APRs collectively received across the four main ESF programs represented on the Portal in the first quarter of FY 2023. An exemplar of open, transparent data, the Portal is fully responsive to the mandate in the OPEN Government Data Act (Title II of the Evidence Act) to make public data open and accessible.

Data Quality

The Department, states, and schools must have effective controls to ensure that reported data are accurate, reliable, and accessible to improve the use of that data at the Department and in the education community. However, the Department's program offices have historically had varying levels of data quality control among their data sets, and findings from the 2023 Office of Inspector General's Management Challenges Report citing a lack of overall integrity and persistent weaknesses in the data quality and reporting it receives from grantees provide further evidence that a comprehensive strategy is warranted.

The ED Data Strategy Objective 1.5 calls for the Department to "Implement a cohesive data quality approach for the agency, leveraging best practices, technical assistance, and controls." Building on efforts launched in previous fiscal years, the Department has continued to refine and execute components of a multi-pronged approach to address root causes and improve data quality. Executing initially with grantees participating in ESF programs, such actions throughout FY 2022 have included ensuring grantees are aware of their data responsibilities under the conditions of their grants and of the credible consequences for noncompliance, ranging from additional informal monitoring through termination of the grant. Resources and technical assistance have also been levied to improve the varying capacity of grantees in reporting data and varying capacity among Department staff in reviewing grantee-reported data.

As monitoring program performance remains a key motive for improving data quality, improving the development, reporting, and use of the agency's programs' performance and accountability measures remains a focus for the Department as well (Data Strategy Objective 3.4). The focus throughout FY 2021 and into FY 2022 has been the review of the *Government Performance and Results Act* (GPRA) lifecycle with agency stakeholders. The Department's work has included drafting a framework for review of performance measures that support evidence-based decisions, incorporating budget guidance for programs, the development of a data quality review checklist for performance measures, and identifying opportunities to review the work during the Information Collection Request process.

The Department has continued to work on developing data quality controls for each stage of the data lifecycle, including mechanisms for evaluating, preventing, and remediating data irregularities to assure higher quality data for the agency to use in meeting its mission and strategic objectives. To help further this goal, in FY 2022, the Department completed and published in October 2023, a Data Quality Playbook, outlining authorities, tools, and resources for grant program managers. The playbook helps grant program managers assess and improve data quality before submission, proposes meaningful incentives for data submitters, strengthens communication strategies, and proposes ways to reduce the burden on both Department staff and grantees. The playbook provides guidance for strengthening the agency's data quality standards to help reduce data quality issues and improve data interoperability. It also builds common language for discussing data quality with internal and external stakeholders and provides recommendations for handling common irregularities.

Other critical initiatives planned for implementation in FY 2022 and start of FY 2023 include updating the Department's *Information Quality Act* (IQA) Guidelines and the establishment of data quality plans as a component in early stages of the data collection (and investment lifecycle). To better align with updated expectations from the Office of Management and Budget (**OMB M-19-15**), the Evidence Act, as well as organizational need, the Department plans to revise its IQA Guidelines to provide clearer guidance to the public (and Department staff) about data quality requirements, processes, and appeals. The Department will also be placing a stronger emphasis on the establishment and transparency of data quality plans in advance of data collection or creation, to ensure appropriate levels of resourcing are provided to ensure data are fit for purpose.

The Department's Learning Agenda

The Department's FY 2022–FY 2026 Learning Agenda was published in July 2022, in conjunction with the release of the Department's Strategic Plan. The Learning Agenda is aligned to the Department's goals and strategic objectives, reflecting the Secretary's priorities for the Department over the next four years. The Learning Agenda is complemented by an Annual Evaluation Plan. The Annual Evaluation Plan includes a listing of the Department's most significant evaluation activities in a given fiscal year. All Evidence Act deliverables are located at **https://www.ed.gov/data**.

