

## 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,<sup>4</sup> 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 75 percent of the direct loan portfolio was in mandatory administrative forbearance when the student loan repayment deferral period ended on August 31, 2023.
- As of September 2023, more than 9.9 million direct loan recipients were enrolled in IDR plans. Overall, as of September 2023, about 50 percent of direct loan dollars and more than 32 percent of direct loan 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.
- Work to improve customer service and student aid systems and processes by implementing FSA's Next Gen FSA, see page 63.
- 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.

<sup>4</sup> <https://www.stlouisfed.org/publications/regional-economist/2023/mar/return-investing-college-education>

## 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 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:

**Return to Repayment:** 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 ended. Interest began accruing on September 1, 2023, and the first payments were due in October. To help borrowers successfully return to repayment, the Department created a temporary on-ramp period through September 30, 2024. This on-ramp period protects borrowers from having a delinquency reported to credit reporting agencies. This prevents the worst consequences of missed, late, or partial payments. While payments will be due and interest will accrue, interest will not capitalize for the duration of the on-ramp period. There is uncertainty regarding cost estimates as millions of borrowers have not been required to make monthly payments on their federal student loans since March 2020 and a large portion of those borrowers have no previous experience in making loan payments.

**Income-Driven Repayment Plans:** On July 10, 2023, the Department published a Final Rule to revise the current Revised Pay As You Earn (REPAYE) repayment plan which may also be referred to as the Saving on a Valuable Education (SAVE) plan. The revised plan will result in lower monthly payments for nearly all qualifying borrowers (among those who did not already have a \$0 monthly payment). Provisions of the plan are being implemented on a tiered schedule with some provisions currently effective and others effective July 1, 2024.

IDR plans tend to be more costly to the government than non-IDR plans. For the 2023 loan cohort, it is estimated that the government will recover 57 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 introduction of the SAVE plan has made IDR terms more generous and 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 September 30, 2023, the total number of borrowers who received forgiveness from the PSLF waiver exceeded 673,000. The value of this forgiveness totaled \$46.6 billion. Including TEPSLF and PSLF discharges processed before the waiver period, the value of forgiveness exceeded \$52.1 billion and included 730,000 borrowers.

As of September 30, 2023, the number of borrowers with certified employment totaled 2.09 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. Borrowers may certify public service employment one year at a time, rather than certifying all 10 years at once, and this process also makes the number

of borrowers with certified employment higher than the number who have received forgiveness. Any future congressional or regulatory action that may affect eligibility for PSLF continues to be an area of uncertainty.

**Broad-Based Debt Relief:** On June 30, 2023, the Supreme Court ruled that the Secretary does not have authority under the *Higher Education Relief Opportunities for Students Act of 2003* (HEROES Act) to establish a student loan forgiveness program. In response, the Secretary initiated a rulemaking process aimed at opening an alternative path to debt relief using the authority under the *Higher Education Act*.

**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*). The court granted final approval to the settlement as fair, adequate, and reasonable on November 16, 2022. In the settlement, 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 2023 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 2023. 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.

From the second quarter of 2020 until the expiration of the federal Public Health Emergency on May 11, 2023, the COVID-19 pandemic caused 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 were 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 2018–22, resulted in a projected increase in the re-estimate of \$3.0 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 continue to closely monitor wage growth following 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 in recent years. 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 \$114.1 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 5,400 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 legacy federal student aid environment, students and families navigated a complex and fragmented landscape and interacted with multiple systems, vendors, processes, and interfaces across a multitude of brands and user experiences. This poor customer experience created confusion and resulted in customers failing to understand how to apply for and maintain their aid eligibility. As a result, federal student loan borrowers often do not know for which loan forgiveness and repayment options they qualify. Additionally, operational complexities resulted in higher administrative costs and hindered effective oversight of the Department's vendors.

### Next Gen FSA Environment

As part of the Next Gen FSA initiative, 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. In addition, the FSA Partner Connect website—**fsapartners.ed.gov**, which was launched as a part of the Next Gen FSA initiative—serves as a resource for entities that participate in the federal student aid programs. FSA also 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.

