

# PROJECT EASI CONCEPT DOCUMENT



The development of this Concept Document has been a collaborative effort by the U.S. Department of Education and members of the Postsecondary Community representing stakeholders in the systems and process providing access to and information about Postsecondary Educational Opportunities

This Document has been prepared by Price Waterhouse under contract to the U.S. Department of Education

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# PREFACE

On August 1, 1995, Secretary of Education Richard Riley called upon the U.S. Department of Education and its partners in the postsecondary education community to “design, integrate, and develop a world-class comprehensive student financial aid delivery system utilizing state-of-the-art information technology.” A collaborative initiative to dramatically transform the administration of student financial aid and postsecondary student services, Project EASI (Easy Access for Students and Institutions) is the response to this challenge.

To plan and implement Project EASI, Secretary Riley formally chartered a Project EASI Core Team and Steering Committee, each comprised of representatives from the Department of Education and the external postsecondary community. An important part of the work of the Core Team and Steering Committee has been to establish a shared understanding of the future administration of student financial aid and postsecondary student services. Captured in the Project EASI Concept Document, this understanding can serve as a flexible blueprint to encourage widespread community participation in Project EASI and accelerate its strategic development.

Representatives of the U.S. Department of Education and the postsecondary education community collaborated in developing the Project EASI Concept Document. These participants represent major stakeholders in the systems and process providing access to and information about postsecondary opportunities. The Concept Document describes services to institutions and student aid funding organizations which participate in the delivery of postsecondary education.

The Project EASI Steering Committee has reviewed several drafts of the Concept Document and has offered revisions which have been included in this final edition. All parties understood that this document is to serve as a tool to guide the implementation phase of Project EASI, and to ensure that the Project EASI vision remains steadfast. It is also understood that elements of this document are subject to modification as the environment changes during the course of moving Project EASI from vision to reality. Responses and comments from Steering Committee members to the Concept Document are included in Appendix E.

It is important to note that the Project EASI Steering Committee has called upon staff in the Department of Education, the Project EASI Core Team, and other partners in the postsecondary education community who are working together on Project EASI’s implementation, to assign high priority to several areas critical to the success of this initiative. Adopted as over-arching efforts of this work to achieve the Project EASI vision, these priorities are the following:

**Project EASI s adherence to Electronic Data Interchange (EDI)-type standards.** As one of its top priorities, Project EASI will facilitate the development of universally applicable processes to support postsecondary education through the use of mutually agreed upon standards of data transmission that have been adopted by the educational community. Under the Project EASI vision, there is a common process for all student aid programs based on standard electronic data formats for origination records, student disbursement records, and electronic transfer of funds. Although continuing to deliver student aid independently, other entities involved in student aid would work towards establishing common data formats and interfaces and standard data dictionaries so that in time everyone (including the Department of Education, lenders, secondary markets, servicers, guarantors, and state agencies) would adjust their operations to ensure that these standards are followed universally.

**Project EASI s role in the institutional admissions process.** It is understood that Project EASI will provide an option, but not a requirement, for postsecondary institutions to link their admissions processes to the reengineered student aid delivery system. Project EASI would allow students to authorize the release of personal data to support the admissions process with institutions that wish to participate. In addition, institutions would have the option of notifying applicants of admission acceptance or rejection through Project EASI.

**Access, security, and control of Project EASI data for individuals.** A critical part of the Project EASI vision is to allow students to access information on their personal data, aid eligibility, aid received and outstanding student loans, and to give students the opportunity to direct this information to appropriate entities (such as institutions, lenders, secondary markets, guarantors, state agencies and private funding sources). Project EASI recognizes the delicate balance between the need to provide access to personal data (both by customers and authorized entities) and the need to protect its security and integrity. Project EASI considers adherence to federal security and privacy laws for individuals to be one of the highest priorities. Safeguards to ensure the privacy of the individual and the protection of data will be built into the design of the reengineered student aid delivery system.

**Resolution of critical Project EASI policy and legal issues.** Policy and legal issues pertinent to the achievement of the goals of the project cannot go unresolved. Such matters will be addressed regularly and reported back to the Steering Committee and the Core Team members by the Department of Education's Senior Management Team. Policy decisions must be made in a timely fashion to ensure that progress toward Project EASI's goals can proceed on schedule.

# Project EASI Concept Document

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# Project EASI Concept Document

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# 1. INTRODUCTION

The US Department of Education (ED), Office of Postsecondary Education (OPE) is undertaking an effort to reengineer the systems and processes it uses to support the postsecondary education community. This Project EASI Concept Document is intended for use as a tool to establish a shared understanding of the Project EASI concept -- and of its application to ED's implementation effort -- among the organizations and individuals involved in Project EASI (Easy Access for Students and Institutions). This section provides background information needed to understand the remainder of the document. Subsection 1.1 provides an overview of the history and objectives of Project EASI. Subsection 1.2 further describes the scope and purpose of the Concept Document. Subsection 1.3 describes the document's organization and briefly introduces the content of each remaining section. Section 1.4 lists the references used to develop the Project EASI Concept Document.

## 1.1 Project EASI Overview

Project EASI is an initiative to reengineer the processes that support postsecondary education to more effectively serve prospective students, students, and families -- the ultimate customers of the postsecondary education community. The objectives of Project EASI are to:

- **Create a student-, prospective student-, and family-focused system to support postsecondary education.** Although the intention is to maximize the use of, and advantages afforded by, current and future technology, this "system" will also include manual support and processes as needed to effectively serve all customers.
- **Provide the customer a single point of interface for Federal programs and potentially with the postsecondary education community.** Today, prospective students, students, and their families must deal with a welter of postsecondary education delivery and support organizations whose activities are largely uncoordinated. Creating a single point of interface with the postsecondary education community is expected to simplify interaction, improve the community's ability to effectively reach and support a wider range of customers, and enable the organizations involved to establish and execute more successful business relationships with students and financial aid recipients.
- **Streamline, simplify, and improve the accessibility of processes and data associated with postsecondary education.** Currently, processes associated with postsecondary education -- particularly with delivery and management of student financial assistance -- are complex, redundant, paper intensive, and expensive to administer. Data is often inaccessible to customers who need it. Project EASI is intended to provide more flexible, simplified, and universally applicable processes to support postsecondary education, and to improve the accessibility, currency, and completeness of associated data, while protecting the privacy of individuals. One focus of this objective is to ensure the definition and implementation of standardized formats for sharing data using tools such as Electronic Data Interchange (EDI).
- **Reduce costs, and improve program integrity and oversight, associated with the management and delivery of services associated with postsecondary education.** The complexity and redundancy of current processes -- especially those associated with delivering and managing student financial assistance -- make them resource intensive (e.g. staff, information systems). By improving these processes and the efficiency with which technology can be applied by all involved organizations, Project EASI is expected to lower costs.

- **Support life-long learning at multiple schools.** Project EASI envisions systems and processes that serve all postsecondary students, at all ages. It is intended to help guide students through the differing requirements of multiple schools throughout their postsecondary educational careers. This is especially important in an era with technology that supports emerging concepts such as the "virtual university."

The Project EASI vision encompasses the entire postsecondary education community, its customers, and its potential customers. This includes children, families, students, borrowers, schools, lenders, secondary markets, servicers, guarantors, state agencies, ED, professional organizations, and external organizations that may wish to share appropriate information (e.g., employers, private foundations, state agencies).

For approximately 2 years, a Project EASI Team and a Project EASI Steering Committee, each comprising representatives of ED and of the external postsecondary education community, have worked to define and confirm a vision that supports Project EASI goals. Since its inception, the Project EASI Team has worked closely with representatives from throughout the postsecondary education community.

The Project EASI vision is defined in terms of six primary functional areas:

- Information Sharing
- Applying
- Disbursing funds
- Enrollment Tracking and Reporting
- Repayment
- Program Management and Oversight

These functional areas, and the processes and data that support them, are discussed in terms of a postsecondary education life cycle that spans the time prior to an individual's enrollment in school ("pre-school"), while the student is enrolled ("in-school"), through repayment of all student loans ("post-school"). Exhibit 1-1 illustrates the relationship between Project EASI functional areas and this life cycle.

Implementation of the Project EASI vision is expected to include the entire community -- involving not only ED, but other organizations involved in providing or supporting postsecondary education, and perhaps creating new entities to deliver specific services. Furthermore, Project EASI implementation is envisioned as an incremental effort that will involve coordinated, parallel development efforts by ED and by community-based teams.

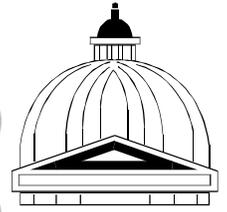
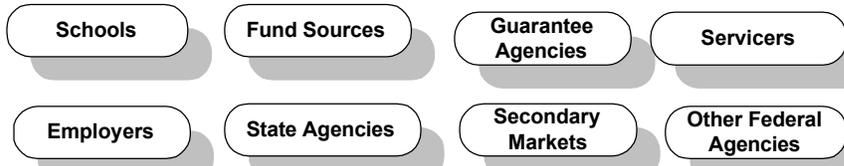
## **1.2 Scope and Purpose of Concept Document**

Initial definition of the Project EASI vision is complete. The Project EASI vision clearly encompasses a community far beyond the current bounds of ED authority or responsibility. On one hand the vision drives to a very integrated set of solutions, but at the same time the Project EASI Team has clearly indicated the desire that ED's authority over Project EASI implementation not extend too far into the community. The scope of ED's effort -- i.e., the degree to which ED's implementation of Project EASI requirements extends into the community - must take into consideration the legal, financial, and technical issues. To begin to make the Project EASI vision a reality, ED is undertaking an effort to reengineer the systems and processes it currently uses to support postsecondary education. Project EASI/ED is a system development effort undertaken by ED's Program Systems Service, within the Office of Student Financial Assistance,

# Project EASI Community

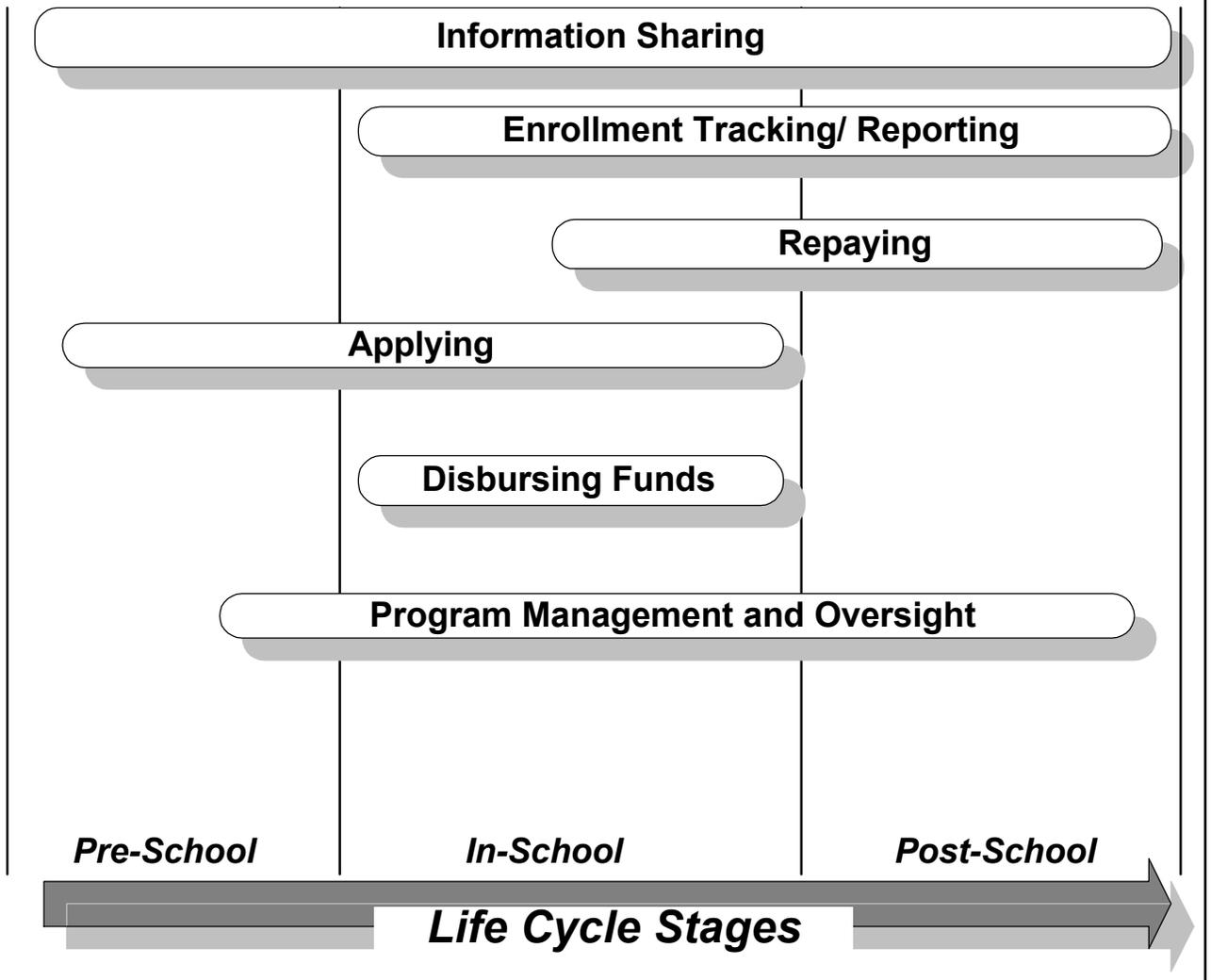


Students  
and  
Families



U.S. Department  
of Education

## Project EASI Functional Areas



Project EASI Functions and Life Cycle  
Exhibit 1-1

which will -- in consultation with members of the broader community -- attempt to bring the existing Title IV systems into compliance with the Project EASI vision. ED has retained Price Waterhouse as the Project EASI integrator to help plan and manage this very large and complex effort. The integrator's responsibilities span the development life cycle. This includes helping to understand and establish the concept, through more detailed requirements definition and design activities, as well as migration and conversion of existing Title IV systems to a common operating environment, integration of software into a new system architecture, and delivery of supporting services.

This Project EASI Concept Document is intended to help establish a common understanding among involved ED staff, Project EASI Team members, and the integrator regarding the intent and content of the Project EASI vision. In addition, the Concept Document addresses the requirements, priorities, and associated issues that help define the scope of ED's initial implementation effort. In conjunction with the Project EASI/ED Program Management Plan, the Project EASI Concept Document will establish the baseline for ED's continuing implementation and integration activities in support of Project EASI.

Under the leadership of the Project EASI Team, an Information Strategy Plan (ISP) was developed to further describe the Project EASI vision at a high level, using the Composer Computer-Aided Software Engineering (CASE) tool to document high-level community-wide concepts regarding Project EASI. This Project EASI ISP was completed in December 1996. The Project EASI Concept Document is intended to complement that document, and is not intended to duplicate or replace it in terms of content or purpose. As Project EASI/ED moves forward, the Project EASI ISP, as documented in Composer, will be used in conjunction with the Concept Document as a basis for understanding the Project EASI requirements as they relate specifically to ED's responsibilities.

### 1.3 Document Organization

The Project EASI Concept Document presents a picture of the current postsecondary education "system," identifies the new requirements and problems that act as drivers for changing that system, and describes the Project EASI vision as the response to those drivers. The remainder of the Concept Document is organized in the following sections:

- **Section 2 - Management Summary.** This section provides an executive summary of the contents of the other sections.
- **Section 3 - Current System.** This section describes the processes, data, systems, and organizations that constitute the current postsecondary education system. Particular emphasis is placed on these factors as they relate to delivery and administration of student financial assistance.
- **Section 4 - Justification for Change.** This section identifies the new requirements and the deficiencies of the current system that are driving the community toward change.
- **Section 5 - Concept Description.** This section presents the Project EASI concept as a response to the change drivers, and discusses the concept's scope, organization, processes, data, and interfaces.
- **Section 6 - Priorities, Issues, and Scope.** This section presents the priorities recommended by Project EASI Team members and ED staff for implementation of major functional areas within the Project EASI vision; identifies issues associated with Project EASI requirements and priorities; and defines the recommended scope for ED's initial Project EASI implementation effort.

## 1.4 References

The Project EASI Concept Document was developed using the reference documents and information sources identified below.

### Documentation

- Advisory Committee on Student Financial Assistance, *A Comparison of Three Student Loan Origination Models, Briefing Document*, March 1996.
- -----, *Goals and Requirements for an Enhanced Title IV Delivery System: Specifications for ED and Institutions*, October 1995.
- Project EASI Steering Committee, Meeting Minutes, *Goals for the Integrated Title IV Delivery Systems*, December 1995.
- Project EASI Team, *Project EASI Common Origination and Payment Process, Discussion Draft - Version 2*, August 1996.
- US Department of Education, *Direct Loan Program Near-Term Reconciliation Process Enhancements*, EDS, May 22, 1996.
- -----, *Direct Loan Servicing System Overview*, (undated).
- -----, *Evaluation of the Just-In-Time Model*, EDS, May 24, 1996.
- -----, *Loan Origination Subsystem Detailed Design Document*, July 26, 1996.
- -----, *Loan Origination Subsystem Proposal Executive Summary*, (undated).
- -----, *MDE - ACT, MDE Application Processing*, (undated).
- -----, *MDE - ACT, MDE Correction Processing*, (undated).
- -----, *National Student Loan Data System (NSLDS), System/Subsystem Specifications*, June 26, 1995.
- -----, *Overview of Campus-Based System*, (undated).
- -----, *Pell Grant Recipient and Financial Management System (PGR/FMS) Overview, Volume 1, System Flow and Program Descriptions*, PRC, September 13, 1995.
- -----, *Plan for System Design with Enhancements, I-NET*, September 3, 1996.
- -----, *Student Financial Assistance Programs, The Federal Student Financial Aid Handbook 1996-97*, (undated).
- -----, *Title IV Wide Area Network, System Overview*, (undated).

## **Interviews and Briefings**

The following Project EASI Core Team and Steering Committee members participated in discussions of the Project EASI vision, objectives, and priorities:

- Kay Jacks, National Co-Chair, Project EASI
- Keith Jepsen, former National Chairperson, Project EASI
- Brian Fitzgerald
- Phil Moody
- Steve Willis
- Molly Hockman
- Otto Reyer
- Star Wilbraham
- Amy Henne
- Steven Corey-Bey
- Gina Pearson
- Paul Stutzman
- Tom Hall

The following ED staff provided system overview briefings or participated in interviews regarding the Project EASI vision, objectives, and priorities:

- Elizabeth Hicks, Deputy Assistant Secretary for Student Financial Assistance Programs
- Jerry Russomano, Director, Program Systems Service
- Linda Paulsen, Director, Accounting and Financial Management Service
- Larry Oxendine, Director, Guarantor and Lender Oversight Staff
- Marianne Phelps, Director, Institutional Participation Oversight Staff
- Carol Seifert, Project Coordinator for Project EASI
- Jeanne Saunders, Director, Application and Pell Processing Division (APPSD)
- Lynn Alexander, Director, National Student Loan Data System Division
- Dave Moore, Director, Federal Family Education Loan Program Division
- Dan Hayward, Director, Direct Loan Systems Division
- Rana O'Brien, Director, Postsecondary Education Participants System Division
- D'Arcy Jones, Director Campus-Based Systems Division
- Paul Hill, APPSD Development Manager
- Rosemary Beavers, Student Aid Origination Team Leader

## **Other Sources**

- Project EASI Worldwide Web Page
- Student Financial Assistance Bulletin Board System

## **2. MANAGEMENT SUMMARY**

Project EASI is an effort by ED and other members of the postsecondary education community to reengineer the cooperative efforts they use to serve their ultimate customers: prospective students, students, and their families. Project EASI objectives are to:

- Create a student-, prospective student-, and family-focused “system” to support postsecondary education
- Provide the customer a single point of interface for Federal programs and potentially with the postsecondary education community
- Streamline, simplify, and improve the accessibility of processes and data associated with postsecondary education
- Reduce costs associated with the management and delivery of services associated with postsecondary education.
- Support life-long learning at multiple schools.

The Project EASI vision encompasses the entire postsecondary education community, its customers, and its potential customers. This includes children, families, students, borrowers, schools, lenders, secondary markets, servicers, guarantors, state agencies, ED, professional organizations, and external organizations that may wish to share appropriate information (e.g., employers, financial planners).

For the past 2 years, a Project EASI Team has worked to define a vision that supports these objectives.

This Project EASI Concept Document is intended to serve as a tool for confirming that involved ED staff, the Project EASI Team, and the Project EASI integrator share a common understanding of the Project EASI vision. In addition, the Concept Document is intended to define the scope of ED’s initial Project EASI implementation effort.

### **2.1 Current Environment**

The postsecondary education community is very large and complex, comprising approximately 6,500 lenders, 7,500 schools, and over 14 million students, as well as state and Federal government organizations, servicers, guaranty agencies, secondary markets, professional organizations, commercial software development companies specializing in software to support postsecondary institutions, etc. The size and technological sophistication of these organizations is extremely varied, from “mom and pop” entities to huge commercial enterprises, and from entirely manual operations through use of extensive state-of-the-art computer systems. The processes and information dissemination mechanisms used to serve customers are cumbersome and time consuming. Across the board, the current system is paper-intensive, fragmented, and often redundant. Federal financial aid programs authorized under Title IV of the Higher Education Act of 1965, as amended, complicate the environment more through each Federal financial aid program’s individual processes, data requirements, and regulations. Consideration of the multitude of other financial aid sources and the size of the customer base for postsecondary education further magnifies the system’s size and complexity.

## 2.2 Drivers for Change

The Project EASI vision represents a dramatic change for the postsecondary education community. The changes contemplated are driven both by deficiencies or limitations in the current system, and by new requirements driven by customers' increasing familiarity with technology and their ever-growing expectations for improved service delivery through technology. Analysis of the existing system led to identification of a number of specific deficiencies. Of these, two of the principal problems are:

- **Current, timely, and comprehensive information is not available or accessible to the customers who need it.** For example, information needed to plan or to make decisions about postsecondary education is not consistently accessible to those most in need and is not universally available to everyone; borrowers do not have access to information regarding their total indebtedness or ready access to information on individual loans. This problem deters some prospective students from attending postsecondary institutions and makes it difficult for borrowers and loan holders to have successful business relationships.
- **The current system, particularly with regard to financial aid, is complex, redundant, inflexible, paper-intensive, labor intensive, and costly.** This problem contributes to difficulty in effectively managing and delivering service for postsecondary education programs. It also drives costs higher and lengthens the time involved in completing transactions.

The availability of technology that supports the ready exchange of data among parties is driving new requirements for the postsecondary education community. Increased processing capacity, improved database management systems, and the use of multi-tiered architectures to more efficiently and effectively deliver service are also factors driving new requirements.

## 2.3 Concept Summary

This section briefly describes the Project EASI concept in terms of the postsecondary education life cycle.

Involvement with Project EASI might begin as soon as a child is born, when parents initially begin planning for the child's education. Through information sharing, Project EASI is envisioned to support planning long before a potential student is ready to attend a postsecondary institution. Project EASI would provide a single point of entry to coordinated, timely, and comprehensive sources of information regarding a wide range of relevant topics (e.g., financial planning, employment outlook for graduates, financial assistance, institution curriculum and quality). Each information provider would retain ownership of its data, with Project EASI acting as the network and pointer to the various sources. General information obtainable through Project EASI would be available to anyone. In addition, Project EASI would specifically support improved information sharing with students and financial aid recipients throughout the financial aid life cycle.

As the time for an individual to attend a postsecondary institution draws near, Project EASI is envisioned supporting application for enrollment in an institution, as well as application for financial aid. While a prospective student would not be required to apply for enrollment through Project EASI, a prospective financial aid recipient would be required to use Project EASI to apply for aid. The Project EASI vision encompasses support to financial aid entrance counseling, applying for financial aid, aid packaging and origination (for all Title IV student aid programs and for most state financial aid sources), and automatic renewal of financial aid eligibility based upon data obtained by Project EASI from other automated sources and updated by the applicant.

After aid is approved and the student is enrolled in school, Project EASI would support disbursement of funds to schools. Under Project EASI, there would be a single, streamlined payment process for postsecondary financial aid programs. This process is envisioned in a way that would eliminate the need for after-the-fact reconciliation between schools and fund sources. In addition, the single payment process is expected to support better use and control of funds.

Beginning while an aid recipient is in school and continuing through the repayment cycle, Project EASI would be the central repository for enrollment status data for all students and would ensure that this data receives timely dissemination to most appropriate fund sources. An effective enrollment status tracking and reporting process would eliminate the need for paper-based deferment request, and is expected to minimize the incidence of defaults caused by failure to request deferments from all funds sources and to help ensure that loans enter repayment at the correct time.

Once a student leaves school, Project EASI would facilitate the repayment process, beginning with notification to borrowers of repayment responsibilities and options. Project EASI is also envisioned supporting what-if analysis of repayment options, supporting the loan consolidation process, replacing manual forbearance processing, processing payments from borrowers, and supporting collection activities. If an aid recipient subsequently returned to school, or had a child of his or her own, the postsecondary education life cycle would repeat.

## 2.4 Priorities, Issues, and Scope

**Priorities.** For each major functional area, the Project EASI Core Team and ED managers identified goals that support attainment of the stated objectives. A high level of agreement exists between Project EASI Team members and ED managers regarding the content and priority of these goals. The major Project EASI functional areas, in priority order, are:

- Applying
- Information Sharing
- Disbursing Funds
- Enrollment Tracking and Reporting
- Repaying

Project EASI functional areas were prioritized based upon input from Project EASI Core Team members and ED managers. Program Management and Oversight was added as a functional area subsequent to this vote; however, this functional area is considered very important to the overall success of the project. In addition, as Project EASI progresses toward actual implementation, more physical aspects of the vision must be addressed, such as agreement upon data standardization and data exchange principles (e.g., the use of EDI).