The Learning Agenda was developed in consultation with the Department's Evidence Leadership Group (ELG). The ELG is co-chaired by the Department's Evaluation Officer and the Director of the Department's Grants Policy Office (GPO) and includes members from the Department's primary grant-making offices as well as mission-support units, such as the Department's Budget Service, and Office of General Counsel, and ex-officio representatives from the Office of the Chief Data Officer, the Statistical Official, and the Performance Improvement Officer. Feedback from OMB and consultation with stakeholders across government, education, and the general public, was also used to inform the Department's Learning Agenda.

In addition to advising the Evaluation Officer on the development of the Learning Agenda, the ELG advises Department leaders on how to support the capacity of Department staff to make better use of data and evidence. The GPO, led by the ELG co-chair, continues to spearhead a range of internal training opportunities for Department staff to bolster the use of the Secretary's policy priorities, including the use of evidence in program design, and to consider how the Department's grantmaking activities can build evidence for improvement in the future.

CONTINUOUS IMPROVEMENT

Improving critical infrastructure, systems and overall capacity, and ensuring sound strategic decision-making regarding allocation of resources are essential to the Department's future progress and success. Implementing the new G6 modernization is one of the Department's key initiatives.

G5 Modernization/G6

The G5 modernization project is an initiative that started in 2019 to develop a new grants management system that will support the Department's grant programs and the broader grants community. G6 is the modernized system that will replace G5, allowing users to apply, track, and manage all grants through an improved user experience. It will modernize and consolidate existing business processes and manual workarounds into one platform and streamline the grants management lifecycle, improving oversight and monitoring.

Project Objectives

The Department's Grants Management System, G5, is a custom-built, full life cycle grants management and payment system that has reached the end of life. Despite years of ongoing G5 maintenance, stakeholders continue to identify concerns regarding the system's functionality and/or ease of use. The Department's current grant processes rely on multiple systems utilizing various technologies. Much of the data is duplicated, there is a lack of visibility, and there are ad-hoc workarounds.

To effectively address the needs of all users, the Business Systems Support Division within the Office of Finance and Operations initiated the G5 Modernization Initiative to replace G5 and implement a state-of-the-art grants management system. The objective of this program is to implement an enterprise-wide grants management platform that achieves the following objectives:

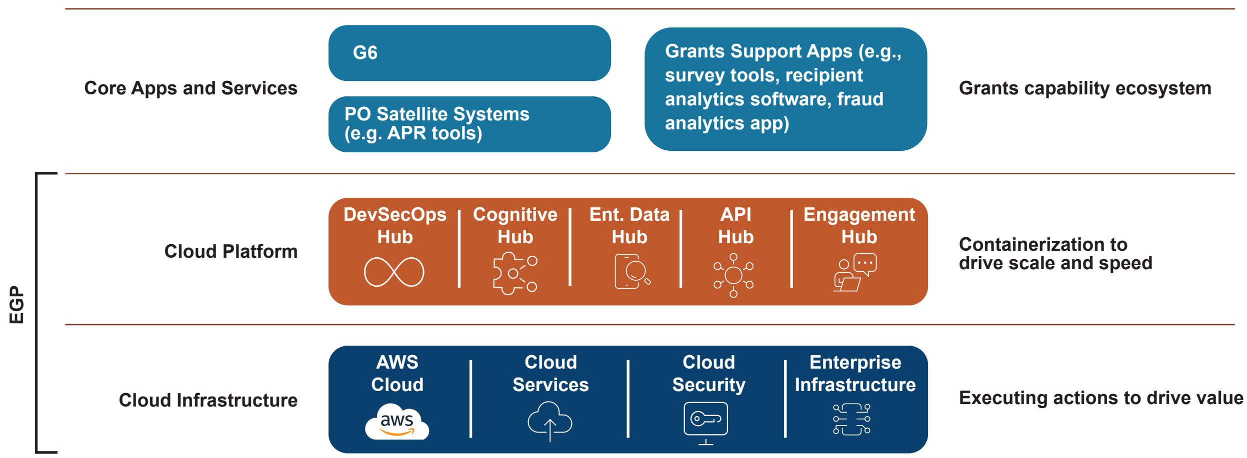
1. Improved effectiveness of grant programs by **streamlining grant processes, tools, and technology agency-wide.**
2. Enhanced and **modularized grants platform** with superior customer experience using industry best practices.
3. **Reduced cost** by minimizing disjointed grants systems, lowering maintenance, and reducing paper.
4. **More informed decision-making** by Program Offices by utilizing advanced analytics and collaboration tools.
5. An evergreen platform capable of **easily incorporating future technology advancements and compliance requirements.**