During FY 2023, FSA enhanced many of its Digital and Customer Care (DCC) tools, including the Public Service Loan Forgiveness (PSLF) Help Tool, Loan Simulator, Aidan<sup>®</sup> Virtual Assistant, and the Federal Student Aid Estimator. In FY 2023, FSA significantly updated the PSLF Help Tool to allow users, for the first time, to fully complete the PSLF application process digitally using the new digital signature and submission components of the PSLF Help Tool. Previously, borrowers had to follow multiple, disjointed steps to complete the PSLF Form, including printing and signing the form and having their employers sign the paper form as well. Digital signature and submission created a faster, more straightforward, and more transparent process for borrowers applying for PSLF. FSA updated Loan Simulator to improve borrowers' experience and allow users to compare different repayment plans more easily. FSA enhanced Aidan to give borrowers information about a wider range of topics.

FSA also updated the Federal Student Aid Estimator, which helps students determine how much and for what types of federal student aid they may be eligible. The newly updated tool now provides an estimate of the amount of federal student aid that a student may be eligible to receive using criteria that align with the 2024-25 *Free Application for Federal Student Aid* (FAFSA<sup>®</sup>) form.

Finally, FSA enhanced other resources and tools across **StudentAid.gov** to help borrowers prepare for student loan payments to restart when the COVID-19 payment pause ended in fall 2023.

Throughout FY 2023, FSA completed several updates to the Enterprise Data Management and Analytics Platform Services (EDMAPS), including three successful packages of updates that support tools on StudentAid.gov, including the PSLF Help Tool digital signature and submission functionality and updates to the IDR application.

As a part of the Next Gen FSA initiative, FSA also successfully awarded new contracts to five companies to modernize and enhance servicing for federal student loan borrowers. These contracts, awarded during FY 2023 through the Unified Servicing and Data Solution (USDS) solicitation, mark the first step toward implementing the new servicing environment during FY 2024, which will be FSA's long-term loan servicing solution. This new servicing environment will replace the legacy loan servicing environment, which can be confusing for borrowers as legacy loan servicers operate under their own brands.

The new environment is designed to provide all federal student loan borrowers with a high-quality customer experience, deliver enhanced support for at-risk borrowers, and ensure vendor accountability. FSA's goals for the new loan servicing environment include:

- providing all federally managed borrowers with complete account management capabilities on **StudentAid.gov**;
- increasing servicer accountability to reduce loan delinquencies and defaults and other customer service benchmarks through clear, measurable service-level agreements and performance incentives;
- allowing 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; and
- bringing legacy loan servicers up to enhanced cybersecurity standards.

Awarding the contracts for the new loan servicing environment is the culmination of nearly a decade of work to overhaul federal student loan servicing, and borrowers will begin to see the benefits when the new servicing environment goes live in spring 2024.

The Next Gen Business Process Operations (BPO) vendors continue to provide support for customers by answering questions through the Federal Student Aid Information Center. In FY 2023, BPO vendors handled a higher volume of calls and chats, exceeding forecasted volumes in summer 2023, despite reduced hours of operations that went into effect earlier in FY 2023 due to budget reduction. BPO vendors provided efficient and effective customer experiences about topics that include return to repayment; the SAVE Plan and other IDR plans; PSLF, including processing employer adjudication cases; and borrower defense to repayment. In addition, BPO vendors also staffed FSA's debt relief hotline, which received a significant number of inquiries, and supported users who needed to reset their StudentAid.gov accounts. Finally, the BPO team hosted an all-BPO vendor meeting in June 2023 to focus on vendors' concerns and explore BPO recommendations.

The FSA Partner Connect website, [fsapartners.ed.gov](https://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. During FY 2023, FSA further updated the website by transitioning the FSA Conference website and the FSA Learning Management System (LMS) to the Partner Connect website. The new website aligns with the overall design of FSA Partner Connect and the new look and feel provide an improved user experience for partners. Conference information and resources that were available on the FSA Conference website—including session materials and recordings from past conferences—were also moved into Partner Connect.