**Issues.** As with any undertaking of this size and complexity, there are a number of issues associated with the Project EASI concept and requirements as they are currently defined. ED managers must take these issues into consideration as they define the scope of their initial implementation effort. The issues with which they must be concerned include:

- **Technical issues** - suitability of target technology to the problem addressed, cost and capability of target technology, ability of user organizations and customers to accommodate the technology focus of the project, and identification and agreement upon appropriate standards for exchange of data among involved organizations.
- **Management issues** - investigation of anticipated or confirmed legal and regulatory issues in sufficient time to change laws, to amend plans, or to seek alternative solutions; decisions about how much authority ED is willing or able to accede to other organizations; decisions regarding overall authority over Project EASI; process for reaching consensus or for proceeding when consensus cannot be reached.

- **Security issues** - balance between need for security (e.g., Privacy Act protection of individual information) and need to provide customers better access, safeguards for data during transmission and storage, definition of database update capabilities, protection against physical security vulnerabilities.
- **Scope issues** - liability implications for ED processes and products that extend into the external postsecondary education community, degree to which ED is willing to rely on community-based efforts for capabilities that will directly affect the effectiveness of its internal systems.

While these are substantial issues, they are not insurmountable. An important factor in achieving the Project EASI vision is to continually return focus to the problems being solved and the services to be provided versus specific solutions.

**Scope.** An important part of the Project EASI Concept Document's purpose is to initially define the scope of ED's effort to implement the Project EASI vision within its own business area. While Section 5 of this document describes the Project EASI vision as a whole, which will require the participation of organizations through the postsecondary education community, the following paragraphs describe the planned scope for ED's initial Project EASI implementation efforts, known as Project EASI/ED.

ED is currently responsible for managing and administering Title IV aid programs, and for delivering aid under the FDLP. In addition, ED has corollary responsibilities to the postsecondary education community and to prospective students, students, and their families. The scope of ED's current responsibilities span all of the major functional areas identified for Project EASI. Perhaps the area least within ED's purview is information sharing, although ED managers are eager to support this important function. Given ED's responsibilities and its need to move forward with reengineering the Title IV systems, the following scope and approach will be used for Project EASI/ED:

- **Initial Scope** - The next phase of the system development life cycle is the definition phase, during which high-level requirements identified in the Project EASI concept will be further analyzed and defined to a lower level of detail. For the requirements definition phase, ED's effort should encompass:
  1. All Project EASI requirements that are reflected in ED's current activities (spanning Applying, Disbursing Funds, Enrollment Tracking and Reporting, and Repayment);
  2. Requirements for new capabilities that will directly affect the success of ED's systems - e.g., PIN number generation and use; and
  3. Requirements for interaction between ED and members of the community.
- **Refined Scope** - At the end of the definition phase, ED will have a better understanding of how Project EASI requirements currently identified fit with its current systems and responsibilities. Additionally, through the cost/benefit analysis of functional requirements and assessment of priorities and resources, ED managers will be positioned to work with other stakeholders to identify additional candidate functionality for community-based development efforts. At this point the scope of ED's effort would probably narrow, and the Project EASI Team would be able to work closely with external community members to make cooperative development efforts a success. This approach to defining scope advocates a truly cooperative approach to implementing Project EASI, where there is some substantial degree of interdependence among the development efforts.

### **3. CURRENT SYSTEM**

This section describes the current “system” used by the postsecondary education community to interact with and to support prospective students, students, and their families. For this discussion, “system” encompasses automated information systems, as well as manual processes and documentation, for all members of the postsecondary education community. The current system description provides the necessary background and context for appreciating the factors driving the postsecondary education community toward change and for understanding the Project EASI concept. While the current system description extends beyond the student financial assistance realm, much of this section focuses on student financial assistance since this is one of the major aspects of the Project EASI concept and an area requiring intensive interaction with students, their families, and with major community stakeholders.

The postsecondary education community is very large and complex, comprising approximately 6,500 lenders, 7,500 schools, and over 14 million students, as well as state and Federal government organizations, servicers, guaranty agencies, secondary markets, professional organizations, commercial software development companies specializing in software to support postsecondary institutions, etc. The size and technological sophistication of these organizations is extremely varied -- from “mom and pop” entities to huge commercial enterprises, and from entirely manual operations through use of extensive state-of-the-art computer systems. The processes and information dissemination mechanisms used to serve customers are cumbersome and time consuming. Across the board, the current system is paper-intensive, fragmented, and often redundant. Federal financial aid programs authorized under Title IV of the Higher Education Act of 1965, as amended, complicate the environment more through each Federal financial aid program’s individual processes, data requirements, and regulations. Consideration of the multitude of other financial aid sources and the size of the customer base for postsecondary education further magnifies the system’s size and complexity.

The following sections describe the current system in terms of the postsecondary education life cycle and the major functions used to describe the Project EASI concept. Subsection 3.1 describes education planning activities that occur during the period prior to enrollment -- primarily information sharing activities, although information sharing actually spans the entire life cycle. Subsection 3.2 describes how students currently apply for admissions and for financial aid, and describes the systems that support those processes. Subsection 3.3 describes the disbursement process and payments ED makes to guarantors and lenders. Subsection 3.4 describes enrollment tracking and reporting processes. Subsection 3.5 discusses repayment and collection, primarily as these activities occur after an aid recipient leaves school. Subsection 3.6 addresses cross-life-cycle processes used to perform program management and control. To supplement the information presented in the preceding subsections, subsection 3.7 discusses the use of information technology to support the current process. Subsection 3.7 places particular emphasis on ED’s existing Title IV systems because many of the current processes center around the delivery and administration of student financial aid.

#### **3.1 Education Planning**

This section describes the system currently supporting postsecondary education organizations and customers from the point when a prospective student or family member initially becomes interested in postsecondary education through the decision to enroll in school. Activity during this period centers around obtaining information regarding postsecondary education opportunities, institutions, educational programs and curricula, financial assistance options, admission requirements, etc. Today, many prospective students and their families must navigate through uncharted territory during this period. Each postsecondary education organization or commercial resource operates independently to provide information. Methods of disseminating needed information range from worldwide web pages through paper documents to

word of mouth. Too often, the available information is neither current nor comprehensive. Furthermore, information often does not reach or appeal to those individuals most in need of assistance in planning for postsecondary education. First generation college students, economically disadvantaged students, and individuals for whom English is a second language often have difficulty in understanding information, even if they succeed in finding it.

Prospective students and their families also need support in determining which school to attend, assessing whether that school is affordable, and how best to finance an education. This process may require what-if analysis of options to support an informed decision.

On the positive side, there are many initiatives in the community to improve this area. A number of organizations already are taking advantage of the Internet as a way to provide information to, and to interact with, prospective students and their families who are planning for future education. In addition, a number of software packages and books are commercially available to assist with planning and to provide recommendations regarding how to obtain information. ED makes available the AWARE software package to middle and high schools in an effort to promote higher education, as well as to provide information to these students regarding what postsecondary education is, the benefits of staying in school, and types of student financial assistance that are available.

## **3.2 Application for Admission and for Student Aid**

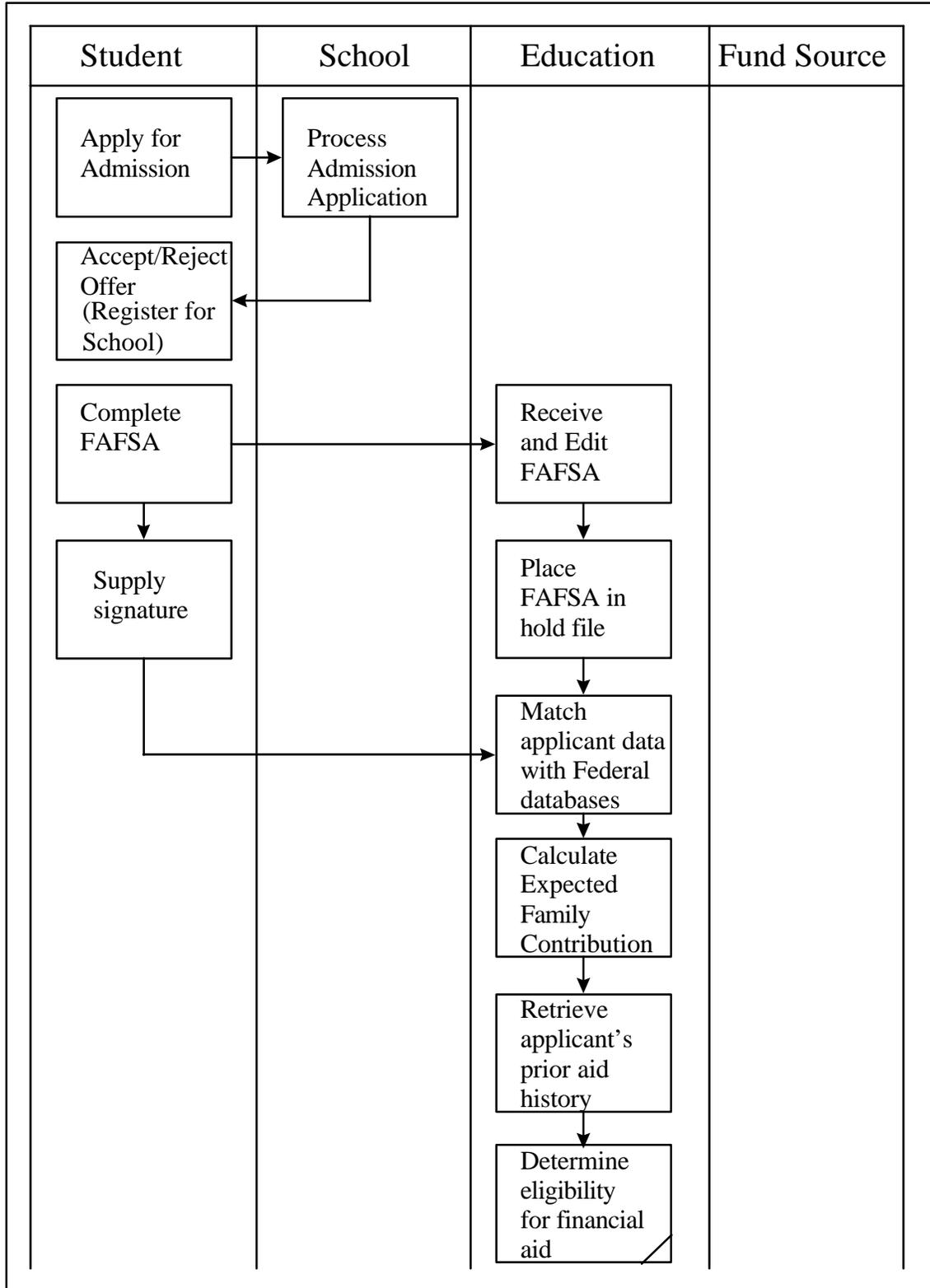
The next phase in the postsecondary education life cycle encompasses the application for admission to an institution and the application for Federal financial aid. Exhibit 3-1 illustrates the activities and processes involved in this phase of the life cycle. This exhibit, and similar exhibits used in subsection 3.3 through 3.5, show the flow of activities that students, schools, ED, and lenders engage in for a specific functional area, and depict the interaction among these activities.

### **3.2.1 Application for Admission**

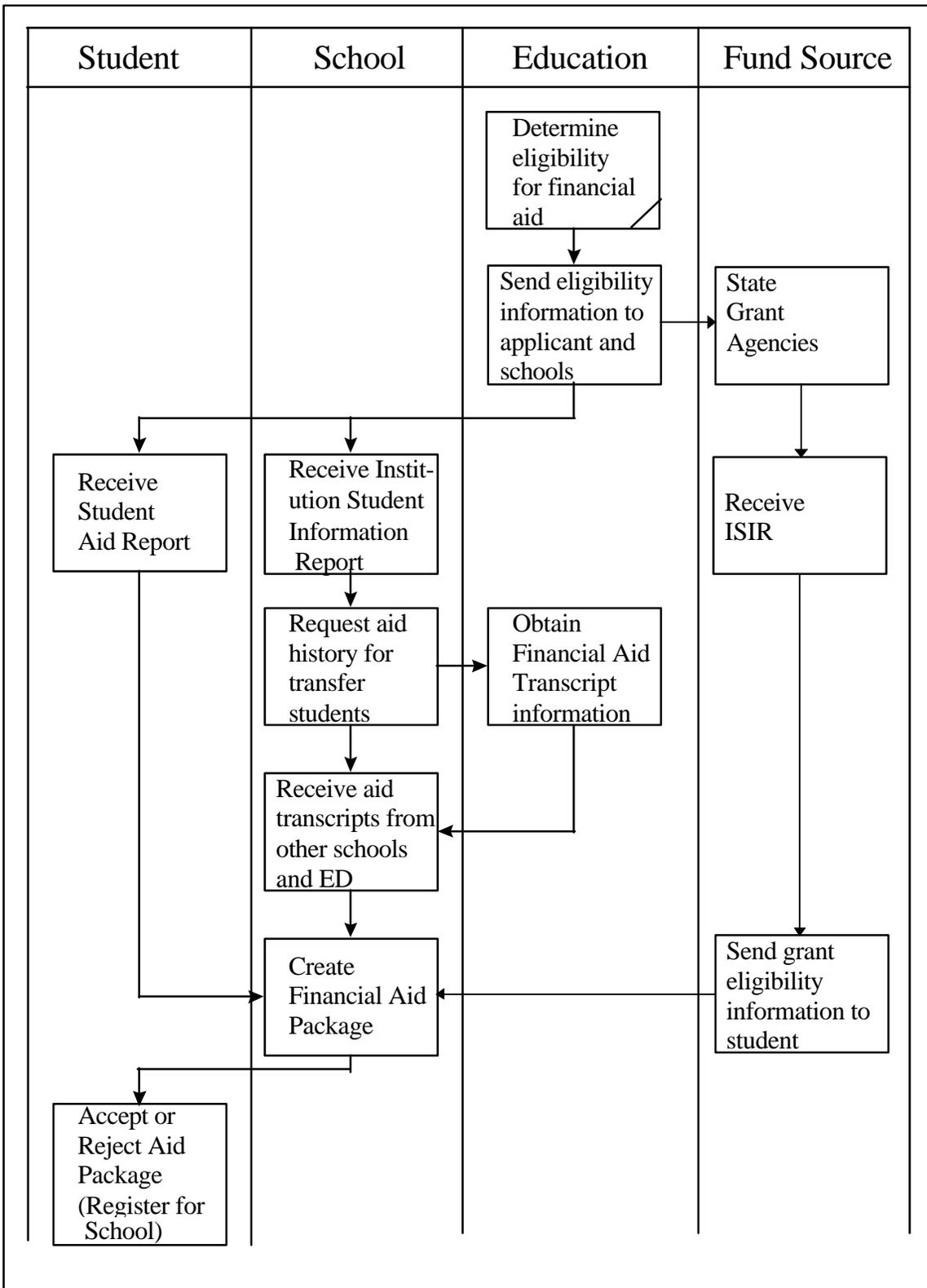
Today, prospective students apply for admission to postsecondary institutions in a variety of ways. Most schools are still using lengthy paper application forms that applicants must laboriously fill out. Some institutions have adopted electronic application processes, with the Internet being used increasingly to support interaction with prospective students. In addition, several software packages that support the application process are commercially available, are distributed free of charge upon request, or may be downloaded from the Internet. These applications have varying capabilities, but in general they are intended to enable an applicant to enter data one time and then apply this data to multiple admissions applications. After an institution receives and assesses an application, the applicant is notified of acceptance or rejection electronically or, more often, by letter. Applicants must then decide whether to attend the institution(s) at which they have been admitted. They may or may not notify the institution of their decision.

### **3.2.2 Application for Federal Student Financial Aid**

This subsection discusses the system that supports the life cycle from application for student financial aid through aid origination.



Applying for Admission and Financial Aid  
Exhibit 3-1



Applying for Admission and Financial Aid  
Exhibit 3-1 (cont'd)

A prospective student, or their family member, may apply for Federal student financial aid even before applying for or being admitted to a postsecondary education institution. All applicants for Federal financial aid are required to complete a Free Application for Federal Student Aid (FAFSA). Applicants may submit paper FAFSA forms, which are mailed to ED Multiple Data Entry (MDE) contractors who transform the application to electronic format and forward it to ED's Central Processing System (CPS).

Alternatively, applicants may submit their FAFSA electronically, using ED's EExpress or FAFSA Express software. (ED is currently nearing completion of a Web-based FAFSA, but this will not be operational until June 1997.) FAFSA's submitted electronically are transmitted directly to ED's CPS for processing. However, applications submitted electronically still require a signature. This may be provided by the applicant sending a signature form to an MDE, who will key this information in and transmit it to CPS, or by having a school certify that the signature page is on file. Until one of these confirmations is received, the application is placed in an electronic hold file in CPS.

ED is responsible for determining applicants' eligibility for Federal financial aid. CPS is the system that performs this determination. Using data contained on the FAFSA, CPS calculates an estimated family contribution (EFC) for each applicant and the applicant's eligibility for Federal grants, work study, subsidized loans, or unsubsidized loans. Prior to determining the EFC and calculating eligibility, CPS performs matches of applicant data with other Federal databases to ensure that the applicant is not barred from eligibility. These matches are with:

- **National Student Loan Data System (NSLDS)** - identify applicants in default on previous Federal student loans or who owe overpayments on any Federal Title IV aid
- **Selective Service System** - identify applicants eligible for, but not registered for, the draft
- **Immigration and Naturalization Service** - identify applicants who are not US citizens and are not eligible for Federal aid
- **Social Security Administration** - confirm applicant's name and social security number are accurate.
- **Department of Justice** - identify applicants who are not eligible for student aid because of convictions for drug-trafficking or possession.

Results of eligibility processing are returned to applicants via Student Aid Reports (SARs). A paper SAR is returned to each applicant who submitted a paper FAFSA through an MDE. Electronic SARs (ESARs) are returned to applicants who submit FAFSAs using EExpress or FAFSA Express. CPS also generates Institutional Student Informational Records (ISIRs) that document the results of eligibility processing and sends these electronically to each of up to six schools indicated on the FAFSA.

After applicants receive their SARs, or their schools receive the ISIRs, they work with the schools' student financial aid staff to define a financial aid package. This package may encompass Federal, state, institution, and private aid in any combination. Schools may use EExpress to support the packaging process, importing data from the ISIR directly into the package. Schools may also import data from the ISIR into other information systems that they use. Each applicant may choose whether or not to accept the aid package proposed and schools are required to counsel the prospective aid recipients on their responsibilities and liabilities with regard to that aid.

### 3.2.3 Aid Origination

Recipients of Title IV loans face several options at this point. Exhibit 3.2 illustrates the activities carried out to originate Federal financial aid.

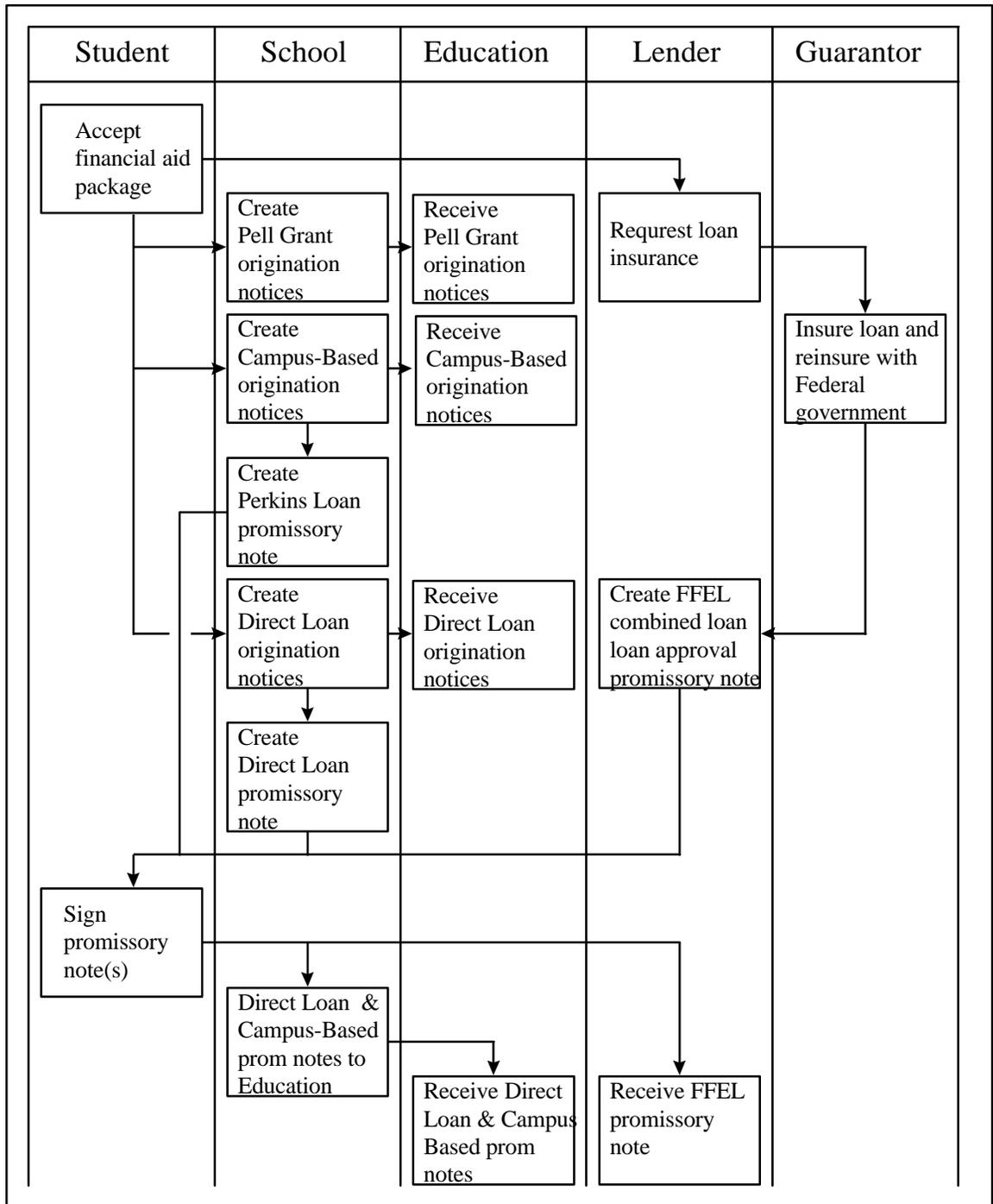
- **Federal Family Education Loan Program (FFELP).** FFELP loans are made through commercial lenders (e.g., banks, savings and loans), insured by guaranty agencies, and reinsured by the Federal government. FFELP borrowers may work through their school or directly with a bank to obtain the authorized loan. Prior to approving the loan, the lender will obtain a guaranty from one of the agencies with which it works. If no lender will approve a loan for an eligible borrower, either the state's guaranty agency or SALLIE MAE is required to act as the lender of last resort. Borrowers are required to sign a paper promissory note for each FFELP loan. These promissory notes are sent to the lender (or loan holder).
- **Federal Direct Loan Program (FDLP).** FDLP loans are made by ED. FDLP borrowers work directly with their schools to obtain these loans. As with FFELP, borrowers sign a paper promissory note for each FDLP loan they receive. These promissory notes are sent to ED and, again, are retained for the life of the note. Schools may generate an origination record for an FDLP loan using the EDEExpress software or their own software, and submit this origination record electronically to ED's Direct Loan Origination System. Alternatively, a third party servicer or ED may generate these records on the school's behalf.
- **Perkins Loans.** Perkins Loans are made by schools using a combination of Federal and institutional funds. Perkins borrowers sign a paper promissory note for each disbursement that they receive, and a single promissory note may be used to cover multiple loans covering multiple years. As with other promissory notes, Perkins Loans notes are held for the life of the note.

Schools also must generate origination records for Federal Pell Grants. Pell Grant origination records must be submitted to ED electronically, but may be submitted using EDEExpress, diskette, or magnetic tape.

Finally, schools participating in the Campus-Based Programs are responsible for originating Supplemental Educational Opportunity Grants and for awarding and administering aid under the College Work Study Program.

### 3.2.4 Renewal Applications

After a student or family member receives Federal financial aid, they may reapply for Federal aid the subsequent year through the renewal application process, which is intended to eliminate some of the paperwork and to improve the timeliness and accuracy of aid applications. In November of each year, CPS generates renewal applications that are mailed to each aid recipient from the preceding year who is still apparently eligible for Federal aid (based upon matches with Federal databases). Renewal applications are pre-printed FAFSAs that contain data not expected to change from one year to the next. Although renewal applications facilitate the application process, students and family members are still required to finish completing the renewal application (or to complete a new FAFSA) and to submit the FAFSA for eligibility processing for each academic year for which Federal aid is desired.



Aid Origination  
Exhibit 3-2

Schools may also obtain renewal application data electronically for aid recipients currently enrolled in each institution. Financial aid staff may draw down records for individual borrowers via EDEXpress or may request an aggregated file of data for a number of borrowers. This data can then be used to facilitate the application and packaging process for the next school year. ED is currently developing a Web-based renewal application, but this will not be operational until January 1998.