System Components

The "system" consists of two main components.

- ***Education Grants Platform (EGP).*** The EGP will serve as the foundation for the entire Grants Segment Portfolio of Systems. The EGP, implemented as a "Platform of Platforms," will house Grants Management functionality and capabilities needed across the Department. The EGP, depicted below, is a grants platform that incorporates Infrastructure as a Service provided by Amazon Web Services, Platform as a Service provided by Red Hat OpenShift, and a host of Software as a Service and traditionally deployed tools that establish a framework for advanced analytics, technology development, and data integration for improved grant operations. Over time, the EGP will be used to both develop and host the Department's grants ecosystem (technology and services). G6 is considered the nucleus of the EGP.

- ***G6.*** The Department's grants modernization initiative will implement an incremental modern, modular, and secure application that segments the grants process into granular modules using microservices that are interdependent, yet autonomous enough to be maintained separately. Managing the end-to-end grants process, G6 will combine state-of-the-art Interactive Experience and Customer Experience frameworks to provide users with a cognitive grants experience powered by Artificial Intelligence, Natural Language Processing, and advanced analytics.



Agile Development

The Grants Modernization Initiative is developing G6 through a user-centered and incremental approach using the Agile methodology over multiple years. The subsequent years will be used to roll out G6 capabilities in an incremental manner to production and retire the corresponding capabilities from the legacy G5 system. As functionality is built, groups of grant users will test and validate what is built prior to it being released in the system. OFO has facilitated multiple working groups, user research interviews, and outreach sessions that all keep stakeholders informed and include them in the planning efforts around development.

G6 Capabilities

G6 is being developed to execute the G5 business processes and functionality across the grant lifecycle. The G6 system will:

- Include all the Department's core requirements.
- Maintain an advanced security posture for the data and infrastructure.
- Utilize Advanced Business Intelligence and Collaboration features to allow Program Officers to make more informed decisions with increased communication and visibility into data.
- Provide an intuitive user experience.

The G6 system will have the following characteristics:

- Modular with the ability to turn off or restrict a module or sub-module as needed.
- Based on an open architecture and OMB approved grant standards.
- Built to ensure flexibility, adaptability, interoperability, and configurability.
- Built using a modern technology stack that ensures the underlying technology components do not become outdated before reaching their end of life.
- Mobile-enabled.

- Highly automated.
- Compliant with legislative changes.
- Roles-based and rules-driven.

Timeline

In Year 1 (FY 2022), the modernization program is implementing the EGP.

Looking to Year 2 (FY 2023), the program will begin its first phase of the G5 modernization to G6. The team will implement the Pre-award phase of the grants' lifecycle, including Planning and Scheduling, Applications, Application Packages (Grants.gov, Impact Aid, Fellowship), Discretionary Grants, Formula Grants, Loans, Application Technical Review Plan, and Review Process. These capabilities are identified based on what is available in the current G5; however, the Department expects that the implementation team shall design the G6 system with a much superior user experience using the industry best practices, human-centered design, and federal guidelines.

The Department is planning for the development effort for the remaining years and capabilities. FY 2023 to FY 2025 will be dedicated to Phases 2, 3 and 4 where we will migrate different modules to the new platform and decommission the corresponding modules from the legacy system, therefore stabilizing the G6. In FY 2026, we envision decommissioning the legacy G5 and moving into steady state G6.