Finally, during FY 2023, FSA began work on the Title IV Origination and Disbursement (TIVOD) Modernization Project. This project will award one or more contracts to replace contracts expiring in January 2025. The project will ensure the continuation of functionality delivered by Common Origination and Disbursement (COD), the National Student Loan Data System (NSLDS®), EDMAPS, and critical back-end services, such as data integration and customer service for schools and other partners.

### Leveraging Data as a Strategic Asset

The Department continues its focus on leveraging its data as a strategic asset by continuing to implement requirements in the *Foundations for Evidence-Based Policymaking Act of 2018* (Evidence Act; **P.L. 115-435**) and the **Federal Data Strategy**. Throughout FY 2023, the Department continued to strengthen data governance while overseeing an 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 Department's inaugural Data Strategy (December 2020) and the agency's updated Data Strategy—published in August 2023—collectively set forth the agency's plan to meet its longstanding vision: to realize the full potential of data to improve education outcomes and lead the nation in a new era of evidence-based policy insights and data-driven operations. The mission of the Data Strategy is to optimize the Department's ability to provide trusted data and insights to internal and external stakeholders, guided by the principles of ethical governance, conscious design, and a learning culture. The four goals of the Data Strategy focus the Department's efforts on strengthening agency-wide data governance, building human capacity to leverage data, advancing the strategic use of data, and improving data access, transparency, and privacy. These interconnected goals continue to build the Department's capacity for data governance and management to promote evidence-based decision-making.

Since the publication of the agency's inaugural Data Strategy in 2020, the Department has established an agency-wide data governance program and released foundational governance policies, created a data skills training program, made progress on essential data infrastructure modernization projects, developed guidance around data quality, data privacy, open data, performance measures, and other topics, and built staff capacity for data visualization and storytelling. By the end of FY 2023, the Department had made substantial progress toward completing planned activities and action plans aligned with each of the 19 objectives established in its inaugural Data Strategy. Specifically, the agency fully executed 16 of 19, or 84 percent of the original Data Strategy objectives, exceeding the Department's FY 2022–2026 Strategic Plan Objective 5.2 performance metric for FY 2023.

The 2023 Data Strategy establishes 16 new objectives that reflect the agency-wide progress to date to build data maturity, processes, and outcomes. For example, buttressed by the progression achieved through the inaugural Data Strategy, the Department is now focused on advancing agency-wide data maturity, developing a data valuation methodology to ensure strategic data investments, fully implementing a cohesive data quality plan, and improving intra- and inter-agency data sharing as part of the Goal One focus for the next few years. Under Goal Two, the data workforce plan aspires to address agency staffing and training needs while the Department continues to build out the pioneering Data Literacy and Data Science training programs to tailor support for all proficiency levels and help staff develop data visualization and storytelling capacity. To advance the strategic use of data under Goal Three, the agency will strengthen the evidence-building pipeline by addressing the Learning Agenda's priority learning questions and identifying gaps in Department data while supporting the agency's grant management and student loan servicing systems. Finally, under Goal Four, the agency plans to publish and implement an Open Data Plan, continue to expand the comprehensive data inventory, enhance transparency through access to agency administrative data, and strengthen the data release and disclosure review processes.

The agency's pioneering work and accomplishments continue to be recognized by other federal agencies and affiliates. For example, in April 2023, the Department's Data Skills Team—leading Data Strategy Goal Two—was bestowed the 2022 Federal Chief Data Officers Council (CDOC) Distinguished Achievement in Federal Data Award. The Federal CDOC Awards recognize both civilian and military employees and teams of federal agencies that demonstrate innovative data policy and practices to advance government mission achievement and increase the benefits to the Nation through improvement in the management, use, protection, dissemination, and generation of data

in decision-making and operations. The award category for Distinguished Achievement in Federal Data highlights individuals or teams who make truly exceptional contributions to Federal Data and the use of data in policymaking.

### 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 make new connections and foster evidence-based decision making.