### **3.2.5 Transfer Students**

Transfer students, or students attending a summer school different from the school they ordinarily attend, present a special challenge to financial aid organizations. When a student transfers from one institution to another and requests Federal financial aid at the new institution, that financial aid office is required to verify the student's Federal financial aid history. The purpose of this is to confirm the student's eligibility in relation to limits on each of the Federal aid programs.

Historically, Financial Aid Transcripts (FATs) have been used to obtain this verification. The new school requests each affected transfer student to name each of the institutions at which they were previously enrolled. The new school then mails a paper FAT form to each of these institutions. Institutions receiving the forms research the student's financial aid history to determine whether the student received Federal aid while attending the institution and to provide required information regarding aid received. This process often involves searching through file cabinets and record archives searching for paper records. Responses to FAT requests are often delayed, and the new school cannot authorize new Federal financial aid until the responses are received. Exchange of manual FATs is both costly and time consuming for all involved organizations.

The FAT requirement is now at least partially solved by financial aid history data provided by NSLDS to CPS for inclusion on the SAR and ISIR. NSLDS is a loan/grant-level database regarding Federal financial aid. NSLDS data regarding FFELP and FDLP loans, and regarding Federal Pell Grants, is relatively complete. The 2,700 schools that participate in the Perkins Loan Program are also required to provide loan-level data to NSLDS; however, not all schools are providing this data yet. While schools are allowed to rely on NSLDS information received via the SAR or ISIR for most cases, schools must still obtain FAT information manually or via another approved mechanism for students who transfer mid-year or who attend summer school. Data in NSLDS may not be sufficiently current to support eligibility assessments in those situations.

## **3.3 Disbursing and Payments**

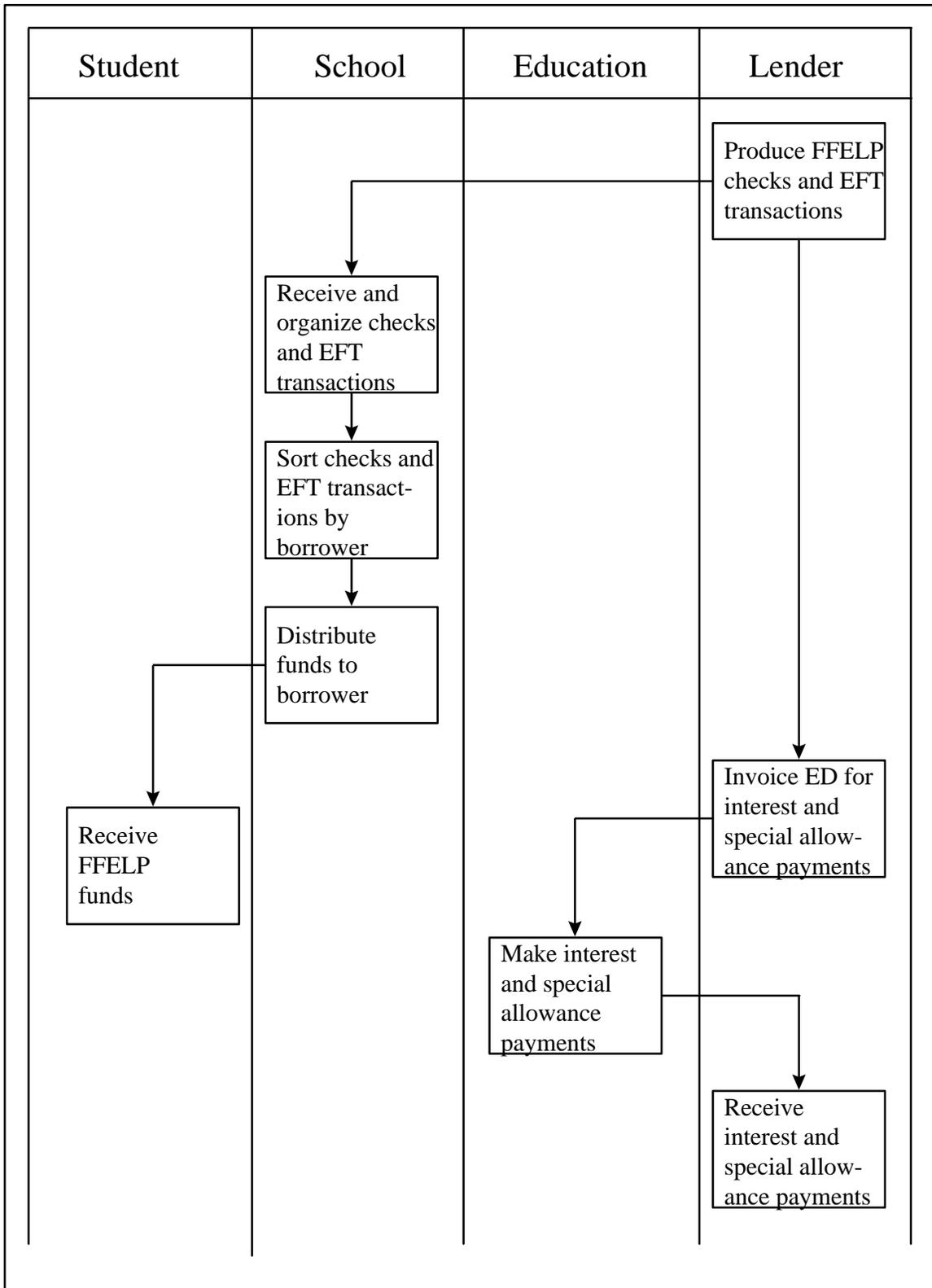
Once a student is in school and aid is originated, two primary processes occur: (1) disbursement of Federal financial aid (or any other financial aid) to the recipient, and (2) ED payment of interest, special allowances, and administrative cost allowances (ACA) to lenders and guarantors. Funds are disbursed during the in-school portion of the postsecondary education life cycle. ED payments to lenders extend into the post-school (i.e., repayment) portion of the life cycle.

### **3.3.1 Disbursing Funds**

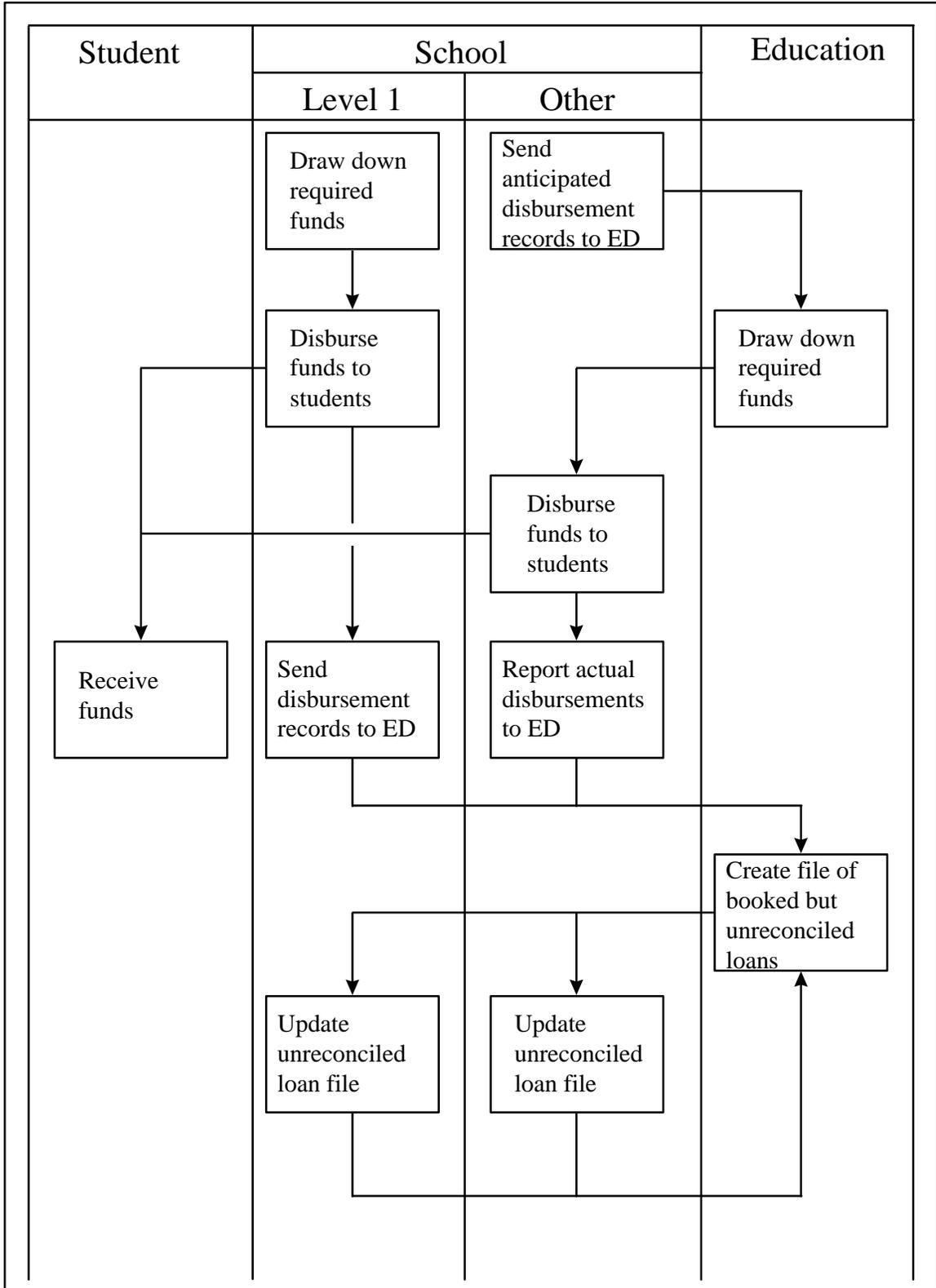
Once aid is originated, funds must be disbursed to the student (via their school). Currently, disbursement occurs in a variety of ways.

- **FFELP.** FFELP lenders disburse funds based upon a schedule of anticipated payment dates established when the loan is originated. FFELP lenders traditionally have sent schools individual paper checks for each loan disbursement. Schools then must organize and manage the distribution of these checks to each borrower. For large schools this may involve thousands of checks -- a cumbersome, error-prone, and labor-intensive process. More recently, many lenders have adopted electronic funds transfer (EFT) accompanied by a roster of borrowers as a means of disbursing FFELP funds to schools. While EFT is a vast improvement over paper checks, large schools often are dealing with hundreds of lenders submitting separate EFT transactions. In the best case, a lender-established mutual benefit corporation bundles disbursements from multiple lenders to appear as one EFT to the receiving school. Exhibit 3-3 illustrates FFELP disbursement.
- **FDLP.** Schools draw down funds from ED based upon anticipated disbursements for the next 3 days. Alternatively, ED may draw down funds on behalf of some schools and use EFT to transmit funds to school. FDLP schools submit disbursement records to ED's Direct Loan Origination System for each disbursement that they make. Once ED receives a loan origination record, a promissory note, and a disbursement record, they book the FDLP loan in the origination system. Loans are supposed to be booked within 30 days of when the school draws down funds. Schools are currently required to reconcile draw downs against disbursements. Each month, ED transmits each school a file showing loans that are booked, but not yet reconciled. Files are exchanged between schools and ED attempting to correct the reconciliation information, but the process is cumbersome and fairly ineffective. ED is currently implementing a trial program in which loans will be considered reconciled when they are booked. Exhibit 3-4 illustrates FDLP disbursement activities.
- **Federal Pell Grant Program.** Schools send individual Pell Grant eligibility and payment records (via EDEXpress, diskette, or magnetic tape) to ED's Pell Grant Recipient and Financial Management System (PGR/FMS). These records are totaled by institution and a file is sent to ED's general ledger authorizing the amount each school may draw down from ED's Payment Management System (PMS). A four-way reconciliation process is required among PGR/FMS, PMS, financial aid offices, and school business offices. This process is complex, cumbersome, and not particularly effective. Exhibit 3-5 illustrates the Federal Pell Grant disbursement activities.
- **Campus-Based Programs.** Each institution determines the student recipient from its own student applicant pool, as well as the amount each is to receive (if any) from its allocations for the three Campus Based Programs (Federal Perkins Loan Program, Federal Supplemental Educational Opportunity Grants Program, and the Federal Work Student Program). Institutions receive each program's allocation, which is calculated using a prescribed statutory formula and data submitted annually by each institution. Participating schools then draw down funds from an institutional account from ED's PMS to make Campus Based Programs awards to the selected students. These schools are required to submit a FISAP to ED once a year to report on expenditures and collections of Campus-Based Funds during the previous year and to request funding for the succeeding year. FISAPs may be submitted electronically (over the Title IV Wide Area Network [TIV WAN]), via magnetic tape, or on diskette. A four-way reconciliation process among the Campus-Based Program System, PMS, the financial aid office, and the school business office is used for Campus-Based Programs. Exhibit 3-6 shows the activities used to disburse Campus-Based aid.

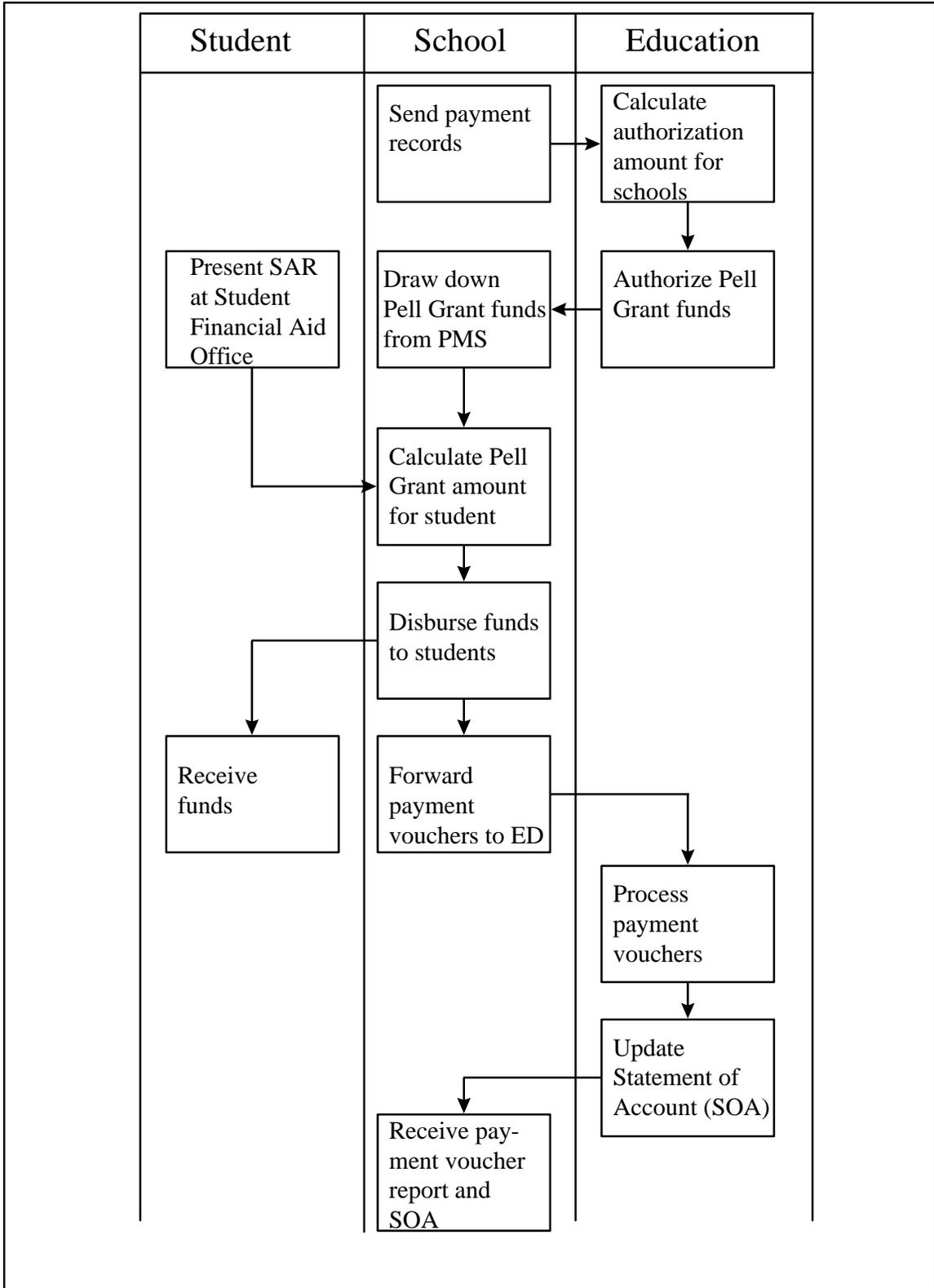
In all cases, once schools receive the funds they either credit the student's account or disburse the funds directly to the student.



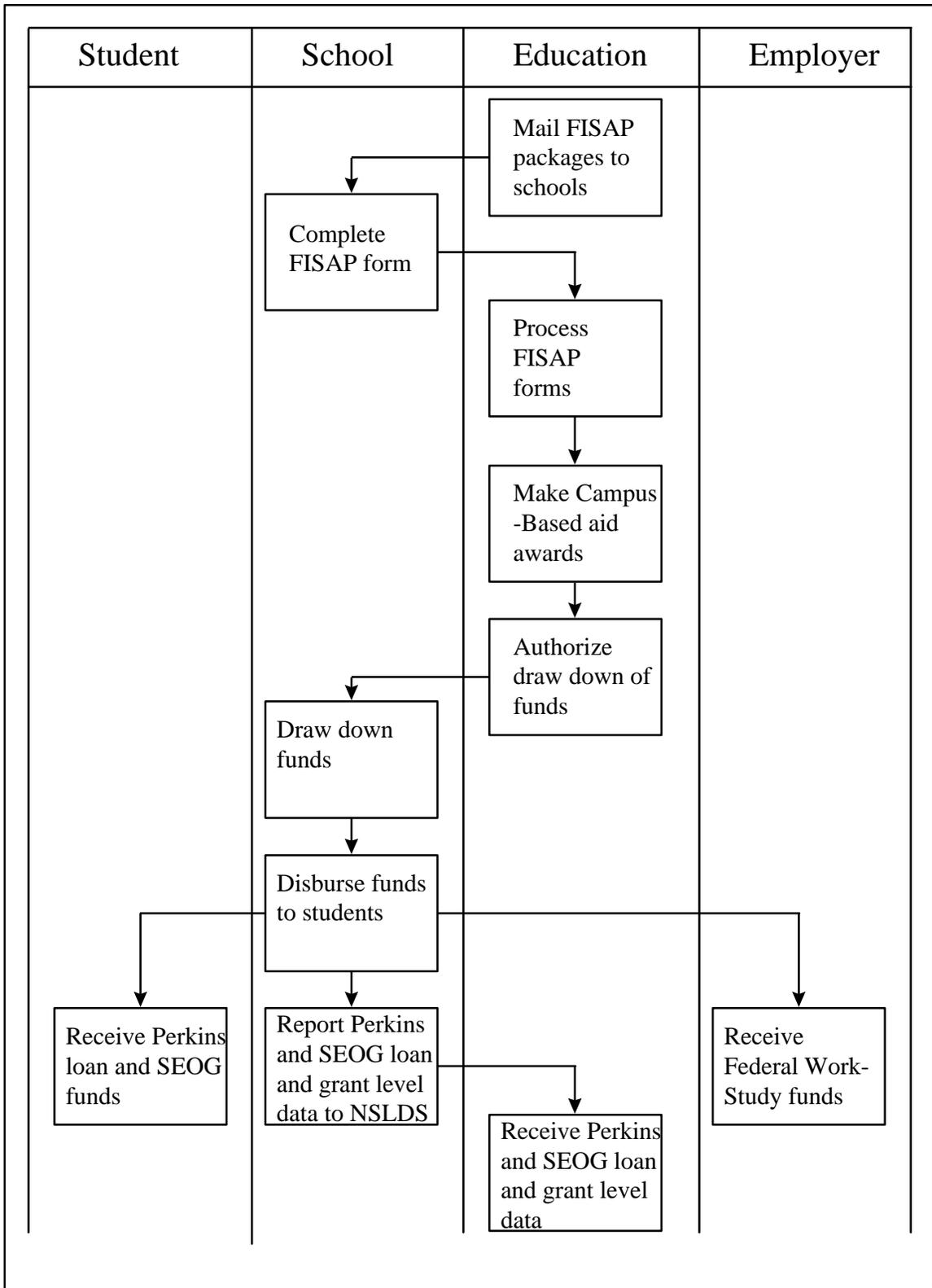
Disbursing FFELP Funds  
Exhibit 3-3



Disbursing FDLF Funds  
Exhibit 3-4



Disbursing Federal Pell Grant Funds  
Exhibit 3-5



Disbursing Campus-Based Aid  
Exhibit 3-6

### 3.3.2 Lender and Guarantor Payments

Under the Federal Family Education Loan Program, ED pays lenders interest and special allowances, and pays guarantors ACA on their FFELP loan portfolios.

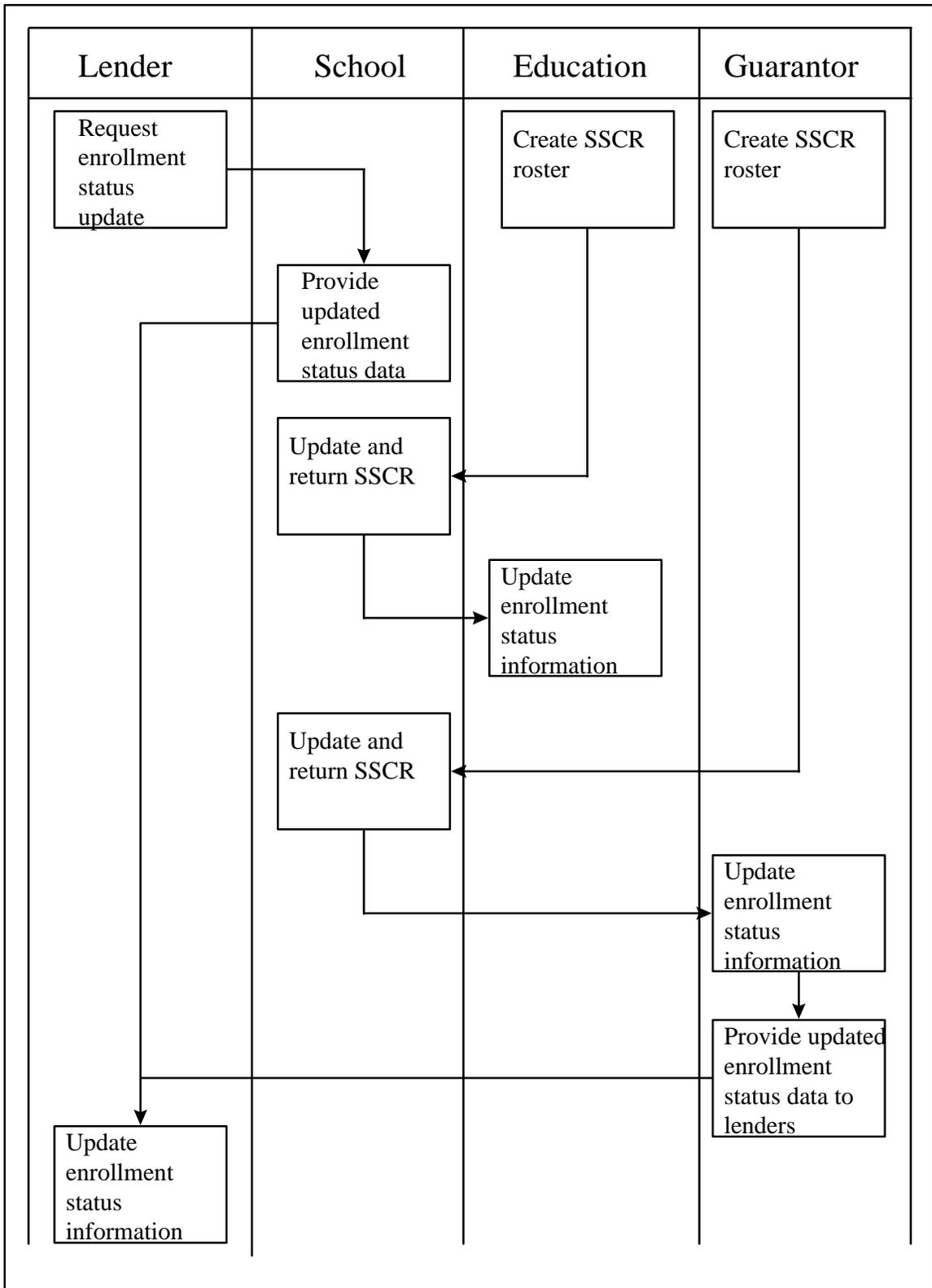
- **Lender Payments.** ED pays lenders interest on each loan during the time the recipient is in school, and pays lenders special allowance while the recipient is in school and throughout the repayment period (while the lender is holding the loan). Lenders file paper Forms 799 each quarter showing their loan portfolio at a summary level (outstanding principal balances for all loans in a specific interest category). ED keys this information into the FFELP system, and is required to pay the lenders interest and special allowances within 30 days of receiving the Form 799.
- **Guarantor Payments.** ED pays guarantors ACA each quarter based upon summary information on the guarantor's FFELP portfolio. Guarantors submit this information to ED on a paper Form 1130, and ED keys this information into the FFELP system, which uses it to calculate the ACA for that guarantor.

### 3.4 Enrollment Status Reporting

Enrollment status reporting is used to track the current enrollment status of students benefiting from Federal loan programs. While students are enrolled in school at least half time, interest does not accrue on subsidized loans (i.e., FDLP and FFELP Subsidized Stafford) or on Federal Perkins Loans, nor must they begin repaying the loan principal on these loans. At a point from 6 to 9 months after a student leaves school or drops below half-time enrollment, Federal loans enter repayment status. Loan holders rely on accurate, current enrollment status information to tell them when each loan should enter repayment. Exhibit 3-7 illustrates enrollment tracking and reporting activities.

Enrollment status reporting is done through Student Status Confirmation Reports (SSCRs), which are mandated by regulations governing Title IV programs. Guaranty agencies are responsible for SSCRs for FFELP recipients. Each guarantor establishes its own schedule and specific format for transmitting SSCR rosters to schools that their borrowers attend. These rosters may be transmitted in electronic or paper format. Schools are required to respond to SSCR requests; however, because of the varied timing and format of SSCR requests, schools often must manually confirm each student's enrollment and status. Often schools do not know that a student has dropped below half-time enrollment or left school until the next term or semester (in cases where students don't inform the school). Very large schools may be dealing with many guaranty agencies, exacerbating their difficulty in responding to these requests. When guarantors receive responses from schools, they update their databases and provide enrollment status information to lenders. Lenders also often contact schools directly to request enrollment status updates, further burdening organizations responsible for providing the data and complicating the question of which reported status is most current and correct (the lender's or the guarantor's).

Responsibility for SSCRs is now being transferred to NSLDS. NSLDS will support the enrollment tracking requirement for both FDLP (for which ED is immediately responsible) and for FFELP. Based upon enrollment status information in its database, NSLDS generates rosters of students enrolled in each institution and transmits these rosters to the schools for confirmation. This is done electronically for FDLP. Schools participating in FFELP will be able to obtain rosters electronically over the TIV WAN, or via magnetic tape or diskette. One format is used for all SSCR rosters generated by NSLDS and for the files returned from schools. Schools establish the frequency and timing with which they receive requests. NSLDS also supports on-line update of individual student enrollment status data by schools. As NSLDS receives responses and updates the database, it generates enrollment status files by guaranty agency and transmits these files to guarantors and to FDLP servicers. In turn, guarantors will transmit this data to their



Enrollment Tracking and Reporting  
Exhibit 3-7

associated lenders. Although NSLDS is beginning to support the SSCR process for FFELP, guarantors are still primarily responsible for tracking and disseminating this information.

For both the guarantor and the NSLDS SSCR processes, schools may also use the services of the National Student Loan Clearinghouse (the Clearinghouse), a non-profit organization, to respond to enrollment status requests. The Clearinghouse provides several services to client schools, guarantors, and lenders. Instead of gathering enrollment data only on individuals known to be Title IV borrowers, as with NSLDS and the guarantor processes, the Clearinghouse obtains each client school's entire enrollment status database. This data, which is readily available from registrars' offices, has the advantage of including the enrollment status of students who borrowed while attending one school, and subsequently transferred to another school at which they did not borrow. Visibility to these students' enrollment status is generally lost in other SSCR processes, frequently leading to their loans being placed in repayment while the borrower is still eligible for deferment and leading to erroneous loan defaults.

### **3.5 Repayment and Collection**

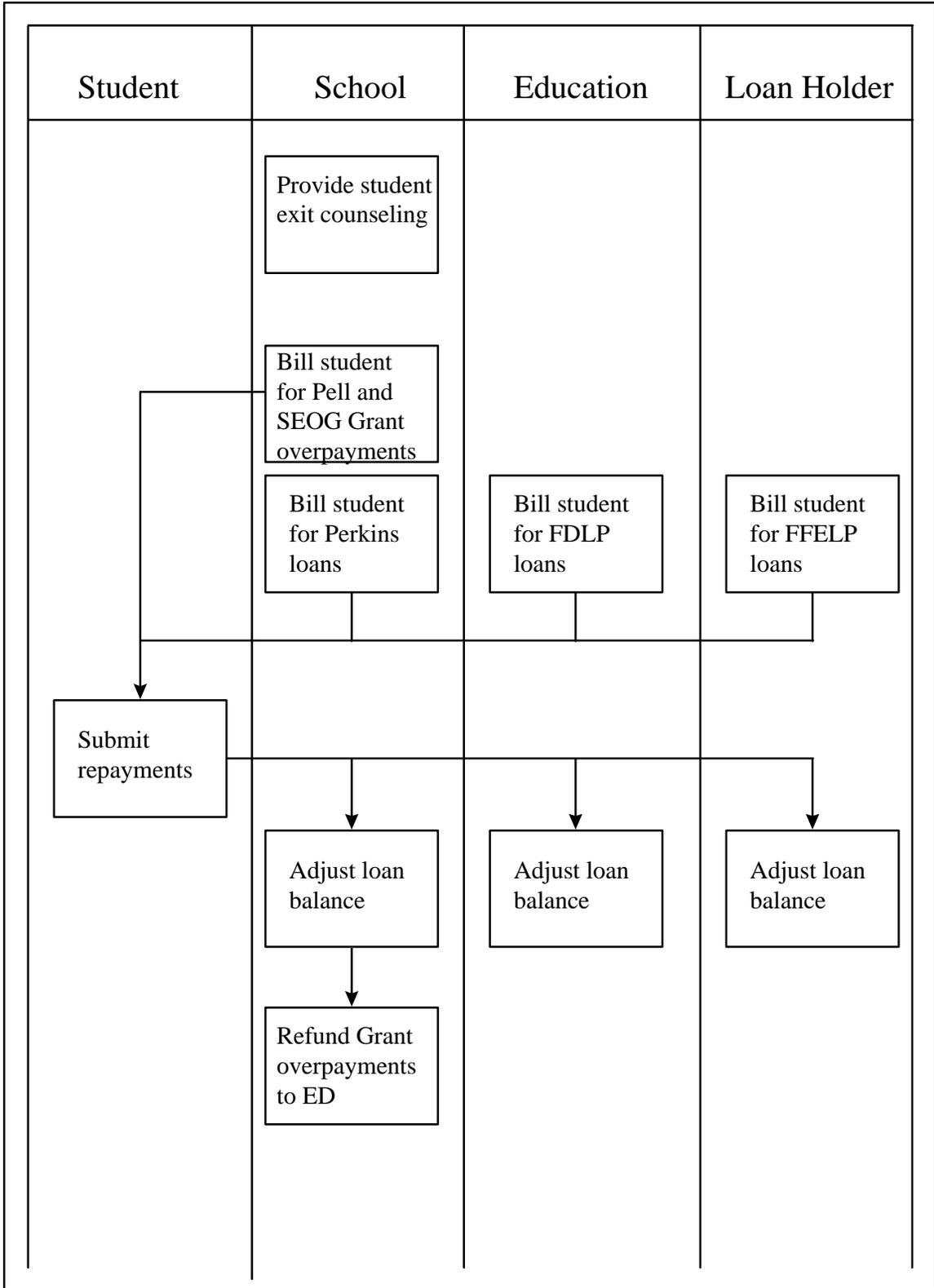
Once a student's enrollment drops below half time, the in-school phase of the postsecondary education life cycle ends and repayment and collection begins. In addition, repayment on some loans (e.g., PLUS) may begin while the student is still enrolled in school. In either case, the repayment and collection system described in this subsection applies. Exhibits 3-8 and 3-9 illustrate the activities that carried out by borrowers, schools, ED, guaranty agencies, and loan holders during this period.

Schools are required to provide exit counseling for financial aid recipients as they leave school so that borrowers will be aware of their liability and of repayment options and requirements. Often students leave school without receiving exit counseling, or without the school realizing the student is no longer enrolled until a considerable time has elapsed. Enrollment status reporting is the key to notifying loan holders that a student has left school or dropped below half-time enrollment so that the grace period can be triggered.

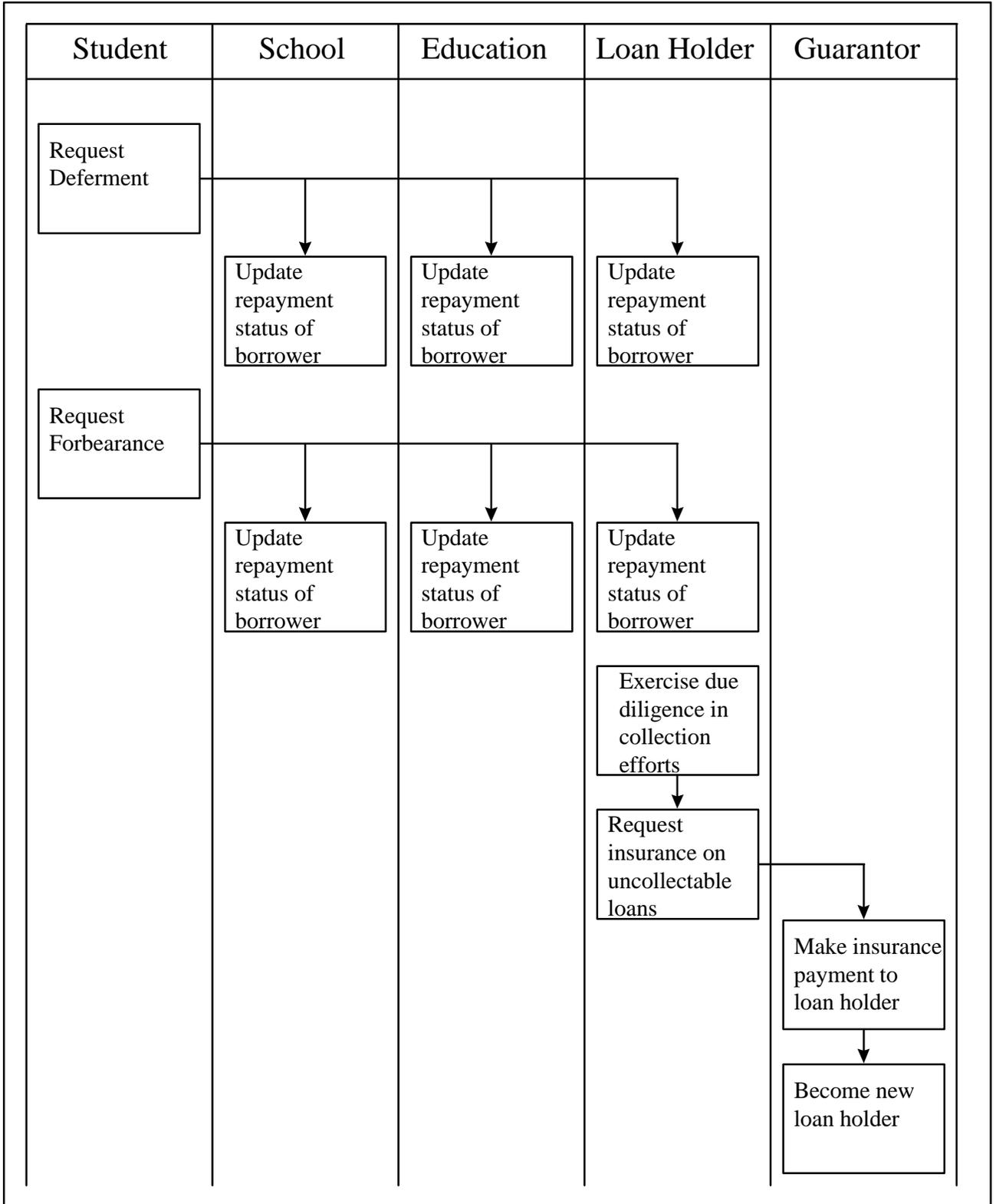
Students generally have limited visibility to their total Federal student loan indebtedness while they are in school. Loans for a single student may be held by multiple lenders, including ED. Most organizations do not currently have a means for students to easily check their current loan balance. Even when those mechanisms are made available, students must be aware of all loan holders and must aggregate the individual loan balances to calculate total indebtedness.

Loans in repayment are handled in several ways:

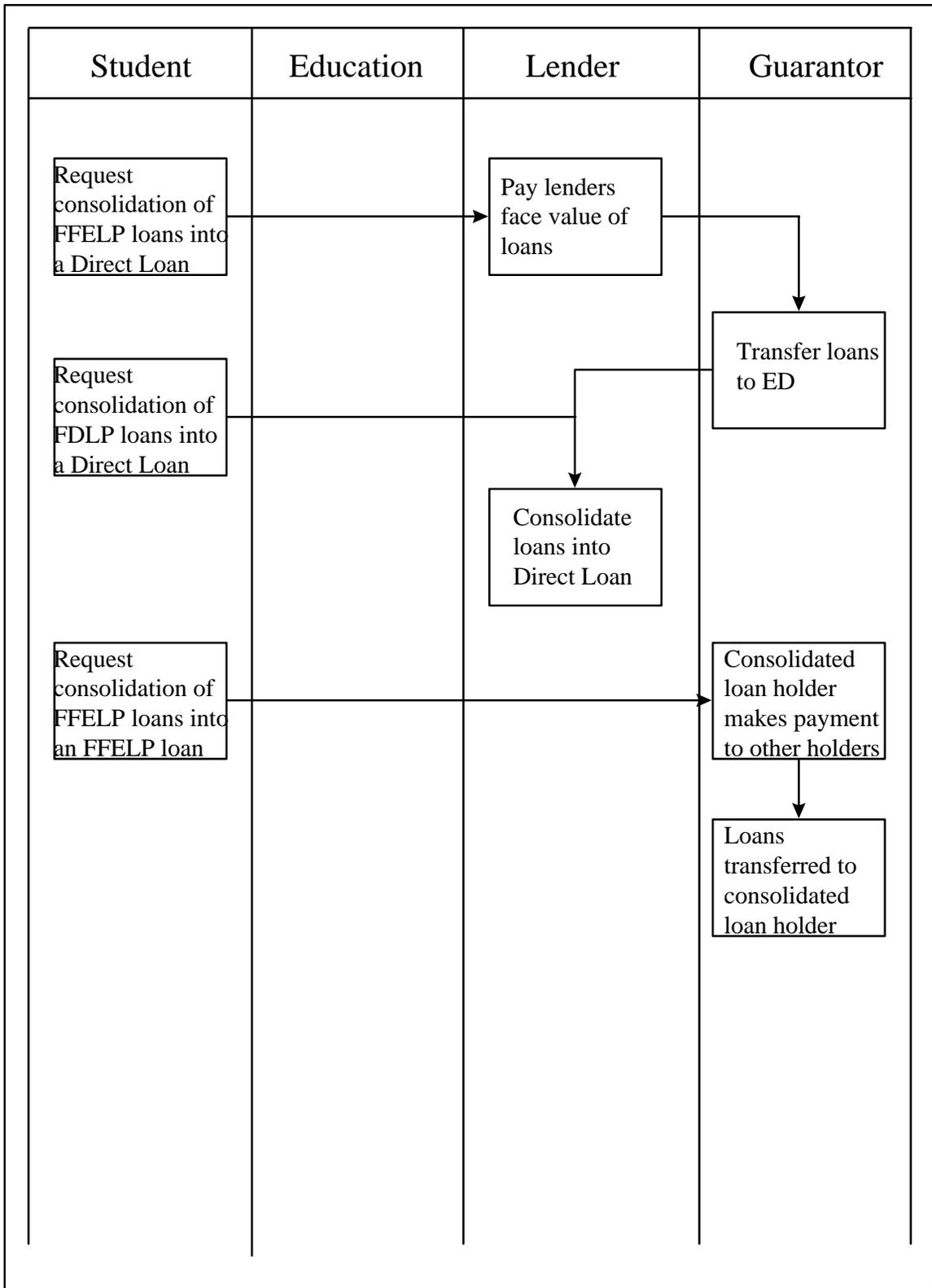
- **FFELP.** The current loan holder contacts the borrower and establishes a repayment plan for the loan. When the loan enters repayment, the borrower is billed (or receives coupons) and submits monthly payments to the loan holder. If the loan holder cannot locate the borrower, or if the borrower fails to make payments, the loan holder is required to exercise due diligence to try to get the borrower into repayment. If this fails, the loan is in default and the loan holder requests insurance from the guarantor. Assuming the loan holder properly performed due diligence, the guarantor pays the insurance claims and becomes the loan holder. The guarantor also must exercise due diligence to try to get the borrower into repayment. If that fails, the guarantor may submit a reinsurance claim to ED (via a paper Form 1189). ED assesses these claims in light of the guarantor's default rate for that year and pays reinsurance accordingly. ED then becomes the loan holder for the loan and attempts to obtain repayment only after the guarantor has tried unsuccessfully to collect and ED requires assignment of the loan. ED may use Federal offsets to obtain restitution, in addition to other repayment options.



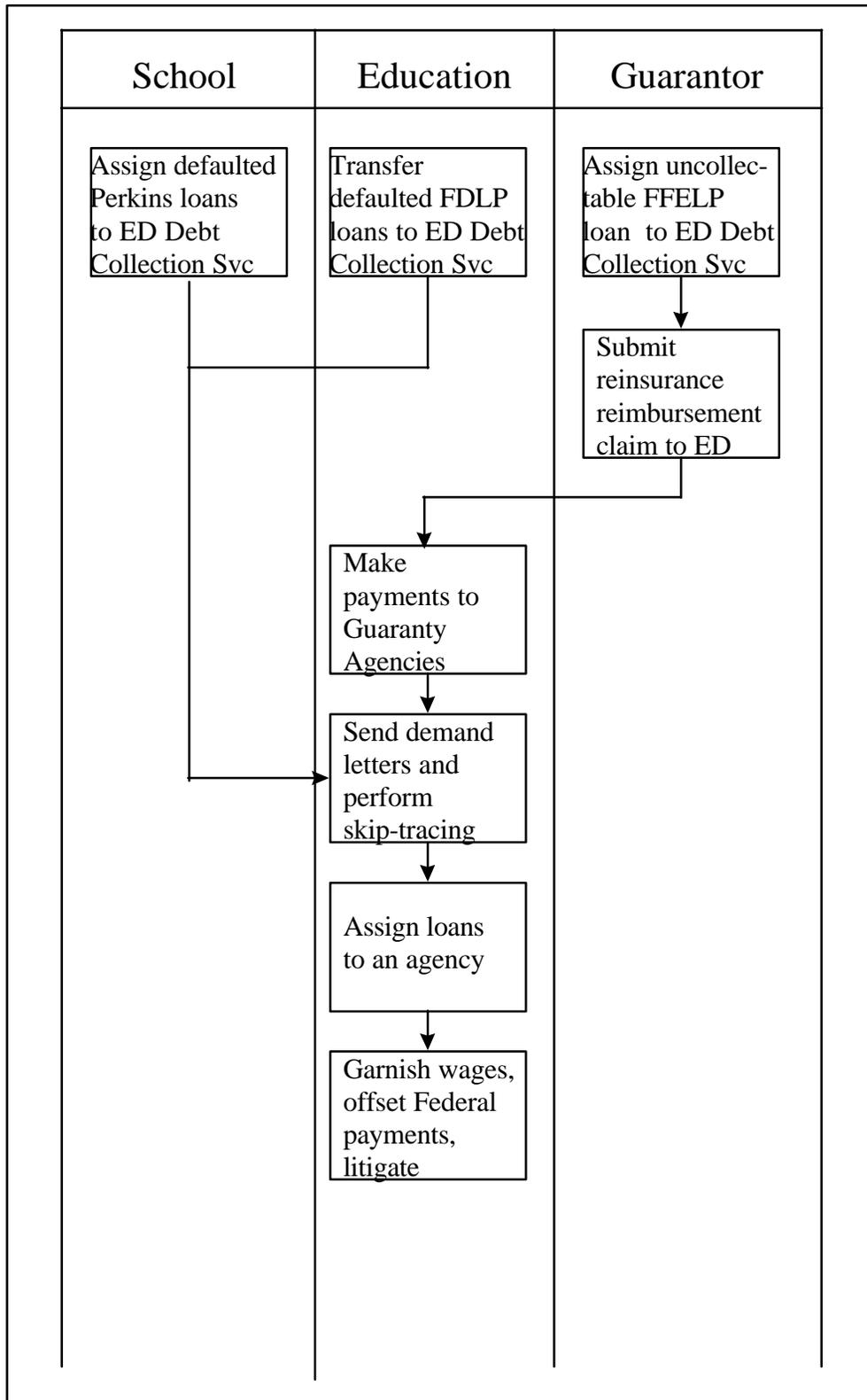
Repayment  
Exhibit 3-8



Repayment  
Exhibit 3-8 (cont'd)



Repayment  
Exhibit 3-8 (cont'd)



Collection  
Exhibit 3-9

- **FDLP.** A servicer, acting on behalf of ED, contacts the borrower and establishes a repayment plan for the loan. The borrower is billed (or receives coupons) and submits monthly payments to the loan holder. If the borrower defaults on the loan, it is transferred to ED's FFELP System/Debt Collection Subsystem, for further collection efforts. The Debt Collection System is used to support ED collection of defaulted loans under all current and previous Federal student loan programs.
- **Perkins Loans.** The school notifies the borrower of repayment requirements and establishes a repayment plan. The borrower makes monthly or quarterly payments to the school, or to its designated billing agent, to repay the loan. If the borrower defaults on the loan, the school is required to exercise due diligence to return the loan to repayment. An institution may hire a collection agent to collect the defaulted loan to help satisfy the due diligence requirements of the program's regulations. Failing this, the school may assign the loan to ED for collection.

Several factors may affect repayment:

- **Deferments.** Borrowers may obtain a deferment based upon specified conditions (e.g., military service, return to greater-than-half-time enrollment in school). A borrower must submit a paper deferment form to each loan holder from whom a deferment is requested. Often borrowers submit a deferment request to only one of their loan holders. Since other loan holders are unaware that a deferment is authorized, these borrowers' loans often end up erroneously entering default. The Clearinghouse also supports the deferment process for its clients by facilitating the process of requesting a deferment and by ensuring that deferment requests are shared with all loan holders.
- **Forbearances.** Loan holders may grant borrowers a forbearance that delays repayment requirements based upon certain hardship conditions that are specified by regulation for each Federal loan program. Borrowers must request forbearance using a paper form and must submit this form to each lender from whom a forbearance is needed. This process is fraught with risks and complexities comparable to those of the deferment process.
- **Consolidation.** FFELP and FDLP borrowers may request that all of their loans be consolidated on one new note (Federal Consolidation Loan, Direct Consolidation Loan) at an interest rate based upon the average of the underlying loans. FFELP loans may be consolidated by any participating lender. ED consolidates FDLP loans and is allowed to consolidate FFELP loans into a Direct Consolidation Loan. A consolidated loan affords the borrower the advantage of dealing with only one loan holder throughout the repayment period and, possibly, provides better visibility to total indebtedness.

### 3.6 Program Management and Oversight

Program management involves responsible individuals within various organizations (i.e., ED, schools) making and implementing decisions required to administer the Title IV aid programs so that they accomplish the desired goals. Program oversight encompasses those activities necessary to monitor program participation to ensure that participants are complying with rules and taking corrective action in situations where the rules are not being followed.

Currently, ED staff responsible for program management and oversight use a variety of manual and automated processes to obtain and evaluate the information required to perform their duties. For example, oversight staff gather data from ED's current Title IV systems, paper forms, and from the involved organizations themselves. This data is then manipulated using microcomputer software so that staff can assess compliance with program rules. Although the data that is used for this purpose may reside on the Title IV systems, in all or in part, the data may be on more than one system, may not be readily accessible, may not be in a form or environment that

facilitates manipulation, or may not be sufficiently comprehensive to support needed analysis. In some cases, needed data simply is not available from the existing systems (e.g., all data required to estimate the Government's liability for the Title IV aid programs). Involved staff use a variety of microcomputer-based databases and software to supplement the existing automated systems to perform their functions.

### **3.7 Current Information Systems Support**

The postsecondary education community is as diverse as it is large. This diversity is especially apparent in the information systems that various organizations use to perform their work. Automation ranges from extensive state-of-the-art computer systems, through information systems support largely provided by commercial vendors and third-party servicers, to minimal microcomputer based solutions, and even to entirely manual operations.

This subsection summarizes the information technology used to support the current postsecondary education "system." Particular focus is placed on ED's Title IV systems because the processes these systems support reflect (satisfactorily or not) many of the core functions within the Project EASI vision and because this Concept Document is intended to help baseline ED's initiative to reengineer these systems in accordance with the Project EASI vision. Following the discussion of ED's systems, the next subsection describes at a high-level the use of information technology by external organizations in the postsecondary community -- e.g., schools, guaranty agencies, servicers, secondary markets, lenders.

#### **3.7.1 Department of Education Title IV Systems**

ED currently uses 16 major information systems to fulfill its responsibilities for administering and managing student financial aid programs authorized under Title IV of the Higher Education Act of 1965, as amended. Within ED, the Office of Postsecondary Education, Program Systems Service, is responsible for operating and maintaining these systems. The Title IV systems range from legacy mainframe systems originally developed 15 or more years ago to provide standalone support to a specific program or support function, to recently developed client/server systems. The systems ED uses are:

- Campus-Based Programs System
- Central Processing System (plus EExpress, FAFSA Express)
- Federal Direct Loan Central Database
- Federal Direct Loan Origination System
- Federal Direct Loan Servicing Systems (four systems)
- Federal Family Education Loan Program System
- Institutional Data System (IDS)
- Multiple Data Entry Contractor Systems (two systems)
- National Student Loan Data System
- Pell Grant Recipient and Financial Management System
- Postsecondary Education Participants System (PEPS)
- Title IV Wide Area Network

Generally speaking, ED does not own its own processing capabilities. Each of the Title IV systems is currently operated under one or more contracts to operate the system and to provide support services such as software maintenance, new software development, customer service support, configuration management, quality assurance, testing, payment handling, and other manual operations.