The Department's Open Data Platform (ODP) at <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 Title II of the *Foundations for Evidence-Based Policymaking Act of 2018* and guided by Data Strategy Goal Four, throughout FY 2023, the Department continued to advance toward the development of the 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. In FY 2023, the number of data assets categorized in the agency's comprehensive data inventory grew to over 800, demonstrating the Department's commitment to providing the public with quality data that can be freely accessed and used. Progress attained exceeded the FY 2023 target for performance indicator 5.4.5 in the Department's FY 2022–2026 Strategic Plan.

In FY 2023, ODP was upgraded to support accounts for public users through the General Services Administration's login.gov service. This innovation allows participating users to follow offices or specific data assets and receive notifications when the items they follow are updated. Future public engagement features through the Open Data Platform are planned to build on this foundational capability.

Future Open Data activities include the development, publication, and implementation of an Open Data Plan aligned with ED's Data Strategy, further detailing the agency's efforts to make government data open for the public. Aligned with statutory requirements, the following four goals will guide the development of the agency's Open Data Plan: 1) to improve the usability of ED's data assets, 2) to identify what data assets are being used, and how they are being used, 3) to grow the data inventory to help the agency find and use available data, and 4) to create processes to improve the quality, completeness, accuracy, and timeliness of ED's data. The agency conducted an OMB-approved public Customer Survey in the summer of 2023, engaged CFO Act agencies, and collaborated with stakeholders across the Department to garner input on the development of the Open Data Plan and ways to improve the agency's comprehensive data inventory.

The Department awaits further guidance from OMB through the annual Federal Data Strategy Action Plan—the last one was published in 2021—as well as the next phase of guidance on Title II of the *Foundations for Evidence-Based Policymaking Act of 2018*, known as the *OPEN Government Data Act*.

## Education Stabilization Fund Public Transparency Portal

The Department launched the **Education Stabilization Fund Transparency Portal** in 2020 to provide transparency into how the \$263 billion investment in education provided for state and institutional COVID-19 recovery and rebuilding efforts was awarded and spent. The ESF Transparency Portal was established by the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) in March 2020, with subsequent allocations to the Fund codified through the *Coronavirus Response and Relief Supplemental Appropriations Act* (CRRSA Act), signed into law in December 2020, and the *American Rescue Plan Act* (ARP Act), signed into law in March 2021. The ESF Transparency Portal includes four primary emergency relief funds: (1) the Elementary and Secondary School Emergency Relief (ESSER) Fund, (2) the Governor's Emergency Education Relief (GEER) Fund, (3) the Emergency Assistance to Non-Public Schools (EANS) Fund, and (4) the Higher Education Emergency Relief (HEER) Fund. In September 2023, the Department upgraded the website to improve overall usability and public accessibility of the site's data assets and reports.

Throughout FY 2023, the work to communicate ESF award expenditures by states, local school districts, and institutions of higher education, continued unabated but with a renewed focus on improving data collection and accurate and timely reporting via the ESF Transparency Portal. In December 2022 and January 2023, the Department publicly released, via the ESF Transparency Portal, the Calendar Year (CY) 2021 Annual Performance Reports (APRs) received from more than 4,600 institutions of higher education and 52 FY 2021 APRs for the ESSER Fund grantees. In addition, the Department published reports summarizing expenditures and highlighting how funds were used to support students, schools, institutions, and their communities while spotlighting grantees' work to reengage students and address learning needs.

Throughout the spring and summer of 2023, the agency coordinated, planned, and conducted the CY 2022 (Year 3) APR data collection for nearly 4,000 institutions of higher education. In the summer of 2023, the APR data collections for FY 2022 ESSER Fund Year Three, ESF-SEA Fund Year Three, GEER Fund Year Three, and EANS Fund Year Two State and outlying area grantee submissions were conducted. To support grantees and improve data quality in FY 2023, the agency provided enhanced technical assistance through increased customer communications, live webinars, published business rules and forms, and the provision of grantee-specific Help Desk support.