In addition to the systems cited above, which are dedicated to supporting ED's Title IV aid responsibilities, the following additional systems provide supplementary support:

- Primary Accounting System (PAS)
- Payment Management System (PMS)
- Central Registry System (CRS)
- ED Central Facility

The paragraphs below briefly describe the function(s) of each Title IV system. Appendix B summarizes the Title IV system operating environment in terms of:

- Current contractor(s)
- Host hardware
- Operating system
- Database management system (DBMS)
- Principal language(s)/software

Context diagrams representing the interfaces for all current systems, both ED's and those of external organizations, are included as Appendix C.

- **Campus-Based Programs System** - supports processing for the Campus Based Programs FISAP cycle, which primarily involves uploading FISAP data received from the participating schools, editing the data, calculating tentative and final institutional awards, notifying institutions of their award levels, allocating funds, and reconciling institutional accounts. The Campus-Based Programs system contains no student-level information; it uses only summary data by school. The Campus-Based Programs system is primarily a standalone mainframe system, but it is supplemented with 16 microcomputer-based programs that are used primarily to track key program indicators and suspense dates.
- **CPS** - is used to confirm applicants' eligibility for Federal student financial assistance; to calculate the EFC; to calculate eligibility for Federal aid (i.e., determine financial need); to report eligibility information to applicants, schools, and guarantors; and to support management information and analysis requirements of other ED managers and staff. CPS works hand in hand with EDExpress, a microcomputer-based software package distributed by ED to schools to support aid packaging, Federal Pell Grant and Federal Direct Loan origination, SSCR, and drawdown of data from CPS for use in other school applications.
- **Direct Loan Central Database** - is the central repository for summary-level data on FDLP loans, including aggregated financial data reported from the FDLP servicer(s). The Central Database receives loan records from the Direct Loan Origination Record when loans are booked and tracks which servicer is responsible for each loan.
- **Direct Loan Origination System** - supports FDLP loan origination, is used to book loans, supports reconciliation with schools, and receives disbursement information from schools as each loan is disbursed to a recipient. The Direct Loan Origination System is the schools' single point of interface with the FDLP information systems.
- **Direct Loan Servicing Systems** - are used to service FDLP loans while the borrower is in school, in deferment status, or in repayment. There is currently one Direct Loan Servicing System, but contracts were recently awarded for three more servicers who are currently developing their systems.
- **FFELP System** - is used to pay interest and special allowances to lenders and to pay ACA to guarantors. The FFELP System, Debt Collection Subsystem, is used to support ED collection of defaulted loans from all Title IV loan programs and to collect Federal Pell Grant overpayments. Defaulted FDLP loans are assigned to this system as soon as they are considered in default; other loans are assigned to ED for collection only after the loan holder(s) have exhausted their own efforts to return the loan to repayment status.

- **IDS** - is used to track lender and guarantor participation in the Title IV programs. This system was previously used to track institutional participation, to support activities by program reviewers, and to support the annual default rate calculations for the FFELP. IDS is currently being replaced by PEPS.
- **MDE Contractor Systems** - receive paper FAFSAs from applicants, optically scan or key enter the FAFSAs into an information system, and submit the data electronically to CPS. MDEs also collect signature sheets from applicants who submit FAFSAs to ED electronically, and apprise CPS of receipt of signatures so that CPS can process the electronic FAFSA.
- **NSLDS** - is a national database of loan/grant-level data on the Title IV programs. The system tracks data on the FFELP, FDLP, Campus-Based Programs loans and grants, Federal Pell Grants, and on Federally Insured Student Loans. NSLDS is intended to provide a research database and also to support operational functions that include prescreening Title IV aid applicants for eligibility, SSCR tracking and reporting, provision of FAT information to schools, supporting reasonability tests on lender and guarantor billings to ED, performing borrower tracking, and supporting Credit Reform Act reporting.
- **PGR/FMS** - supports delivery of aid under the Federal Pell Grant program. PGR/FMS tracks at the grant level all Federal Pell Grants awarded each year, tracks planned and actual disbursements, supports reconciliation, calculates eligibility amounts, aggregates planned Federal Pell Grant disbursements by school and submits this information to ED's accounting systems to authorize draw down of funds.
- **PEPS** - currently maintains data on school participation (e.g., eligibility, certification, address, program participation) in Title IV programs, supports institutional reviewers and related activities, acts as the official source of information regarding schools and their associated school codes for all ED systems, and supports the annual default rate calculation process for FFELP and FDLP. This system has partially replaced IDS; additional increments of functionality in development or planned for development will enable PEPS to totally replace IDS.
- **TIV WAN** - is a value-added network provided by General Electric Information Services (GEIS). The TIV WAN functions as a participant management system through which users indicate which services they want to use from the systems that the TIV WAN supports (i.e., CPS, NSLDS, PGR/FMS, Direct Loan Origination System, and FFELP System [soon]).
- **PAS, PMS, CRS** - are used to provide Department-level accounting for the Title IV programs and support disbursement of Title IV funds to schools for the FDLP, Campus-Based Programs, and the Federal Pell Grant Program. Under the EDCAPS program, these systems -- along with ED's grant management system -- are being replaced with an integrated financial system using more current technology.
- **ED Central Facility** - is a contractor-owned and operated mainframe data center that is used to run various ED information systems. Currently, PGR/FMS, the mainframe portion of the Campus-Based Programs System, and IDS run on the ED Central Facility.

### 3.7.2 Information Systems of External Organizations

Many external organizations comprise the postsecondary education community. Because of the size of this community (e.g., 7,500 schools, 6,500 lenders, approximately 36 guarantors) and of its diversity, it is not possible to detail the information systems currently used for every participant. However, the information systems that these organizations use may be generally characterized as follows:

- Diverse technology - from microcomputer to client/server to mainframe.
- Widely varying levels of sophistication - from organizations with staff who are extremely systems savvy and have tremendous information systems resources available to organizations with no staff who have even used a microcomputer.
- Heavy reliance among schools on third-party servicers and on commercial software vendors to provide the tailored software needed to support their business.
- Limited by tight budgets, which affects their ability to effect changes promptly when required or desired.
- Increasingly taking advantage of Internet to disseminate information or to interact with customers where possible.

Although specific information regarding these various organizations is not currently available, some further insight can be provided into the systems in use by some sectors of the community.

- **Guarantors.** The guaranty agencies have a more homogenous level of technology than exists in other sectors of the postsecondary education community. Of 30 agencies (or servicers) submitting data to NSLDS, 19 are using an IBM-mainframe or IBM mainframe plug-compatible environment. Eight of these are using the older MVX/XA operating system, while 11 agencies or servicers are using MVS/ESA. An additional four agencies use IBM AS/400's. The remaining agencies use a variety of platforms, including DOS and UNIX operating systems on microcomputers and servers, as well as UNISYS machines.
- **Lenders, Secondary Markets, Postsecondary Institutions, and State Grant Agencies.** These organizations use a variety of technology to support postsecondary student financial assistance functions -- ranging from manual operations through simple microcomputer-based systems to mainframes. Little substantial information is available regarding the specific range and distribution of technology used by these organizations. However, one important trend is for smaller organizations, with more limited technology resources, to rely upon servicers (or outsourcing) to perform the technology-related operations needed for student financial assistance programs. The larger, more sophisticated, and highly automated participants among the lenders, secondary markets, postsecondary institutions, and state grant agencies continue to perform their own automated processing for student-aid related functions.
- **Students.** An important component of the Project EASI vision is that students are more technology-friendly today than in the past and that more students have ready access to information technology resources. Currently, students' access to information technology vary widely from student to student, and from campus to campus. While many individuals are able to use a microcomputer at home or at school, many more students are dependent upon campus computing facilities. In general, students do appear to be comfortable with current technologies (e.g., worldwide web, electronic mail, electronic banking) on campuses where access to such technology is generally available and is considered a vital part of campus interaction. Despite this, a large sector of the student

population still does not have ready access to -- or familiarity with -- current information technology.

This operating environment makes it difficult for the current system as a whole to respond quickly to change drivers. While some elements of the postsecondary education community are able to change quickly, many cannot. Initiatives or requirements that touch a large sector of the community (e.g., all schools) are therefore often geared to or limited by the lowest common technology denominator.

## **4. JUSTIFICATION FOR CHANGE**

The Project EASI vision represents significant changes to the existing postsecondary education "system." This section presents specific problems and new requirements that are driving the community to make these dramatic changes. Readers may also refer to the Project EASI Steering Committee's December 1995 meeting notes, *Goals for the Integrated Title IV Delivery System*.

### **4.1 Deficiencies or Limitations of Current System**

The Project EASI Team examined the system the postsecondary education community currently uses to serve its customers in light of the six primary functional areas that form the framework for the Project EASI vision: (1) information sharing, (2) applying, (3) disbursing funds, (4) enrollment tracking and reporting, (5) repayment, and (6) program management and oversight. Through this analysis, they identified a number of problems that adversely affect the effectiveness and efficiency with which the community is able to serve its customers -- prospective students, students, and their families -- and with which organizations are able to conduct the business associated with postsecondary education. This subsection presents these problems, organized according to the six Project EASI functional areas.

#### **4.1.1 Information Sharing**

Information sharing involves making relevant information of all types from all applicable sources available to support postsecondary education organizations and customers throughout the life cycle. The current system has the following deficiencies:

- Lack of standardized data and interfaces among systems, the absence of clear data ownership among systems, and lack of clearly defined and agreed upon standards and mechanisms for exchange of data (such as EDI), leads to (a) increased system development and maintenance costs, (b) heightened potential for error due to incorrect translation of data, (c) diminished data quality across the postsecondary education community, and (d) inappropriately redundant data entry and storage.
- Insufficient comprehensive, timely, and understandable information is available and accessible to support planning for postsecondary education.
- Lack of timely and accurate information exchange among community members complicates the student financial aid process.
- Lack of comprehensive, accessible information regarding postsecondary education contributes to inadequate customer service across the community.
- Inadequate information is available to support program funding decisions, management, control, and other decision making.
- The complexity and volume of information required to participate in the programs (a) delays or hinders aid delivery, and (b) adds to the expense of delivering services (e.g., staff, systems); the program rules themselves are part of the source of the problems with sharing adequate, timely, accurate information.
- Security issues, which are not yet well-defined for electronic exchange of information, preclude ready dissemination of information.

- Lack of a clear understanding of what the customer really needs contributes to confusing and inappropriate information being disseminated.

#### **4.1.2 Applying**

Applying encompasses applying for student financial assistance, the associated processes that lead to aid origination, and, potentially, applying for admission to a postsecondary institution. The current system has the following deficiencies:

- Inaccurate information on application forms -- due to the complexity of legislation and of need analysis -- leads to inaccurate awards and incorrect allocation of funds.
- Complexity of the financial aid application process acts a deterrent to some would-be applicants.
- Duration of the financial aid application process sometimes causes students to arrive at schools without the aid for which they are eligible.
- Complexity of the entire application process for participants in postsecondary education (e.g., financial aid, admission, housing) leads to erroneous information being reported to multiple places, acts as a barrier to participation, contributes to poor customer services, and creates a barrier that prevents some students from receiving benefits to which they are entitled.

#### **4.1.3 Disbursing Funds**

Disbursing funds encompasses the processes needed to apprise fund sources of requirements, to deliver funds to schools and to students, and to appropriately perform funds management. The current system has the following deficiencies:

- Lack of timely aid disbursement information leads to an absence of available, timely information for students, borrowers, and program managers.
- Expense and complexity of current processes for each program may contribute to fraud and may slow the delivery of student aid.
- Failure to use industry EDI standards for exchange of financial information increases the cost and complexity of performing disbursement.
- Current system allows for excess cash to be retained at schools.
- Controls on current disbursement process are poor.
- Throughout the life cycle, the system is not sufficiently flexible to promptly accommodate changes in students' or families' circumstances.

#### **4.1.4 Enrollment Tracking and Reporting**

Enrollment tracking and reporting is the procedure used to monitor student enrollment status and to ensure that all loan holders are apprised of the current, accurate status so that they can correctly manage loans. The current system has the following deficiencies:

- Lack of accurate and timely enrollment information leads to erroneous defaults, late or early entry into repayment, increased costs to participants, and needless administrative burden.
- Failure to identify and use agreed upon standards for exchange of enrollment data (e.g., EDI standards) increases cost, complexity, and risk associated with achieving accurate enrollment status reporting.

#### **4.1.5 Repayment**

Repayment includes those processes associated with initiating repayment, supporting repayment, handling deferment and forbearance requests, and supporting collection activities for defaulted loans. The current system has the following deficiencies:

- Borrowers have insufficient access to data regarding loan obligations and regarding loan holders to facilitate timely and complete repayment of loans, leading to (a) increased burden on participants' systems, (b) increased costs to track defaulted loans and to perform due diligence, and (c) additional costs to taxpayers to pay for loan defaults.
- Inadequate support for deferment processing and forbearance processing contributes to erroneous defaults and the increased administrative and financial burden for organizations to handle these defaults.
- Need-based lending makes funds available to borrowers who are less likely to understand the lending and repayment process.
- Complexity of program rules makes it difficult for borrowers to understand obligations and repayment options, contributing to late repayment or default.
- Complexity of program rules makes implementation expensive for service providers.

#### **4.1.6 Program Management and Oversight**

Program management and oversight encompasses processes and data used to make and implement decisions necessary to administer the student financial assistance programs so that they accomplish the desired goals, and to ensure that participants are complying with the program rules. The current system has the following deficiencies:

- Sufficient comprehensive, timely, quality data is not available to support policy making, program management, and oversight.
- Insufficient information is available to enable schools and ED to ensure that aid is reaching the proper recipient at the proper time in the proper amount.
- Data that is available is not easily accessible nor is it in a form or on platforms where it can be manipulated readily.

- Current systems are program-based, not student-based, making reporting and using data cumbersome, expensive, and less effective than desired.
- It is difficult to obtain the insight needed to assess the consistency of customer service and to provide quality oversight of customer service.
- Disparate levels of understanding and use of varied technical platforms by various participants (e.g., schools) complicates the delivery of services and the improvement of service delivery.

## **4.2 New or Modified Requirements**

Fundamentally, the new requirements that drive the change the community is contemplating are related much less to the addition of whole new functionality and much more to a desire to take greater advantage of current technology. With the pervasive role of the Internet in our society, the proliferation of microcomputers, and the flexibility and processing power afforded by current hardware and system software, expectations for service delivery are constantly going up.

ED in particular is frequently criticized for its use of a number of legacy systems, which were originally developed to provide standalone support to specific aid programs or functions, to support delivery of Federal student aid. Today, as many as 10 separate systems may be required to function as one virtual system to support a specific aid program. ED is committed to reengineering these information systems to more efficiently fulfill Government responsibilities to administer and deliver student aid, to take better advantage of current technology, and to streamline the way in which it performs its business. Similarly, by involving the community in Project EASI and specifically in ED's implementation of Project EASI goals within its own business areas, these benefits can be realized for all participants in the postsecondary education community.

Furthermore, through streamlining of existing processes, better use of more accurate data to more effectively manage and participate in the programs, and similar changes, one of the requirements that Project EASI seeks to address is saving money.

## 5. CONCEPT DESCRIPTION

This section describes the Project EASI concept as a direct response to the factors driving the postsecondary education community to change the way it is interacting with prospective students, students, and their families. Overall, the Project EASI concept may be characterized as:

- Customer-focused
- Flexible
- Streamlined
- Simplified

While there is a strong technology flavor to the Project EASI Team's communication of the concept and requirements, the Concept Document focuses on the objectives, requirements, and supporting processes and data that comprise the core of what Project EASI is intended to achieve. To convey the concept, subsection 5.1 describes the Project EASI concept as it applies to the major functional areas (i.e., information sharing, applying, disbursing funds, enrollment tracking and reporting, repayment, and program management and oversight) through the postsecondary education life cycle. As part of the concept development and confirmation effort, the Project EASI Team defined a list of objectives, with supporting requirements, for each of the major functional areas. This list, which represents the very high-level requirements for Project EASI, is presented in subsection 5.2. Subsection 5.3 addresses at a high level the processes that will be used to implement the Project EASI requirements. Subsection 5.4 briefly addresses the high-level data requirements for Project EASI.

The Project EASI ISP, which was developed under the leadership of the Project EASI Core Team, documents at a high level the community view of processes and data associated with the Project EASI vision. The Project EASI Concept Document is intended to complement, not duplicate or replace, the ISP. Given this relationship, the Concept Document provides an abbreviated description of the Project EASI vision in an effort to provide just enough of a picture to facilitate reaching agreement on what the vision comprises. Where appropriate, the Concept Document references the ISP, as documented in the Composer CASE tool, for further information regarding the Project EASI vision. As ED's Project EASI implementation effort moves forward, the community model documented in Composer will be used in conjunction with the Concept Document as a basis for beginning the analysis of ED's Project EASI requirements.

### 5.1 Concept Overview

The Project EASI vision encompasses the entire postsecondary education community, including prospective students of any age, their family members, students, borrowers, schools, lenders, secondary markets, servicers, guaranty agencies, state agencies, ED, other Federal agencies, commercial software providers, and other external organizations (e.g., financial counselors, prospective employers). The focus of the Project EASI vision, however, is on the ultimate customer of postsecondary education -- prospective students, students, and their families. Project EASI is a cooperative effort to reengineer those postsecondary education processes that are used to serve these ultimate customers. While a substantial portion of this vision focuses on the business of delivering financial aid of all types to students, the functions involved extend well beyond financial aid. The Project EASI concept encompasses a postsecondary education life cycle that begins when a family first starts considering postsecondary education for their child, continues through the in-school years, and ends with repayment of any student loans used to finance the education. The life cycle can also be envisioned as a circle: once a borrower finishes repaying a loan, they may decide to return to school or may have a child of their own for whom the pre-school planning activities begin all over again.

This subsection describes the Project EASI vision. It is intended to provide the framework in which the goals, requirements, processes, and data objects listed in succeeding subsections can be understood. The description is structured around the six major functional areas used to define the Project EASI concepts: information sharing, applying, disbursing funds, enrollment status tracking and reporting, repayment, and program management and oversight. Readers seeking a more extensive presentation of the Project EASI vision should refer to the Project EASI website at <http://easi.ed.gov> (click on “future”).

### 5.1.1 Information Sharing

Information sharing is the functional area intended to address the uncoordinated, incomplete, and often out-of-date information resources available to prospective students and their families under the current system. Although much of the information sharing discussion focuses on the period before an individual begins attending school, information sharing requirements really span the entire postsecondary education life cycle.

**Education Planning - the Pre-School Phase.** As indicated in the introduction, involvement with Project EASI might begin as soon as a child is born, when parents initially begin planning for the child’s education. Through information sharing, Project EASI is envisioned to support planning long before a potential student is ready to attend a postsecondary institution. Project EASI would provide a single point of entry to coordinated, timely, and comprehensive sources of information regarding a wide range of relevant topics. These topics would include, but are not limited to:

- Fund source data (provided by lenders, schools, ED, state agencies, or private sector sources)
- Career planning data (provided by ED, business organizations, prospective employers)
- Academic planning data (provided by ED, state agencies, schools)
- Admission requirements information (provided by schools)
- Academic offerings (provided by schools)
- Consumer information (provided by schools, ED, independent evaluators)
- Placement information (provided by schools)
- Course information (provided by schools)
- Financial planning information regarding topics such as pay back costs, estimated family contribution, and personal financial planning (provided by state agencies, ED, lenders, private organizations [e.g., College Board, SALLIE MAE], schools, and major non-financial institutions)
- Program rules (provided by schools, state agencies, ED)

Each information provider would retain ownership of its data, with Project EASI acting as the network and pointer to the various sources. Participation in information sharing is expected to be voluntary and open to any organization with valid information to share with potential postsecondary education students.

As part of its support to the education planning process, it is envisioned that Project EASI would support “what-if” modeling of various financial assistance packages for specific postsecondary institutions. This would enable prospective students and their families to better assess the affordability, value, and benefits of the educational opportunities available to them.

The types of general information available through Project EASI during this period would be available to anyone. In fact, that availability is an important feature of information sharing. The Project EASI concept is very technology focused, but all methods of information delivery will be considered so that the needed information is available to as broad an audience as possible. Additionally, the Project EASI concept encompasses providing information using a variety of

formats, content, and languages so that it reaches the intended audience. Particular attention will be paid to ensuring that Project EASI reaches those individuals who most need this support.

**Financial Aid Information - In-School Phase.** One of the weaknesses of the current system is that it can lose track of students and financial aid recipients. Students move frequently as a rule during the time that they are enrolled in school. In addition, from a student's or borrower's perspective, it is difficult for them to obtain information -- especially comprehensive information - - about their financial aid indebtedness. Borrowers can easily have loans from several different fund sources. It is difficult currently to stay in touch with multiple fund sources, let alone to gather aggregate information.

Project EASI's information sharing vision in this area is that students and borrowers would have access to specified student demographic, personal data, and financial aid history data on the Project EASI database (s). They would be able to find out their total indebtedness from one consolidated source, and review the personal data retained by Project EASI and download it for use in other applications. In addition, students would be able to update specified data entries. For example, it might be very useful if students could supply their own current address and contact information, inform the system of name changes, etc.

Beyond this, Project EASI Team members recognized that other organizations in the postsecondary education community also need access to quality information. Students and borrowers would be able to authorize organizations to obtain access to personal information useful in facilitating the financial aid application process, the school admission process, etc. Similarly, organizations with a need to know would be able to readily access comprehensive financial aid histories on students and borrowers.

Information sharing through Project EASI for this phase (and for the post-school phase) would require students or borrowers to have a PIN number or some other authorization to access the system. This authorization would be used to ensure that individual information protected under the Privacy Act is adequately protected and appropriately treated through Project EASI.

**Repayment Information - the Post-School Phase.** As a borrower leaves school and their loans enter repayment, Project EASI envisions notifying the borrower of repayment terms and options, facilitating exit counseling -- either through on-line support or by providing data to schools, and enabling the borrower to perform what-if modeling of various payment methods on line and select the desired option. Throughout this period, the borrower would continue to have ready access to their financial aid history.

### **5.1.2 Applying**

The Applying functional area encompasses application for financial aid and optional processes for application to schools for admissions. Thus, it begins toward the end of the pre-school phase of the postsecondary education life cycle and continues through admission to an institution and/or origination of financial aid. The constant theme throughout the Project EASI concept is to streamline and simplify the postsecondary education "system" so that better service can be provided to its customers. The Applying functional area is consistent with this theme.

**Applying for Admission.** Project EASI is envisioned to afford an option for individuals to apply for admission to a participating postsecondary institution that chooses to use this capability, rather than functioning as the required route for all admissions activities. Through Project EASI, an applicant would be able to narrow down the schools researched during the pre-school period (information sharing) to those schools to which they wish to apply. Applicants would then fill in their application forms using Project EASI, perhaps drawing in personal data in the student file created when they obtained a Project EASI PIN.

Once complete, the application forms would be forwarded by Project EASI to the prospective schools for consideration. The schools' response to the applications, and the applicant's response to offers of admission, could all be facilitated through Project EASI.

**Applying for Aid.** Today, there is not one integrated path for applicants to apply for financial aid. The objective of Project EASI in this area is to provide that single path for all financial aid, regardless of source (i.e., Federal, state, private).

A student or prospective student who is seeking financial aid would fill in a FAFSA (or electronic record/release) using Project EASI. Project EASI would facilitate this process by requiring the applicant to fill in only minimal data necessary to establish their identity. To the maximum extent possible, Project EASI would obtain other data needed for this process by querying external databases, retrieving the needed data, and inserting it into the FAFSA record. For example, rather than asking applicants to answer questions about their income, Project EASI could, with student and/or parent consent, conceivably obtain taxable and non-taxable income data directly from other Federal databases, such as the Internal Revenue Service, the Social Security Administration, or the Veterans Administration. This could reduce the level of burden for students and families applying for aid, could increase the accuracy of income information used in the process, and could provide "real-time" information for use in the application process. Similarly, Project EASI might seek to obtain from or exchange data with databases maintained by various state agencies.

When the FAFSA is complete, Project EASI would send it to ED to be assessed for eligibility and to calculate the EFC. Students would also have the option of sending their data to other appropriate entities through Project EASI, thus giving students control over the use of their own information. Once the applicant's eligibility was determined, this information would be returned to the applicant, and to the school(s), named by the applicant, via Project EASI. The applicant would then work with a financial aid officer, again via Project EASI, to develop a financial aid package encompassing all types of aid available. This package, when complete, would be provided to the applicant via Project EASI and the applicant's response, if requested, would be returned to the school the same way.

Project EASI would facilitate financial aid entrance counseling and enable prospective borrowers to select a fund source, which Project EASI would then notify regarding the borrower's preference. At this point, Project EASI would facilitate the process of obtaining a signed, multi-year promissory note or line of credit from the borrower. Because all financial aid information would be available from a single integrated source, the borrower would be able to obtain loans using this one promissory note through their whole educational enrollment, even if they transferred schools.

The school would use Project EASI to generate aid origination notices, which would then be forwarded via Project EASI to the appropriate fund source. These origination notices are envisioned to encompass the multi-year promissory note in some way that would enable the disbursement process to proceed without requiring fund sources to wait on receipt of a paper promissory note. Information on applications, packaging, and origination would be retained in Project EASI database(s), forming the beginning of a comprehensive student record and student aid history. When funding sources receive the origination record, they would use Project EASI to facilitate accepting or rejecting the origination notice based upon program criteria, and their response would be returned to the school via Project EASI. This would complete the application process.

Project EASI would facilitate the application for aid in at least two additional ways. First, it would support the re-application process. However, ideally, instead of simply providing an integrated method for providing the re-application FAFSAs to schools and borrowers, Project EASI's objective is to automatically obtain re-authorization for recipients to continue receiving financial aid. While legislation currently requires students or borrowers to reapply annually (for the Title IV programs), Project EASI envisions crossing this hurdle by obtaining the needed income information directly from the Internal Revenue Service or other authorized sources of income

information. With this data, under Project EASI students would only need to apply for financial aid one time.

The second way that Project EASI streamlines the aid application process centers around transfer students. Today, schools are still required to obtain manual FATs from schools who are not yet providing loan and grant data to the NSLDS. Because Project EASI would be the single, integrated source for all financial history data, schools would be able to query a transfer student's financial aid history directly through Project EASI. This would facilitate much more rapid delivery of aid to students, and would eliminate a very burdensome and expensive task for schools.

### **5.1.3 Disbursing Funds**

The Disbursing Funds functional area focuses on payment activities that occur while the student is enrolled and after aid has been originated. These include disbursing funds to recipients by institutions, the transfer and settlement of funds between funding sources and institutions, and the maintenance of a detailed audit trail of student account activity.

Under the Project EASI vision, there will be a common process for all student aid programs based on standard EDI formats for 1) origination records, 2) student disbursement records and 3) electronic transfer of funds. The goal of the payment process is to capture transactions as they occur, provide funds to institutions only when needed, eliminate after-the fact reporting and reconciliation and maintain accurate, timely information on all aid disbursed to students.

Disbursement transactions will provide the basic financial aid transaction history in the student account on a near real-time basis. The payment process will be designed to accommodate origination and disbursement records for most student aid programs and funding sources, including State programs and major private aid programs. Project EASI will facilitate the exchange of data among participants through the use of standardized data sets and provide a single point of interface for all participants.

**Disbursing Student Aid Funds.** The payment process begins after student eligibility has been determined and the institution has prepared the student's aid package. After a student accepts an aid package, the institution will report the amounts to be awarded for each program to the appropriate fund sources using a standard format, referred to as a student aid origination record. Funding sources will approve or reject the origination records with an acknowledgment record.

Accepted student aid origination records become the basis for approving future student disbursement records. Institutions must disburse Federal aid and make remaining balances available to students as prescribed by Federal regulation. This may be done by crediting student accounts, issuing checks, transferring funds electronically, issuing debit cards or stored value cards, or using any combination of these methods.

It is envisioned that Project EASI will facilitate the provision of funds to institutions via electronic funds transfers (e.g., ACH transactions) on a just-in-time basis. The fund source will generate the ACH payment either in response to a student disbursement roster (invoice) submitted by the school at a time close to the actual disbursement date or based on scheduled disbursement dates contained in the origination record. A student disbursement roster in standard format will accompany the ACH payment to assist the institution in reconciling its internal system. Adjustments and cancellations will be netted against amounts owed to the institution. Providing funds on a just-in-time basis will improve cash management and will reduce the amount of excess cash residing at institutions. However, it is recognized that this method conflicts with the current practices of many schools and could incur a significant administrative burden on them. The issue of how to achieve the Project EASI goals of simplifying the disbursement process and of improving management of Federal funds, while not overburdening institutions, has yet to be resolved.

The Project EASI student account will contain a complete audit trail of all student aid origination and payment records by program by institution by funding source. Ultimately, the Project EASI vision is for students to use an electronic personal identification number (PIN) or equivalent authentication mechanism to indicate acceptance of their award packages and to authorize the release of their aid to the institutions or to others on their behalf. This authentication mechanism will enable students to retrieve information on their accounts interactively by computer or telephone similar to the way many bankcards operate today. Students will have timely and accurate information on aid awarded and cumulative loan balances. Students will be able to identify and correct errors in their account on a current basis. Information from the student accounts will be used for near real-time monitoring and oversight of participants.

**Payments to Lenders and Guarantors.** The Project EASI concept also encompasses handling ED payments of interest and special allowance to lenders, and payment of ACA to guarantors. However, instead of the paper-intensive process currently followed, where lenders and guarantors submit summary data on paper forms and ED keys this data into their system, Project EASI would streamline this process. Using the comprehensive financial aid transaction history in conjunction with current daily balance information obtained from lender databases that are accessed through Project EASI, ED would be able to calculate the interest and special allowances owed to lenders without requiring forms to be submitted. Similarly, using the comprehensive information available through Project EASI, ED would be able to generate ACA payments without requiring guarantors to submit paper claims. This would also enable ED to make these payments on detailed data instead of on summary data, as they are made today.

#### **5.1.4 Enrollment Tracking and Reporting**

Under the current system, enrollment tracking is a labor intensive, complicated process, that is often fraught with error. Enrollment tracking is, however, a critical process in managing any aid program, since this information is used to identify when a student falls below half-time enrollment at a school and the loan grace period should begin. Additionally, enrollment status information is very tightly tied to deferment processing requirements. Today, many loans erroneously enter default because the borrower either failed to file for a deferment or didn't realize they needed to file a form with each loan holder.

Beginning while an aid recipient is in school and continuing through the repayment cycle, Project EASI is envisioned to be the central repository for enrollment status data and would ensure that this data receives timely dissemination to appropriate fund sources. An effective enrollment status tracking and reporting process would eliminate the need for paper-based deferment request, and is expected to minimize the incidence of defaults caused by failure to request deferments from all funds sources and to help ensure that loans enter repayment at the correct time. This enrollment tracking and reporting process could be handled on behalf of institutions by third party servicers, as is the case under the current system. Such outsourcing of this function can still result in the appropriate student status data being transmitted to Project EASI.

It is envisioned that Project EASI would support enrollment tracking by receiving from schools current enrollment status information for all students, either provided at the school's initiative or in response to a periodic query from Project EASI. As updated information is received in Project EASI, it would record that data and then forward it to all loan holders. Project EASI would also disseminate this information to authorized state scholarship and grant agencies. Potentially, with student authorization, enrollment status information also could be made available to other third parties with whom the student interacts in financing their education.

By providing a source for current enrollment status information and promptly disseminating this information to loan holders, Project EASI would eliminate the requirement for borrowers to request in-school deferments using paper forms.

### 5.1.5 Repayment

The Repayment functional area is largely focused on the post-school period of the postsecondary education life cycle, although repayment may begin for some loans while a student is still enrolled. Project EASI would support the repayment and collection process for defaulted loans, as well as some programmatic functions associated with this period for the Title IV aid programs.

**Repayment.** Beginning with the student's departure from school (or less than half-time enrollment) or with a loan entering repayment while a student is still attending school, Project EASI would initiate the repayment process by notifying the student that their loan was entering repayment. Project EASI would notify the borrower of their repayment responsibilities and options, providing on-line counseling or providing the necessary information to schools for use in exit counseling. Project EASI is also envisioned to support what-if analysis of repayment options (e.g., consolidation, income contingent) and to enable the borrower to select a repayment option through Project EASI, which would inform the fund source(s) of the borrower's decision. As part of its support to the borrower, Project EASI would also facilitate the borrower signing up for automatic deductions from their bank account to make loan payments.

If a borrower elected loan consolidation, Project EASI would actively support the consolidation process. For the FDLP, Project EASI would notify loan holders of the consolidation request, request payoff information from all loan holders, provide payoff information to ED, and generate and disburse Federal payments to private fund sources (i.e., FFELP lenders, guarantors, loan holders) whose loans are involved in the consolidation. Similar support is desired under Project EASI for the FFELP; however, it is unclear how Project EASI would provide that support when multiple candidate loan holders are available to perform the consolidation.

During the repayment period, Project EASI would continue to track deferments and to disseminate this information to loan holders. Project EASI is also envisioned to facilitate the forbearance process for students where possible, and may assist the borrower in determining whether the conditions for forbearance are present. With respect to deferments, the potential exists for Project EASI to query a Department of Defense personnel database to validate that a borrower is in the military and, thus, is eligible for deferment.

- **Support for Federally Held Loans.** For Federally held loans, Project EASI would generate bills, receive and process student payments, and calculate the current accrued interest balance on loans in repayment. For the income-contingent repayment program, Project EASI would calculate the income-contingent repayment amount using information on the borrower's financial income, which is envisioned Project EASI will obtain from the Internal Revenue Service's database(s). Project EASI would also calculate and pay reinsurance claims from guaranty agencies for loans that are in default. Consistent with the other major functional areas and life cycle phases, Project EASI would continue to maintain a comprehensive financial aid history throughout the repayment (and collection) period.
- **Support for Non-Federally Held Loans.** For private lenders, Project EASI would support the repayment period by verifying borrowers' income by accessing external database(s), and by calculating income-contingent repayment amounts using this income information. Project EASI would also keep these loan holders apprised of borrowers' current deferment and forbearance status, and would receive loan history updates from these entities. This data would be incorporated into the comprehensive financial aid history.

**Collection.** For defaulted loans, Project EASI would support collection activities by accepting assignment of defaulted loan records from guaranty agencies, performing data matches with external databases (e.g., state, private industry, other postsecondary organizations) to track

defaulted borrowers, providing records for defaulted loans to collection agencies, and supporting litigation.

Other repayment and collection activities that Project EASI would perform or support are skip tracing (matching against the Internal Revenue Service database), wage garnishment, Federal wage and payment offsets, and collection of loan repayments resulting from garnishment or offsets. If an aid recipient subsequently returned to school, or had a child of his or her own, the Project EASI life cycle would repeat.

**Default Rates.** The final activity that Project EASI is envisioned to support in this functional area is calculation of the default rates for FFELP, FDLP, and Perkins schools, lenders, and guaranty agencies, as applicable. Project EASI would obtain the needed data via its comprehensive financial aid history, calculate the default rates on a regular schedule using logic dictate by the governing legislation, store the resulting data, and disseminate the rates and backup data, as required, to each organization.

The description of Project EASI provided in subsection 5.1 covers a vast array of support. It is also envisioned, however, that new Project EASI requirements and improvements will continue to be identified.

### **5.1.6 Program Management and Oversight**

The Program Management and Oversight functional area is primarily focused on access to and use of data necessary to ensure that program funds are reaching the right recipients in the right amounts at the right time, and to ensure that program participants are complying with regulations. Under Project EASI, improvements to program management and oversight are expected through provision of easy access to timely, comprehensive, and accurate information regarding the Title IV programs. Since data would be kept at a very detailed level, information could then be rolled up by student, program, organization, etc., as needed. In addition, responsible staff would have access to cross-program and cross-organization data that is currently unavailable.

In addition to improved access to the appropriate data needed to perform program management and oversight functions, the Project EASI would provide a what-if modeling capability to support policy analysis. This capability would enable individuals to assess the potential effect of contemplated legislative or regulatory changes before they were implemented.

Although current program management processes (e.g., payments to lenders and guarantors) are being automated, Project EASI is envisioned replacing the need for current forms of data entry in this area. Payments would be made based upon detailed data stored in the databases as the naturally occurring documentation of a student's aid history.

Through Project EASI, staff responsible for program management and oversight functions would be able to readily access appropriate summary level data and key indicators to perform the bulk of their responsibilities. Time could then be devoted to more effective handling of exception cases and to proactively managing the programs and participants to prevent problems from occurring or, at the very least, to minimize the impact of problems that occur.

In the long-term, the Project EASI vision for this area encompasses a transition to performance based regulation of the Title IV aid programs, replacing the current prescriptive regulation of the programs.

## **5.2 Goals and Requirements**

This subsection identifies the Project EASI goals that were defined to further define the path that must be followed to attain the overall objectives for this project, and presents the very high-level requirements that support these goals and that express the Project EASI concept.

### 5.2.1 Information Sharing

Four goals were identified for the Information Sharing functional area:

1. Provide access to a comprehensive information resource regarding postsecondary education and financial aid programs, policy and guidelines, schools, funding sources, and topics of interest to the postsecondary education community and its clients.
2. Provide an enhanced customer service mechanism throughout the student financial assistance community by facilitating information sharing among participants, while protecting the privacy of individuals.
3. Enable participants to provide feedback on the services that Project EASI provides and use this feedback to drive continuous improvement of the financial aid process and of Project EASI.
4. Ensure that information on student aid is actively disseminated via existing contact points (e.g., welfare offices, career centers) to those with the greatest need.

Each of these goals (shown in bold type) is, in turn, supported by one or more requirements. The requirements associated with each goal are:

**Provide access to a comprehensive information resource regarding post-secondary education and financial aid programs, policy and guidelines, schools, funding sources, and topics of interest to the post-secondary education community and its clients.**

- Provide all major forms to students on demand.
- Provide students and families information on schools, such as school profile and characteristics, general statistics, curricula default rates, audit and program review information, and education costs.
- Provide students and families information on careers and employment prospects.
- Provide students and families information on financial planning and requirements.
- Provide students and families information on Federal financial aid programs.
- Provide students and families information on private financial aid programs.
- Provide students and families information on state financial aid programs.
- Provide students and families information on consumer protection information.
- Allow students to request simulations of financial aid packages and financing options at particular schools.
- Provide information to those providing financial assistance opportunities.
- Provide students and families information on long-term debt management and wise-borrowing strategies.

**Provide an enhanced customer service mechanism throughout the student financial assistance community by facilitating information sharing among participants, while protecting the privacy of individuals.**

- Allow students to access information on their personal data, aid eligibility, aid received, and outstanding student loans; provide students the opportunity to direct where this data goes.
- Allow access by authorized parties to students' and family members' data.
- Allow individuals to authorize the release of their data to state agencies and to private aid sources.
- Allow ED, state agencies, institutions, and researchers to produce a variety of management and budget reports from the students' data.
- Allow auditors and program reviewers access to data on school transactions by student, EFT batch, or other criteria.

**use Enable participants to provide feedback on the services that EASI provides and this feedback to drive continuous improvement of the financial aid process and of EASI.**

- Provide the ability for participants to send feedback on Project EASI services.
- Solicit participant feedback on Project EASI services.
- Publish feedback results.
- Provide response to feedback, as appropriate, and take action for continuous improvement.

**Ensure that information on student aid is actively disseminated via existing contact points (e.g., welfare offices, career centers) to those with the greatest need.**

## **5.2.2 Applying**

Three goals were identified for the Applying functional area:

1. Streamline student aid application, packaging, and award process, minimizing the lost of program integrity, controls, or equity.
2. Facilitate school admission process.
3. Streamline the institution application for eligibility process, making the process less burdensome on schools.

Two of these goals (shown in bold type) are, in turn, supported by one or more requirements. The requirements associated with each goal are:

**Streamline student aid application, packaging, and award process, minimizing loss of program integrity, controls, or equity.**

- Enable applicants to apply for aid through Project EASI with application mechanisms available 24 hours a day.
- Provide financial aid entrance counseling.
- Allow applicant to sign a single multi-year promissory note covering their educational borrowing needs.
- Facilitate loan packaging dialogue between schools and applicants.
- Allow applicants to select funding sources from a list of options.
- Notify lender and school of applicant lender selection
- Create loan disclosure notices.
- Allow applicants to acknowledge loan disclosure notices.
- Validate applicant details such as Social Security Number, permanent address, home telephone number, driver's license number, and date of birth through matches with other Federal, state, and private data bases.
- Obtain and validate applicant eligibility details through matches with other Federal, state, and private data bases.
- Renew aid eligibility, as required, based on income data obtained from Federal, state, and other sources.
- Determine eligibility of applicant for Federal financial aid, and facilitate eligibility determination for state and other programs.
- Notify school of initial eligibility results.
- Make results of eligibility determination available to applicants.
- Support packaging by school.
- Enable direction of financial aid package to applicant for acceptance or rejection.

**Facilitate school admission process.**

- Allow student to authorize the release of data to selected schools to support the admissions process, should an institution choose to participate in this capability.
- Allow authorized schools to access student data.
- Facilitate admissions negotiations between schools and students.

- Enable applicant to enter admission application data through Project EASI to participating institutions.
- Enable notification of applicant of admission acceptance or rejection through Project EASI, should an institution choose to participate in this capability.
- Enable applicant to notify school of intent to enroll through Project EASI.

**Streamline the institution application for eligibility process, making the process less burdensome on schools.**

### 5.2.3 Disbursing Funds

Four goals were identified for the Disbursing Funds functional area:

1. Simplify the origination, payment, and reconciliation process for all student financial assistance programs.
2. Provide students and institutions improved access to student account information (i.e., student loan data and payment history).
3. Improve management of Federal funds to reduce excess cash at institutions and to improve timeliness of accounting.
4. Capture and maintain information to satisfy all Federal and institutional reporting requirements associated with student transaction histories.

Each of these goals (shown in bold type) is, in turn, supported by one or more requirements. The requirements associated with each goal are:

**Simplify the origination, payment, and reconciliation process for all student financial assistance programs.**

- Apply disbursements, adjustments, and cancellations to achieve an accurate daily net settlement.
- Simplify the disbursement reconciliation procedure.
- Use a common integrated origination, payment, and reconciliation process for all student financial assistance programs.
- Accommodate standard formats for origination, disbursement, and remittance records.
- Allow students to sign a multi-year promissory note instead of multiple single notes.
- Accommodate unique features of Campus-Based Programs (i.e., lack of student-level reporting to ED).

- Support two forms of disbursements:
  1. Support invoice method of disbursements to institutions - fund sources will generate automated clearinghouse (ACH) payments in response to student disbursement rosters (invoices) submitted by institutions. Institution will report any adjustments or cancellations of disbursements in future transaction batches.
  2. Support scheduled payment method of disbursement to institutions - fund sources will generate ACH payments/student rosters based on scheduled disbursement dates in the award origination record. The institutions must update or cancel the scheduled disbursement dates timely so that overpayments are not made to the institution.
- Enable ED and other fund sources to accept or reject award origination records based upon criteria of program.
- Facilitate exchange of data among all parties involved.

**Provide students and institutions improved access to student account information (i.e., student loan data and payment history).**

- Maintain a centralized store of student loan data and payment history for Federal and for non-Federal loans.
- Enable institutions and funding agencies to access and update central student account records.
- Provide students read access to student account information.
- Provide on-line retrieval capability to enable institutions and other authorized parties to retrieve payment transactions for up to 18 months.
- Maintain an on-line archive of transactions.

**Improve management of Federal funds to reduce excess cash at institutions and to improve timeliness of accounting.**

- Ensure timely submission of disbursement records from institutions to ED.
- Ensure timely booking of loans by ED.
- Improve internal control of funds by ED.
- Apply disbursements, adjustments, and cancellations for a single loan within a single cycle to achieve an accurate daily net settlement.
- Reduce excess cash residing at institutions.
- Maintain institutional payment ledgers to show a complete record of all payments to, and collections received from, an institution. Ledger must show any financial aid receivable due by the institution to ED.

- Generate approved payment orders in a format required by EDCAPS to ensure payment on a just-in-time basis.
- Maintain clear audit trail of every transaction.
- Provide all accounting information required by EDCAPS.

**Capture and maintain information to satisfy all Federal and institutional reporting requirements associated with student transaction histories.**

- Produce reports that meet all Federal accounting requirements and Federally-mandated school reporting requirements from data in the transaction histories.
- Maintain a student account database with a complete audit trail of all student aid origination and payment records by program by student.
- Provide reports to enable institutions and other authorized parties to retrieve payment transactions for up to 18 months.

#### **5.2.4 Enrollment Tracking and Reporting**

One goal was identified for the Enrollment Tracking and Reporting functional area:

1. Ensure timely, accurate enrollment status information is distributed to appropriate parties.

This goal is supported by the following requirements:

- Require schools to report basic data on all enrolled students whether or not they receive aid.
- Require schools to report student enrollment changes as they occur.
- Notify fund sources of student enrollment changes that affect aid status.
- Allow state scholarship and grant agencies access to enrollment information.

#### **5.2.5 Repayment**

Three goals were identified for the Repayment functional area:

1. Provide information and services to assist aid recipients in the timely, efficient, and complete repayment of student loans.
2. Provide information and services to assist loan holders in the timely, efficient, and complete collection of outstanding student loans.
3. Provide students and institutions improved access to student account information (i.e., student loan data and payment history).

Each of these goals (shown in bold type) is, in turn, supported by one or more requirements. The requirements associated with each goal are:

**Provide information and services to assist aid recipients in the timely, efficient, and complete repayment of student loans.**

- Provide financial aid exit counseling.
- Upon leaving school, advise student of rights and responsibilities, outstanding loan balances, opportunities for consolidation if appropriate, repayment options.
- Upon leaving school, allow students to sign up for automatic payroll and/or other debits.
- Upon student leaving school, advise current loan servicer/holder.
- Facilitate the consolidation of loans.
- Allow students to query their loan status.

**Provide information and services to assist loan holders in the timely, efficient, and complete collection of outstanding student loans.**

- Allow authorized parties to query a student's loan status
- Assist loan holders in establishing income contingent repayment terms.
- Facilitate the consolidation of loans.
- Provide unemployment status confirmation by matches with state departments of labor.
- Provide assistance in skip-tracing through Federal and state matches.

**Provide students and institutions improved access to student account information (i.e., student loan data and payment history).**

- Maintain a centralized store of student loan data and payment history for Federal and for non-Federal loans.
- Enable institutions and funding agencies to access and update central student account records.
- Provide students read access to student account information.
- Provide on-line retrieval capability to enable institutions and other authorized parties to retrieve payment transactions for up to 18 months.
- Maintain an on-line archive of transactions.

## 5.2.6 Program Management and Oversight

Four goals were identified for the Program Management and Oversight functional area:

1. Provide appropriate participants access to accurate, timely, easily retrievable summary level information and key indicators to permit more efficient oversight.
2. Provide visibility and audit trails required for responsible staff to ensure that the correct Federal funds reach the right recipient at the right time.
3. Provide capability for responsible staff to perform most program oversight functions via easily accessible data and to focus efforts on problem areas and exceptions.
4. Provide the appropriate data and indicators to justify performance-based regulation of the Title IV programs versus prescriptive regulation.

Because the Program Management and Oversight functional area was added to the Project EASI vision very recently, requirements for this area are not defined as fully as they are for other functional areas. Requirements that have been defined are shown for each associated goal (shown in bold type) below:

**Provide appropriate participants access to accurate, timely, easily retrievable summary level information and key indicators to permit more efficient oversight.**

- Provide visibility to student accounts and the ability to tie all related transactions together at the student account level (e.g., lender activity).
- Create systems that do not discourage accurate reporting of data.

**Provide visibility and audit trails required for responsible staff to ensure that the correct Federal funds reach the right recipient at the right time.**

**Provide capability for responsible staff to perform most program oversight functions via easily accessible data and to focus efforts on problem areas and exceptions.**

- Provide statistical sampling capability to support program oversight staff.
- Make information available at a summary level, but provide access to student-level detail as needed to complete analysis.
- Automatically track key performance indicators and flag potential problems.

**Provide the appropriate data and indicators to justify performance-based regulation of the Title IV programs versus prescriptive regulation.**

- Provide what-if analysis capability to support the formulation of program legislation and policy.
- Provide timely, accurate, comprehensive data needed to provide visibility to program activity as it occurs.

## 5.3 High-Level Processes

A process is a description of work, with a definable beginning and end, that must be done to execute requirements. Processes describe what must be done, not how work will be performed. Subsection 5.1 described the envisioned Project EASI processes as they flow through the postsecondary education life cycle. This subsection identifies the high-level processes that the Project EASI Team identified to implement the requirements stated in subsection 5.2. Processes are simply listed in this subsection at a consistent level of detail as a way to provide visibility to the discrete high-level elements that comprise the Project EASI vision. Readers should refer to the Project EASI website for a more extensive description of these processes.

### **5.3.1 Information Sharing**

The Information Sharing functional area is much more data centered than it is process oriented. As a result, the processes associated with this area are rather simple and incorporate a data component.

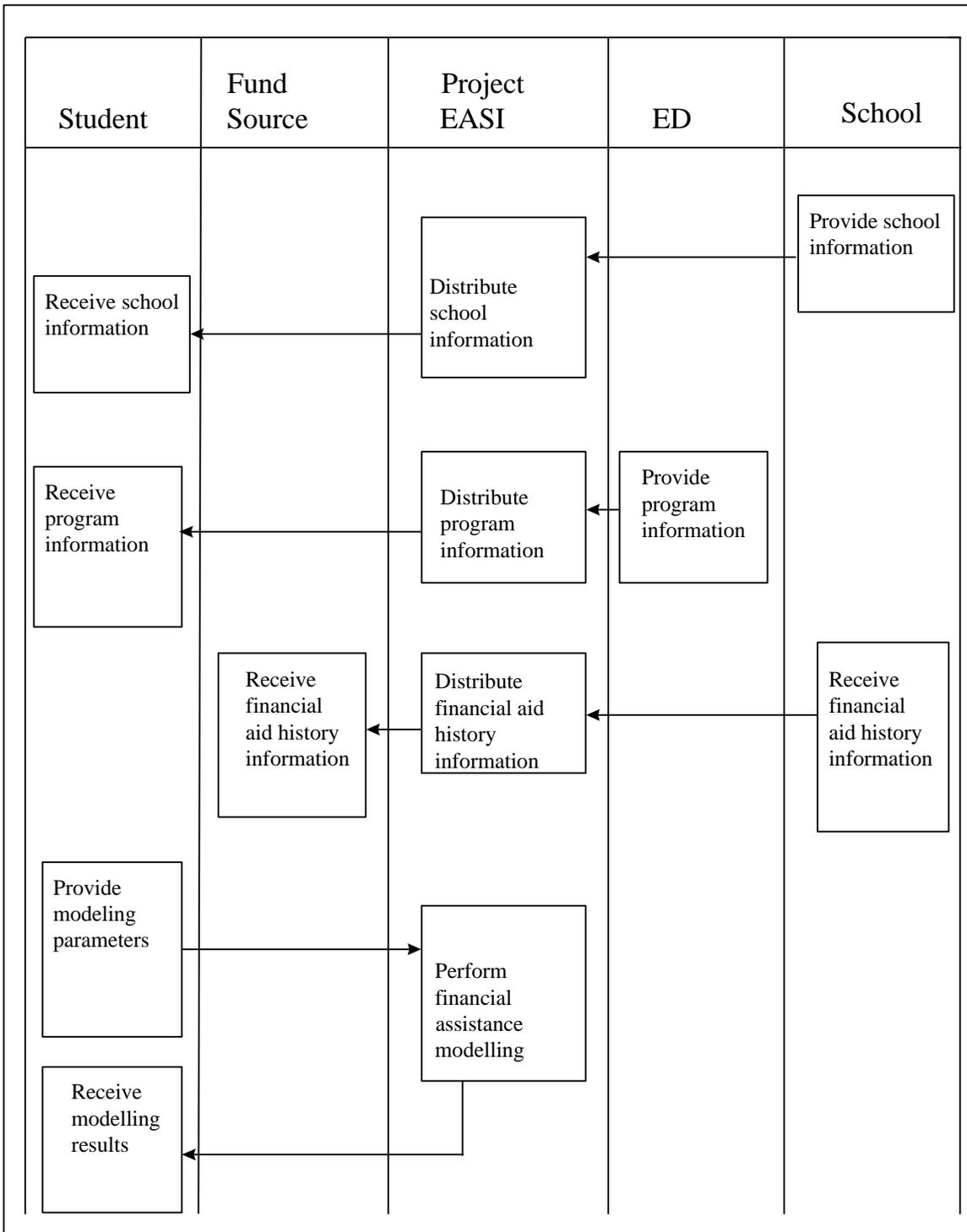
- Distribute education planning information.
- Perform financial assistance modeling.
- Distribute personal data on students and their family members.
- Distribute financial aid history data.