The outcome of these interventions and initiatives was a distinguishable increase in the timeliness of grantee submission of APR data. In 2023, 100 percent of ESSER grantees reported during the allotted initial reporting period and for HEERF, 400 fewer IHEs failed to submit their HEERF reports during the allotted initial reporting period than in 2022. Through the end of FY 2023, the Department continued to work with grantees to address data quality issues to provide the public with more accurate information on the expenditure of the education relief funds. These FY 2023 initiatives to improve communications and the quality of the data the agency receives from ESF grantees increases the reliability of and promotes greater transparency into the expenditures of CARES, CRRSA, and ARP funds.

Additionally, in July 2023, an audit report managed by the Pandemic Response Accountability Committee in coordination with the Department's Office of Inspector General (OIG) and other Inspector Generals across a host of agencies studying the sources, intended purpose, and impacts of federal pandemic response program funds provided to six select geographic areas, acknowledged ED's **ESF Transparency Portal**

for “clearly distinguishing ESF funding by subprogram, like HEERF, and for providing information on how funds are being used by recipients and subrecipients, i.e., local school districts, which supports increased public transparency of specific programs.”

### Data Quality

The Department's Data Quality Program aims to improve the quality of data collected and published by the agency, serves as a component part of the response to OIG's annual Management Challenges report, and will be executed in concert with supporting initiatives. The agency has published a data quality playbook for grant staff, a data quality plan template and instructions for POCs, and offered data quality trainings to support the procedures outlined in the agency's revised *Information Quality Act* (IQA) guidelines which were published in September 2023.

The agency has determined that there are three root causes to the persistent data quality challenges, identifying them initially in the 2020 response to the Department OIG's findings in the Data Quality and Reporting section of its Management Challenges report. The first root cause is prime grant recipients' capacity, as they are focused on programming to serve students. They have limited time and fiscal resources to improve data quality and reporting. Additionally, prime grantees are responsible for the quality of data reported to them by their own subgrantees. Data errors in subgrantee reporting become aggregated to larger errors in prime grantee reporting. Second, grants staff at the Department have large portfolios, in which looking at data quality is just one responsibility during the limited time they must spend monitoring, providing technical assistance to grantees, preparing required paperwork, and taking training on grants administration. Third, the agency has worked on this issue over the past three years, the Department has acknowledged the need to communicate to grantees that there are credible consequences for failing to report accurate data at an acceptable level of quality.

The agency is working to implement data quality policies that encourage and support principal offices to establish a data quality plan in advance of seeking internal approvals for collecting, creating, processing, storing, or otherwise managing data. Additionally, the agency has developed and, throughout FY 2024, will deploy templates, training, and other resources to support agency staff that are engaged in implementing these policies.

Further progress in improving data quality is reliant on the FY 2023 publication of the revised IQA Guidelines. The FY 2023 Guidelines revision reflects in-depth collaboration and consultation with leaders across the agency. The Guidelines encourage offices to establish and publish data quality plans for all agency data assets disseminated to the public. These plans will set measurable data quality targets that are appropriate for how the data will be used. Principal offices will also set explicit data quality expectations so the data they disseminate will be fit for its intended purpose and, accordingly, those offices will need to figure out how to resource their efforts to meet those expectations. Publication of the revised IQA Guidelines publication will initiate review of a new Data Governance Policy on Data Quality by the agency's Data Governance Board. The policy describes actions offices can take at each stage of the data management lifecycle so that the agency uses data for decision making to best serve our nation's students and educators.

The agency has consolidated access to a suite of data quality resources for staff with a new Data Quality page on the agency's internal website, connectED. The Department released a Data Quality Playbook that provides practical strategies, or plays, to improve data quality across the data management lifecycle, including checklists and questions to guide staff planning data collections for grants programs. The Department also conducted the

first quarterly instructor-led training on the Playbook in August 2023, and, in addition, on-demand, self-paced training has been posted to the agency's Learning Management System, FedTalent. Beginning in FY 2024, the agency plans to pilot a Data Quality Plan Template and instructions for completing the Data Quality Plan. The plan will help ensure that the quality of a Department data asset is planned for, documented, and assessed throughout the data management lifecycle.