Exhibit 5-1 depicts, at a slightly greater level of detail, the processes used to support information sharing. This exhibit, and similar exhibits used in subsections 5.3.2 through 5.3.5, show the flow of activities that students, schools, ED, Project EASI, and other participants engage in for a specific functional area, and depict the interaction among these activities. Because Project EASI is intended to provide a single point of contact for all users and customers interacting with the postsecondary education community, these exhibits show all processes flowing through Project EASI.

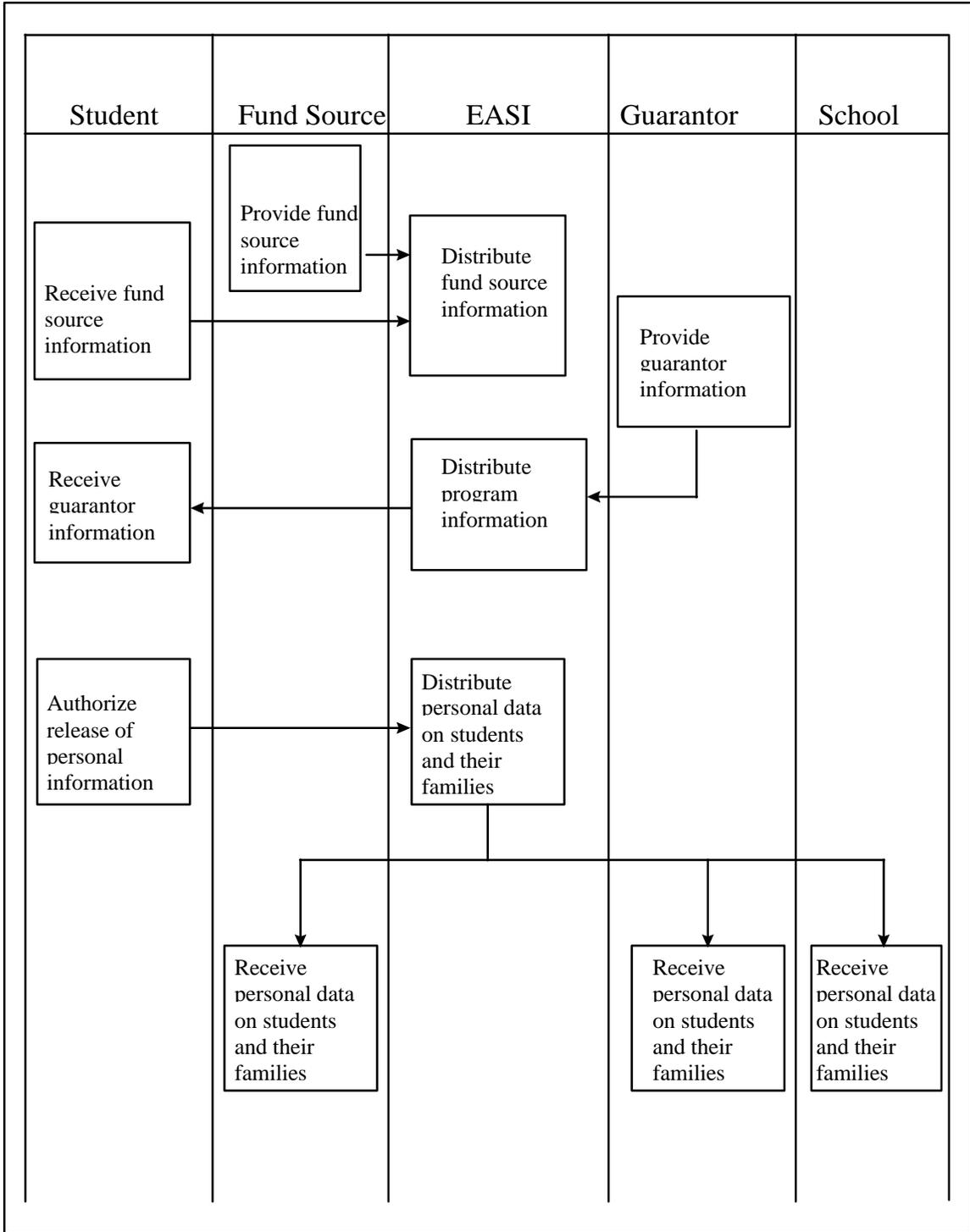
### **5.3.2 Applying**

The Applying functional area encompasses applying for admission to a postsecondary institution, as well as applying for financial aid. This functional area comprises five principal sub-functions that occur more or less sequentially during the life cycle:

- Apply for Admission
- Apply for Aid
- Assess Eligibility
- Package Aid
- Originate Aid



Information Sharing  
Exhibit 5-1



Information Sharing  
Exhibit 5-1 (cont'd)

The processes associated with each sub-function are:

### **Apply for Admission**

- Process admission applications.
- Authorize release of student data to schools.
- Provide student data to schools.
- Facilitate admissions negotiations.
- Notify applicant of admission application results
- Record intent to enroll.
- Notify school of applicant's intent to enroll.

Exhibit 5-2 illustrates the processes used to apply for admission.

### **Apply for Aid**

- Accept aid application request.
- Obtain applicant details from external databases.
- Update student personal data.
- Provide financial aid entrance counseling.
- Facilitate selection of funding sources.
- Notify fund source of applicant's fund source selection.
- Notify school of applicant's fund source selection.
- Facilitate aid negotiations.

### **Assess Eligibility**

- Obtain or validate income and other information with external databases.
- Calculate EFC.
- Determine applicant eligibility for financial aid.
- Notify school of applicant eligibility determination.
- Notify applicant of eligibility determination.
- Process school Title IV program eligibility.

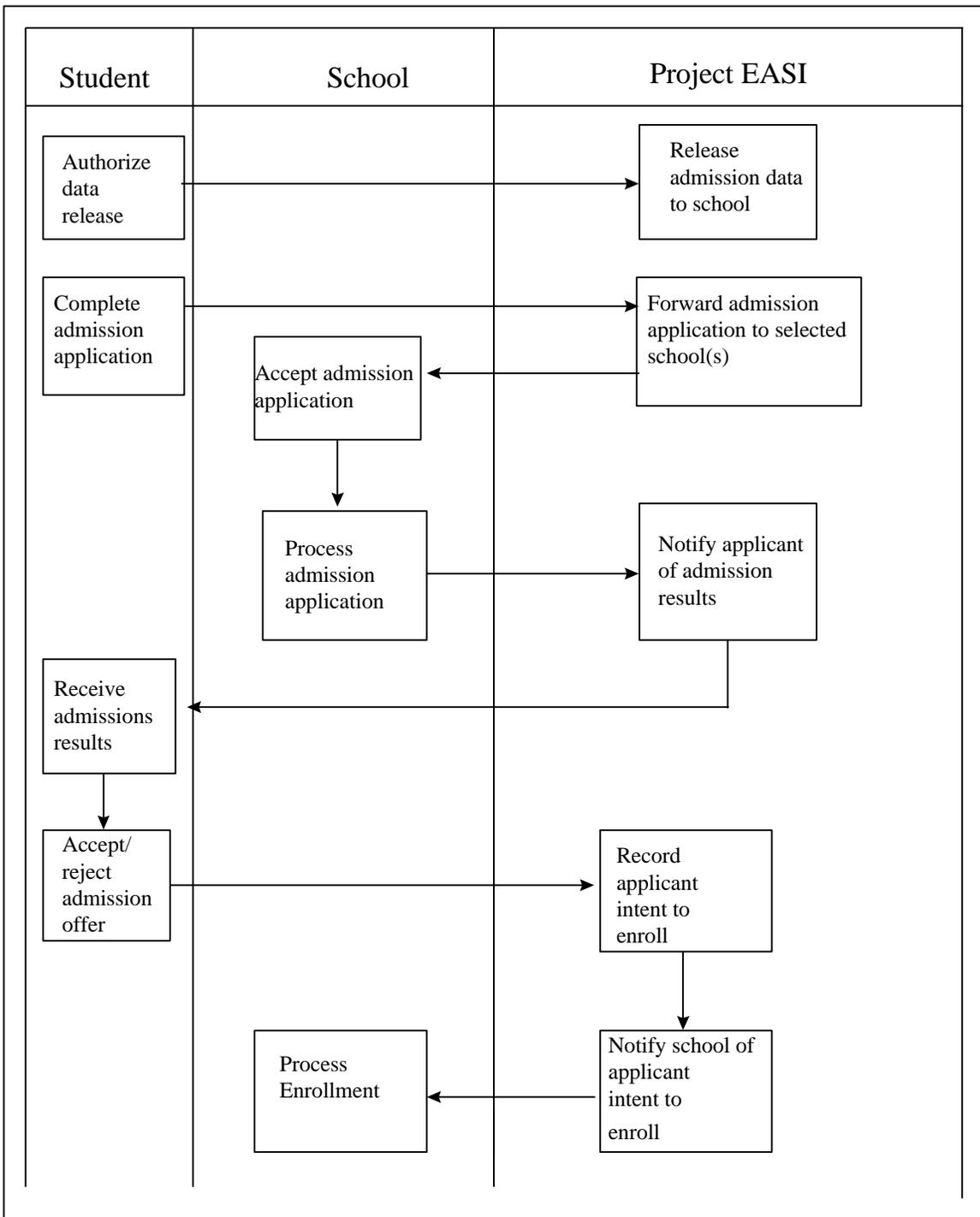
### **Package Aid**

- Support aid packaging.
- Direct aid package to applicant.
- Process student aid package acceptance.
- Inform funding source of student aid package acceptance.
- Process promissory note from borrower.

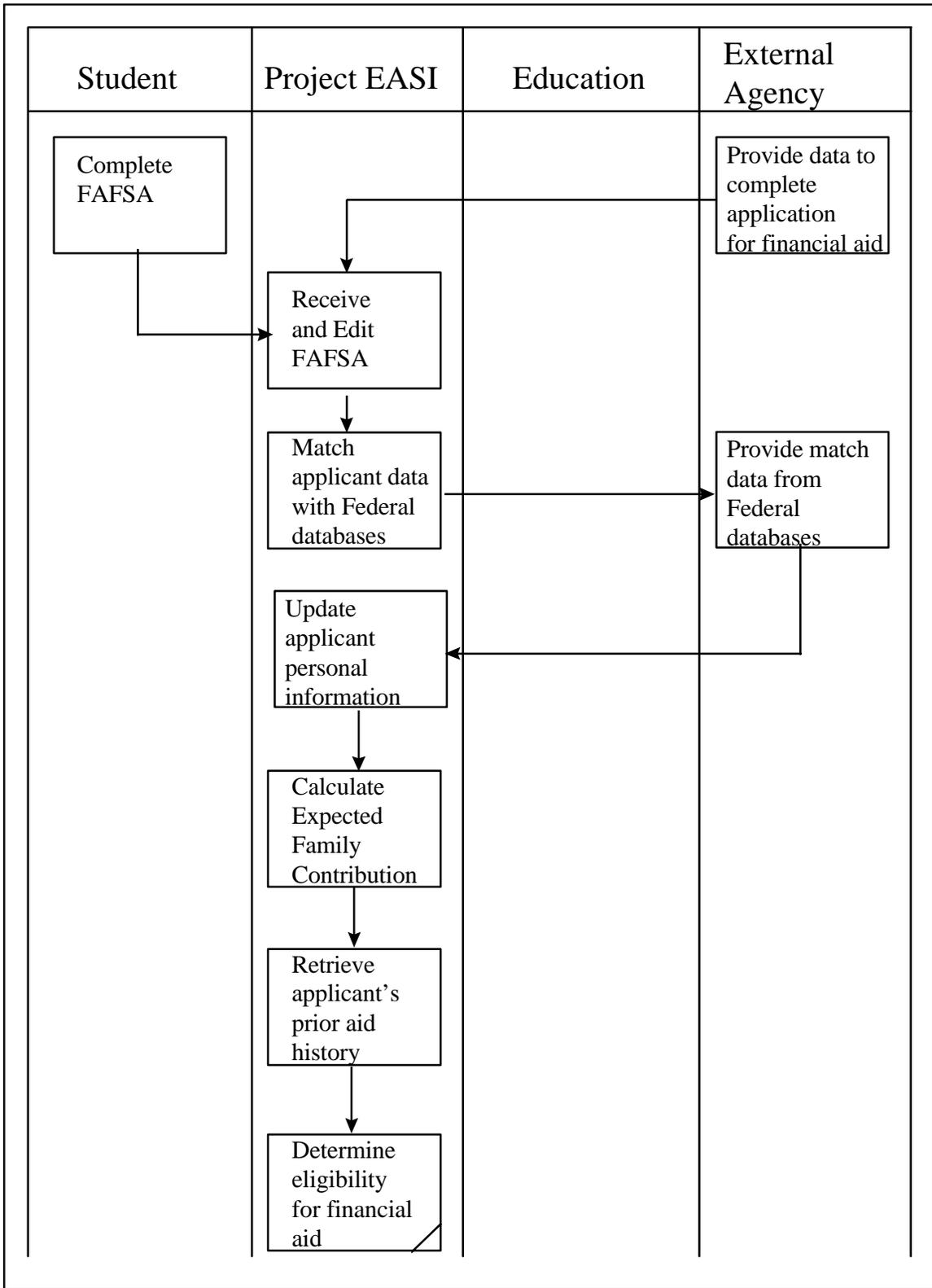
### **Originate Aid**

- Support aid origination.
- Notify funding sources of aid origination notice.
- Accept or reject origination notice based upon program criteria.
- Acknowledge origination notice and acceptance or rejection.
- Record aid disclosure notice acknowledgment.

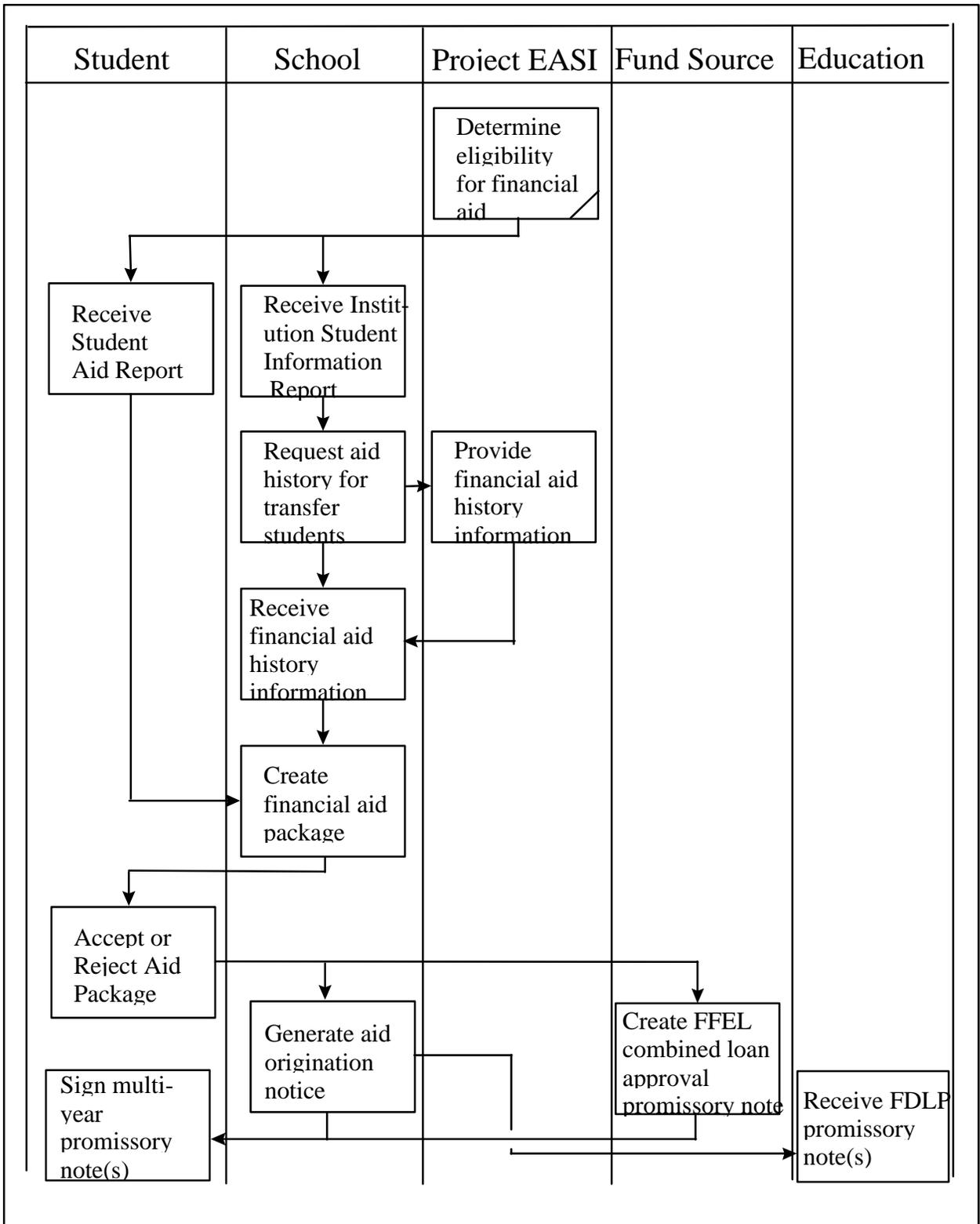
Exhibit 5-3 illustrates the processes used to apply for and to originate student financial aid.



Applying for Admission  
Exhibit 5-2



Applying for Aid  
Exhibit 5-3



Applying for Aid  
Exhibit 5-3 (cont'd)

### 5.3.3 Disbursing Funds

The Disbursing Funds business area reflects a single disbursement approach for all financial aid programs. It uses two methods of providing funds - an invoice method that represents the desired method of performing this function, and the scheduled payment method that reflects current business for FFELP.

#### Provide Funds

##### Invoice Method

- Generate disbursement record.
- Forward disbursement record to funding sources.
- Book loan.
- Notify borrower that loan is booked and of terms.
- Create ACH payment total with remittance detail for ACH transaction.
- Generate return disbursement roster.
- Generate summary return disbursement roster.
- Forward ACH data to Federal Reserve.
- Transfer funds to school account.

##### Scheduled Payment Method

- Generate disbursement roster.
- Book loan.
- Notify borrower that loan is booked and of terms.
- Create ACH payment total with remittance detail for ACH transactions.
- Generate return disbursement roster.
- Generate summary return disbursement roster.
- Forward ACH data to Federal Reserve.
- Transfer funds to school account.

#### Disburse Funds

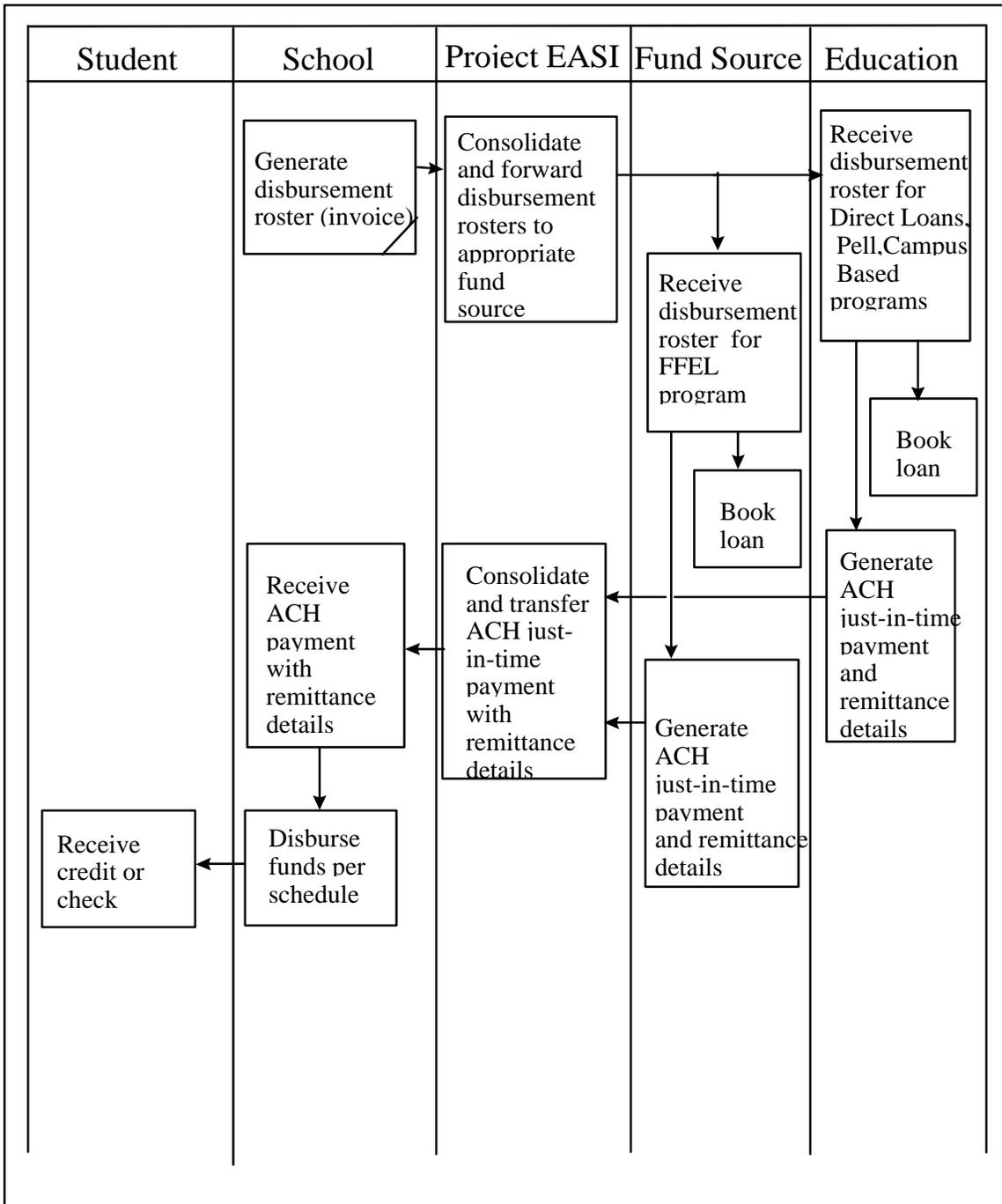
- Credit student or generate payment.
- Calculate interest owed to FFELP lender.
- Pay interest to lender.
- Calculate special allowances owed to FFELP lender.
- Pay special allowances to lender.
- Calculate ACA owed to guarantor.
- Pay ACA to guarantor.

Exhibit 5-4 illustrates the processes used to provide funds using the invoice method. Exhibit 5-5 illustrates the processes used to provide funds using the scheduled payment method.