Current data quality capacity is not sufficient to support principal offices as they start to use these resources to ensure their data quality is high enough for their intended uses. An additional agency staffer hired to lead the Data Quality Initiative, an agency-wide data quality coordinator, will serve a vital role in coordinating implementation and assessment of these policies and resources. The incumbent in that role will be responsible for reviewing data quality plans and providing feedback and technical assistance to principal offices, developing and monitoring the inventory of data quality plans, and reviewing the impact of these policies against both the agency's desired near-term and longer-term outcomes.

### 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. It establishes the plan for how the agency will improve high-quality evidence building to strengthen the nation's education system. 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 and is released in conjunction with the President's Budget request each spring. Both the Learning Agenda and the Department's Annual Evaluation Plan can be found at <https://evaluation.gov/agencies/department-of-education>.

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 the Office of the General Counsel, and ex-officio representatives such as 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 collaboration with the Department's Data Governance Board, the Evidence Leadership Group has begun work to align the Department's evidence-building and data strategies. This includes considering whether and how new information collections can be used to address agency priority learning questions; how existing collections might be put to use in new ways to build evidence related to the Department's Learning Agenda; and where gaps in Department data may suggest the need to collaborate with other partners to meet the Department's learning goals.

## 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.

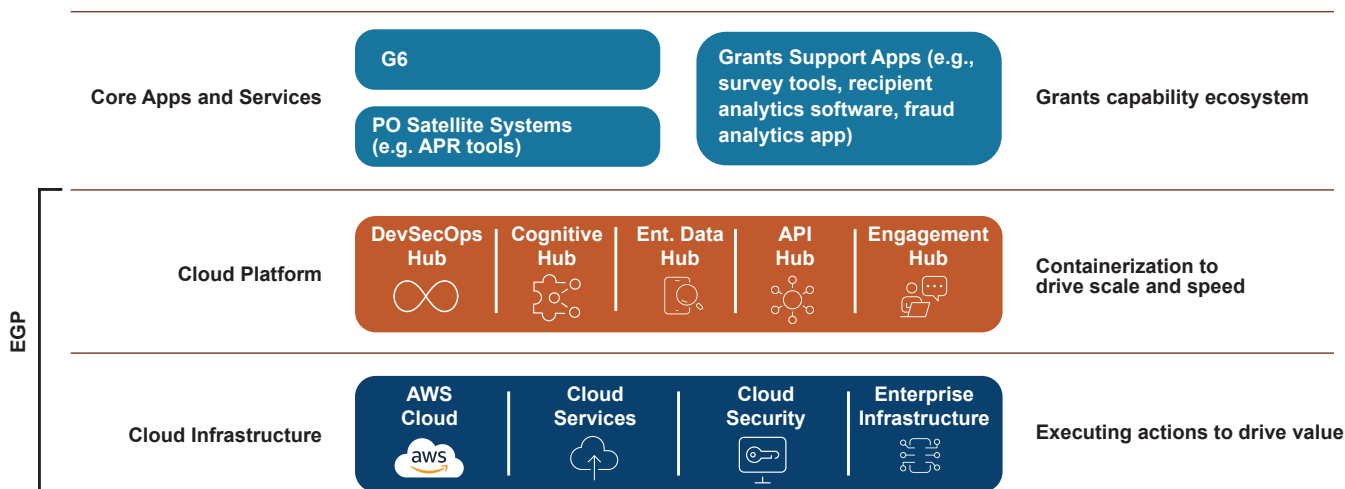
To effectively address the needs of all users, the Business Systems Support Division within the Office of Finance and Operations initiated the G5 Modernization Initiative to replace G5 and implement a state-of-the-art grants management system. The objective of this program is to implement an enterprise-wide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

In Year 2 (FY 2023), the program began its first phase of the G5 modernization to G6. The team is implementing the Pre-award phase of the grants' lifecycle, including Planning and Scheduling, Applications, Application Packages (Grants.gov, Impact Aid, Fellowship), Discretionary Grants, Formula Grants, and Loans. These capabilities are identified based on what is available in the current G5; however, the Department expects that the implementation team will 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 2024 to FY 2025 will be dedicated to Phases 2, 3 and 4, when 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.



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