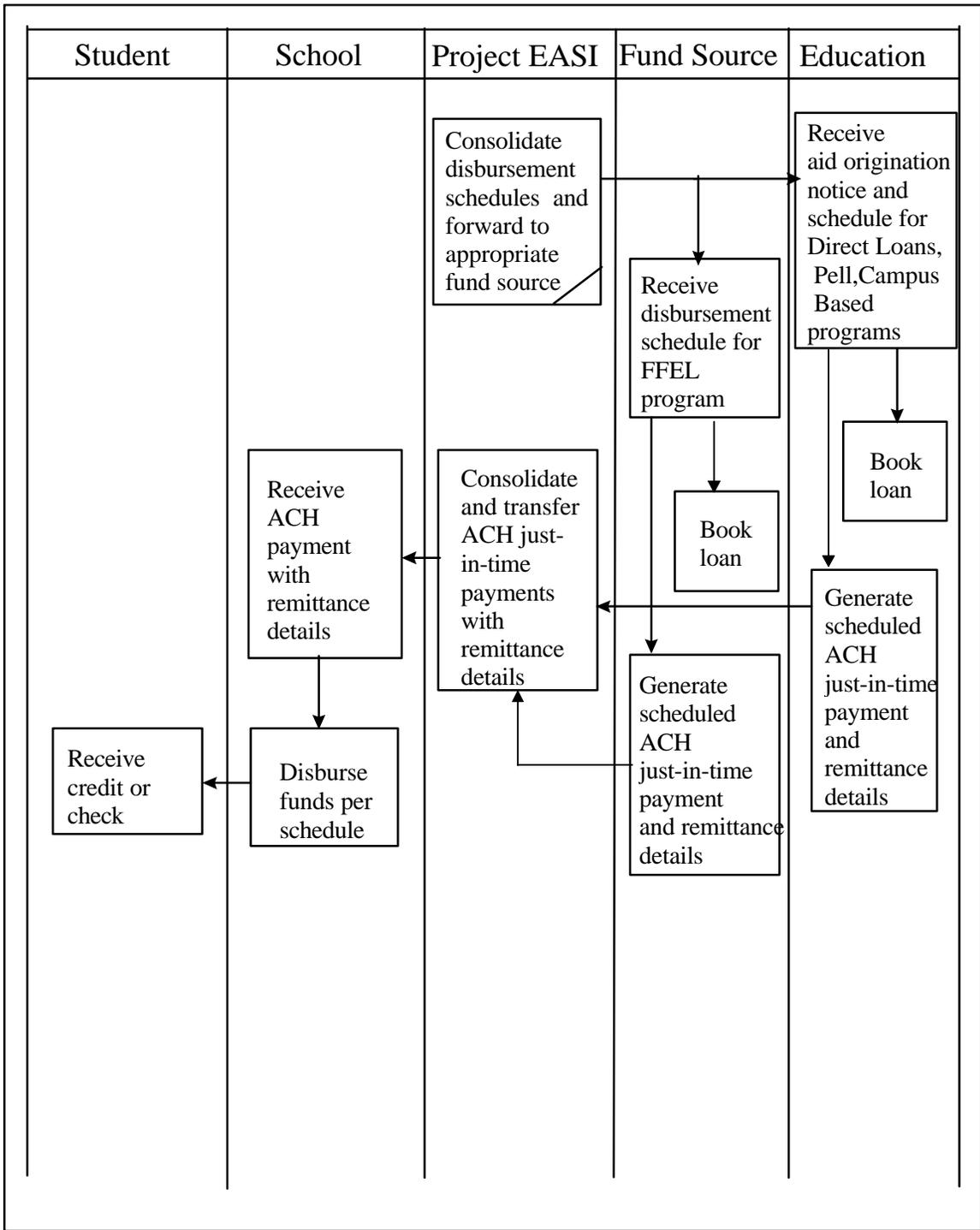
### 5.3.4 Enrollment Tracking and Reporting

The Enrollment Tracking and Reporting functional area uses the following high-level processes:

- Process enrollment status changes.
- Notify funding sources of enrollment status changes.
- Provide enrollment status information to state scholarship and grant agencies.



Disbursing Funds, Invoice Method  
Exhibit 5-4



Disbursing Funds, Scheduled Payment Method  
Exhibit 5-5

### **5.3.5 Repayment**

The Repayment functional areas encompasses repayment and collection of defaulted loans, and the processes that support these two sub-functions.

#### **Enter Repayment**

- Generate statement of account and repayment terms at repayment entry.
- Notify borrower of repayment status.
- Provide exit counseling.
- Perform modeling of repayment options.
- Facilitate automatic deductions.
- Validate unemployment status with state and other agencies.
- Process deferments.
- Notify loan holders of deferment status.
- Process forbearance's.
- Notify loan holders of forbearance status.
- Notify loan holders of consolidation request.
- Request payoff information.
- Provide payoff information to consolidation agent.
- Generate Federal payments to private fund sources.

#### **Process Repayment (Federally Funded Programs)**

- Generate bills.
- Process student payments.
- Calculate loan interest.
- Verify income.
- Calculate income-contingent repayment amounts.
- Track deferment status.
- Track forbearance status.
- Process reinsurance claims from guaranty agencies.
- Maintain repayment history.

#### **Process Repayment (Non-Federally Funded Programs)**

- Verify income.
- Calculate income-contingent repayment amounts.
- Notify loan holder of deferment status.
- Notify loan holder of forbearance status.
- Receive loan history updates.

#### **Perform Collection**

- Accept defaulted loan records.
- Perform data matches to track defaulted borrowers.
- Provide loan records to collection agency.
- Process litigation.

### **Perform Skip Tracing**

- Garnish wages.
- Offset Federal payments.
- Collect loan repayments.

### **Calculate Default Rates**

- Calculate default rates for Federal loan programs.
- Notify organizations of default rates.
- Generate and disseminate backup data.

Exhibit 5-6 illustrates Project EASI support to repayment and collections.

### **5.3.6 Program Management and Oversight**

Specific processes to implement Program Management and Oversight have not been defined. This area relies primarily on the availability and accessibility of appropriate data needed to perform these roles.

## **5.4 High-Level Data Requirements**

This subsection presents an initial list of the data objects that Project EASI processes are expected to access. Additional data requirements may be identified as analysis proceeds into later phases of the life cycle.

### **Student Data**

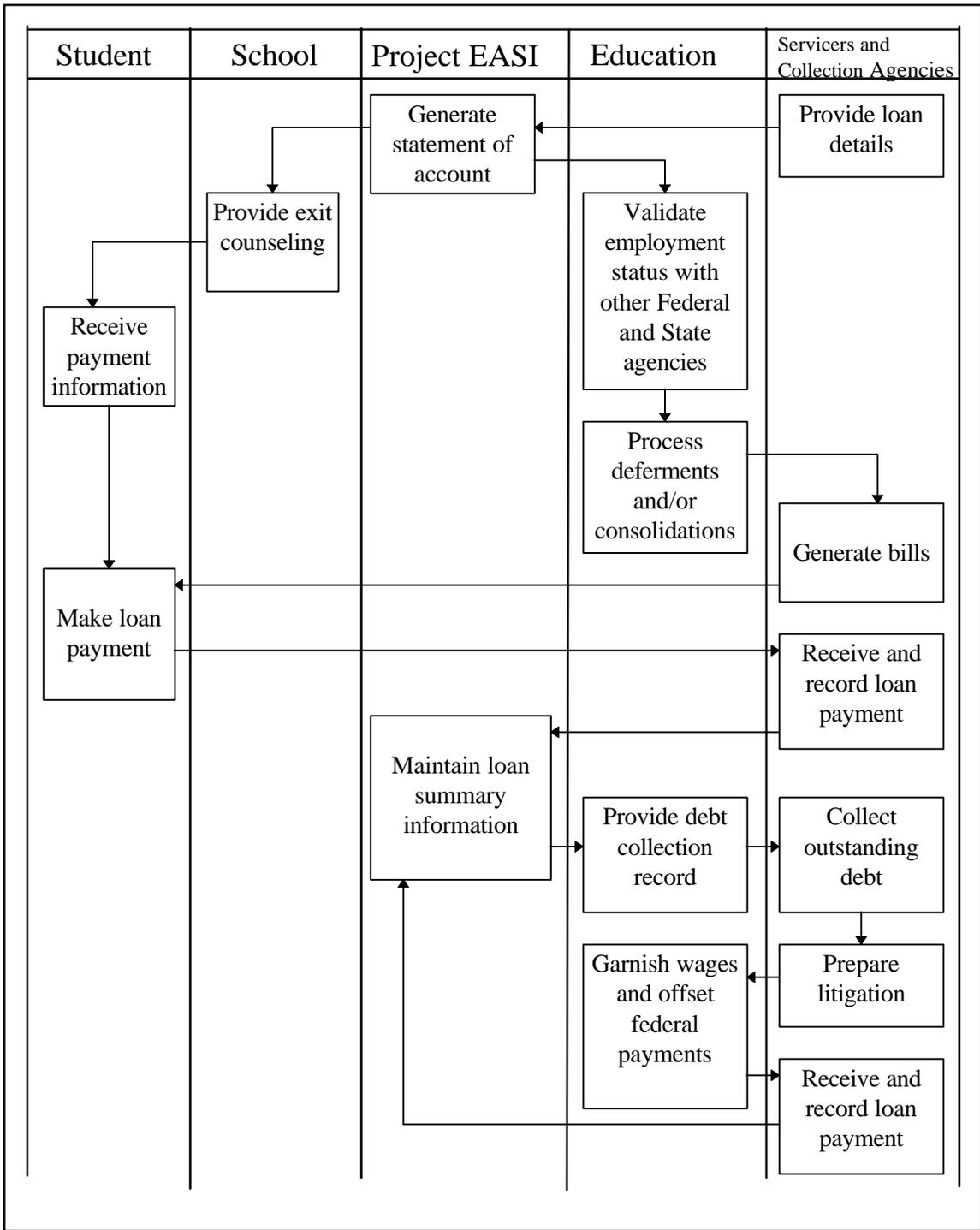
- Personal Information
- Demographic Information

### **Borrower Data**

- Personal Information
- Family Income/Aid Eligibility Information
- Demographic Information
- Employment Status
- Enrollment Status
- Loan Account Status
- Loan Default Status
- Deferment Status
- Forbearance Status

### **Aid Data**

- Loan Account Information
- Loan History Information
- Aid Origination Information
- Loan Booking Information
- Disbursement Information
- Loan Default Information



Repayment and Collections  
Exhibit 5-6

**School Data**

- Aid Package Information
- Admissions Criteria
- Academic Offerings
- Education Accreditation/Licensing Information
- Program Eligibility Information
- Business Information
- Review Information
- Default Rate Information
- Curriculum/Course Information
- Tuition/Boarding Cost
- School Rating Information
- Acceptance Information
- Campus Administrative Information
- Scholarship Information
- Career Opportunities Information

**Funding Source Data**

- Loan Information
- Grant Information
- Program Requirements
- Repayment Options Information
- Business Information
- Review Information
- Default Rate Information
- Secondary Market Information

**Guarantor Data**

- Business Information
- Review Information
- Default Rate Information

**Program Data**

- Title IV Aid Information
- State Aid Information
- Other Aid Information

**Program Cost Data****State Agency Data****Servicer Data****ED Data****Project EASI Data**

## **6. PRIORITIES, ISSUES, AND SCOPE**

As part of the effort to define the Project EASI vision, the Project EASI Team developed a list of goals that support achievement of the high-level objectives (stated in subsection 1.1). The relative priorities attached to these goals will be one of the factors used to reach decisions regarding which functionality should be implemented in what sequence under ED's Project EASI implementation effort. This section documents the consolidated, prioritized list of goals for this effort based upon input from both Project EASI Team members and ED managers. Subsection 6.2 discusses issues associated with the Project EASI vision, requirements, and priorities (as applicable). Subsection 6.3 culminates the Project EASI Concept Document with a recommendation regarding the scope for the next phase of ED's implementation effort.

### **6.1 Priorities**

The Project EASI Team identified a number of goals for Project EASI, prioritized within each major functional area. The integrator interviewed ED managers to obtain their input regarding these goals and their priorities. Project EASI Team members and ED managers were polled regarding the priority they would assign to each major functional area. (Only five of the six functional areas were included in the balloting process; the sixth area -- program management and oversight -- had not been identified at that time.)

The purpose of this effort was to obtain additional input regarding the Project EASI concept and goals from ED managers, and to facilitate agreement regarding the goals and their associated priorities. In reality, ED managers were almost entirely in agreement with the Project EASI Team. They suggested only one additional goal, one change in priorities, and that one goal appear in two functional areas instead of one. Project EASI Team members and ED managers were also in fairly close agreement regarding the relative priorities of change in each of the major functional area.

To arrive at a recommended final list of prioritized functional areas and goals for Project EASI, individual ballots were totaled for each functional area and the total numbers were used to establish the priorities. The following list shows the Project EASI functional areas and goals in priority order.

#### **Applying**

1. Streamline student aid application, packaging, and origination process.
2. Facilitate school admission process.
3. Streamline the institution application for eligibility process, making the process less burdensome on schools.

#### **Information Sharing**

1. Provide access to a comprehensive information resource regarding postsecondary education and financial aid programs, policy and guidelines, funding sources, and topics of interest to the postsecondary education community and its clients.
2. Provide an enhanced customer service mechanism throughout the student financial assistance community by facilitating information sharing among participants.
3. Enable participants to provide feedback on the services that Project EASI provides and use this feedback to drive continuous improvement of the financial aid process and of Project EASI.

## **Disbursing Funds**

1. Simplify the origination, payment, and reconciliation process for all student financial assistance programs.
2. Provide students and institutions improved access to student account information (i.e., student loan data and payment history).
3. Improve management of Federal funds to reduce excess cash at institutions and to improve timeliness of accounting.
4. Capture and maintain information to satisfy all Federal and institutional reporting requirements associated with student transaction histories.

## **Enrollment Tracking and Reporting**

1. Ensure timely, accurate enrollment status information is distributed to fund sources.

## **Repaying**

1. Provide information and services to assist aid recipients in the timely, efficient, and complete repayment of student loans.
2. Provide information and services to assist loan holders in the timely, efficient, and complete collection of outstanding student loans.
3. Provide students and institutions improved access to student account information (i.e., student loan data and payment history).

## **Program Management and Oversight**

1. Provide appropriate participants access to accurate, timely, easily retrievable summary-level information and key indicators to permit more efficient oversight.
2. Provide visibility and audit trails required for responsible staff to ensure that the correct Federal funds reach the right recipient at the right time.
3. Provide capability for responsible staff to perform most program oversight functions via easily accessible data and to focus efforts on problem areas and exceptions.
4. Provide the appropriate data and indicators needed to justify performance-based regulation of the Title IV programs vs. prescriptive regulation.

In addition to the major Project EASI functional areas identified above, another Project EASI priority is the identification, agreement upon, and implementation of data standards and of data exchange standards and mechanisms, such as EDI.

These goals support attainment of the Project EASI objectives. The priorities reflected above do not have any immediate impact on ED's portion of the Project EASI implementation effort. Had there been significant differences in opinion between Project EASI Team members and ED managers, these differences might have led to specific issues and might have affected the recommended scope for ED's effort. Since that did not occur, the priorities do not become factors in Project EASI implementation until detailed planning for design or acquisition of specific

functionality is performed. At that time these priorities will be only one of the factors affecting the timing and delivery of selected elements of functionality.

## **6.2 Issues**

Consideration of issues associated with the Project EASI concept, requirements, and priorities is a necessary step in defining a recommended scope for ED's implementation effort. Although the priorities identified in subsection 6.1 did not generate any specific issues, there are a number of issues or potential issues associated with the concept and requirements. This subsection presents an initial list of those issues. The list is not comprehensive -- additional issues will be identified as the project proceeds. The issues presented were derived from an assessment of technical risk, management risk, security considerations, and scope (i.e., the extent to which ED's implementation effort extends into the postsecondary education community at large). The intent of this subsection is to raise at an aggregate level the issues that might affect the scope or planning for ED's implementation effort. The Project EASI Program Management Plan presents a lengthier discussion of specific risks and potential mitigation techniques.

### **6.2.1 Technical Issues**

The Project EASI vision emphasizes the extensive use of current information technology to achieve its goals. A very complex distributed system involving participants throughout the postsecondary education community, private industry, and state and Federal government agencies is implied. The following technical issues should be considered:

- Capabilities of schools and their software providers must be examined in detail to assess what processes they can support and within what time frame. A risk exists that the Project EASI concept and requirements do not adequately allow for the full range of school capabilities with regard to information planning and introduction of change. This issue might equally apply to lenders.
- The maturity of electronic commerce technology needs to be determined in terms of capability, performance, security, complexity, and cost. The Project EASI concept and requirements reflect a heavy reliance on electronic commerce. While in some senses this technology is widely used today, there are still issues associated with its adoption, implementation, and operation that must be better understood before complete implementation occurs.
- A variety of technical approaches to disseminating information and to interacting with Project EASI must be examined so that access is not denied to those who most need the support, but who are least likely to have access to technology. One of Project EASI's objectives is to provide the widest possible access to information for prospective students, students, their families, and postsecondary education organizations. However, the focus on creating a streamlined system that relies extensively on automation may divert attention from the need to accommodate customers with a wide range of capabilities, resources, and cultural viewpoints.
- The current Project EASI vision and requirements are defined at a high level, appropriate to this stage in the development life cycle. There are a number of areas where gaps in concept definition exist -- e.g., how to accommodate Campus-Based Programs in the envisioned processes, the number and type of non-Title IV aid programs that Project EASI is intended to encompass, what is meant by supporting consolidation or supporting forbearance processing, how extensive what-if modeling capabilities would need to be to be effective in meeting customer needs. To some degree gaps are natural at this phase; however, they must be resolved as the implementation effort progresses

and the process of resolving these questions is likely to lead to a level of discussion that surfaces differing points of view among the parties involved.

- The Project EASI vision suggests a number of specific technology solutions. Before implementation of specific elements begins, those suggested solutions need to be examined in terms of real capability, the degree to which they really fit the problem being addressed, and their capacity to handle the intended workload volume and type. For example, relational database management systems are excellent tools for providing flexible access to data; however, they may not be the most efficient structure for a database that needs to rapidly update or process very large numbers of records.

### **6.2.2 Management Issues**

The following are issues that should receive management attention, either to more fully define an aspect of the Project EASI vision or to resolve differing views. Changes to respond to some of these issues may need to be addressed through Reauthorization of the Higher Education Act of 1965.

- Realization of Project EASI requirements will necessitate a coordinated implementation effort between ED and other members of the community. It is not clear how clear leadership and authority of such an effort can be established so that the project can be successful. Agreement among stakeholders must be reached regarding leadership of the implementation efforts, whether that results in a single authority or a cooperative arrangement. The process for reaching consensus or for acting when consensus cannot be reached must be defined and committed to.
- The Project EASI vision expresses a desire to be creative in identifying organizational structures to deliver services. ED must consider to what extent it is willing or able to accede authority or responsibility for activities in some areas.
- Realization of Project EASI concept and requirements will, in some cases, require that existing policy, regulations, or legislation governing the postsecondary education community be changed. ED managers will need to consider how best to facilitate this change and how long it will take to obtain policy or legislative changes in relation to anticipated timing of implementation efforts.
- Project EASI requirements emphasize obtaining data automatically from other information systems throughout the country. There are known legal issues associated with obtaining or using data from some of the contemplated sources, such as the Internal Revenue Service. While these issues can be resolved, the lead time to do so is long and must be considered as the overall effort is evaluated and executed. Similarly, there are uncharted legal waters to navigate. It is possible, but not known definitely, that some states may have restrictions on access to and use of data in systems that Project EASI requirements would drive the system to access. The nature and extent of any such restrictions needs to be investigated early so that there is time to either negotiate a legal change or solution, or to revise the implementation plan (e.g., design and development activities, architecture) to work around the limitation.

- Other legal issues suggested by the Project EASI requirements include:
  1. Are there state legislative or regulatory restrictions on doing just-in-time disbursements? Such restrictions are rumored, but not confirmed.
  2. What is the enforceability of a multi-year promissory note in future collections? Discussions to date suggests that Department of Justice does not believe these notes are enforceable. Is this correct? What are the risks for ED and the community if this is the case?

### **6.2.3 Security Considerations**

Information systems security, especially telecommunications security over public networks such as the Internet, is a hot topic throughout the economy today. It is not surprising that security is also a hot topic for Project EASI implementation. Some of the issues in this area are:

- ED must determine what balance it wants to achieve between the need to protect information on students and their families (driven by the Privacy Act) and the need to provide better access to information for individuals with the need and a right to know. Although security technology is available, a comfort level has clearly not yet been reached regarding how effective these methods really are. Appropriate safeguards will need to be ensured both as data is transmitted and as it is stored.
- Among Project EASI's requirements is for students, family members, and organizations within the postsecondary education community to be able to selectively update database(s) established to support the vision. A very well-defined understanding is needed of precisely what data is suitable for update by external sources, the mechanism for updating data (e.g., authorization, processing), and the controls on updating data.
- Authentication of Project EASI users -- via a Personal Identification Number (PIN) or another means -- presents another security challenge. While use of PIN numbers and other identification methods has clear precedent in industry, very effective control of these numbers must be established to ensure that security vulnerability is not increased. Additionally, the techniques used to ensure security must be evaluated in terms of the benefit of the level of security they provide versus the cost or burden they introduce to the Project EASI system(s).
- Physical security may be an issue associated with Project EASI. As individuals use microcomputers, particularly those located in shared spaces (e.g., dormitories, classrooms, offices) to access personal information in Project EASI databases, the system(s) become vulnerable to unauthorized users. Often, people using microcomputers leave their computers on when they are away from their desks. In this situation, the microcomputer becomes an open doorway for an unauthorized user to access a connected system. Because of the extreme size and diversity of the customer base, strict physical security measures cannot be implemented. Project EASI implementation plans with regard to security will need to consider this type of vulnerability.

### **6.2.4 Scope**

The Project EASI vision clearly encompasses a community far beyond the current bounds of ED authority or responsibility. On one hand the vision drives to a very integrated set of solutions, but at the same time the Project EASI Team has clearly indicated the desire that ED's authority over Project EASI implementation not extend too far into the community. The scope of ED's effort -- i.e., the degree to which ED's implementation of Project EASI requirements extends into

the community -- must take into consideration the legal, financial, and technical issues associated with questions such as:

- Who is liable for repairing damage to systems, recovering or recreating lost data, or paying for lost or diverted man-hours if software that ED provides community members causes a problem in an organization's computer system(s)?
- To what degree will or should ED direct the standards that are needed for use throughout the community in support of Project EASI implementation?
- To what degree is ED comfortable with relying upon community-based development efforts for processes or functions that will directly affect the systems that ED uses for its responsibilities? For example, if PINs are used to enable users to access Project EASI systems, including those that ED builds and operates, is ED willing to rely on an external organization to develop a system, generate, and control issuance of PINs? What are the implications if incompatible technical approaches are used, if project schedules do not stay synchronized, or if the cost of the solution becomes too high for ED?

The issues raised in the preceding subsections are not insurmountable. However, they definitely are substantial, relevant, and require careful consideration, planning, and commitment to resolve.

### 6.3 Scope of ED Implementation Effort

This subsection presents the recommended scope for the next phase of ED's Project EASI implementation effort, and an approach to refining that scope as the project progresses.

ED is currently responsible for managing and administering Title IV aid programs, and for delivering aid under the FDLP. In addition, ED has corollary responsibilities to the postsecondary education community and to prospective students, students, and their families. The scope of ED's current responsibilities span all of the major functional areas identified for Project EASI. Perhaps the area least within ED's purview is information sharing, although ED managers are eager to support this important function. Given ED's responsibilities and its need to move forward with reengineering the Title IV systems, the following scope and approach is recommended:

- **Initial Scope** - The next phase of the system development life cycle is the definition phase, during which high-level requirements identified in the Project EASI concept will be further analyzed and defined to a lower level of detail. For the requirements definition phase, ED's effort should encompass:
  1. All Project EASI requirements that are reflected in ED's current activities (spanning Applying, Disbursing Funds, Enrollment Tracking and Reporting, and Repayment);
  2. Requirements for new capabilities that will directly affect the success of ED's systems - e.g., PIN number generation and use; and
  3. Requirements for interaction between ED and members of the community.
- **Refined Scope** - At the end of the definition phase, ED will have a better understanding of how Project EASI requirements currently identified fit with its current systems and responsibilities. Additionally, through the cost/benefit analysis of functional requirements and assessment of priorities and resources, ED managers will be positioned to work with

other stakeholders to identify additional candidate functionality for community-based development efforts. At this point the scope of ED's effort would probably narrow, and the Project EASI Team would be able to work closely with external community members to make cooperative development efforts a success. This approach to defining scope advocates a truly cooperative approach to implementing Project EASI, where there is some substantial degree of interdependence among the development efforts.

To further clarify the areas of the Project EASI vision that should be included in the initial scope of ED's Project EASI implementation effort, the Project EASI Core Team reviewed the Activity Hierarchy Diagram (AHD) produced as part of the Project EASI ISP. The AHD lists functions and processes that the community members who participated in the modeling process believed should be included in Project EASI. The AHD is not limited to ED's role, but encompasses the entire Project EASI community as defined earlier in this document.

This AHD encompasses five major functions. Of these, the Project EASI Core Team determined that three should be included in the scope of ED's initial Project EASI implementation effort, as defined above. These areas are:

- **3. Operation** - encompassing Personal Education Planning (3.1), Apply for School and Aid (3.2), Funds Management (3.3), and Administrative Support (3.4), with the exception of Manage Information Systems (3.4.2), which does not involve developing systems.
- **4. Oversight** - encompassing Program Participation (4.1), Compliance Monitoring (4.2), Audit Findings (4.3), and Determine Liabilities (4.4).
- **5. Evaluation** - encompassing Continuous Assessment and Improvements (5.1), Assess Program and Outcomes (5.2), and Make Recommendations (5.3).

The community model AHD is presented in Appendix D. It shows the functions and processes named above, as well as other subordinate processes identified through the modeling effort.

**APPENDIX A  
ACRONYMS AND DEFINITIONS**

## APPENDIX A ACRONYMS AND DEFINITIONS

ACA	Administrative Cost Allowance
ACH	Automated Clearinghouse
AHD	Activity Hierarchy Diagram
APPSD	Application and Pell Processing Division
CASE	Computer-Aided Software Engineering
COTS	Commercial Off the Shelf
CPS	Central Processing System
DBMS	Database Management System
EASI	Easy Access for Students and Institutions
ED	U.S. Department of Education
EDCAPS	U.S. Department of Education Consolidated Accounting and Payment System
EDE	ED Express
EDI	Electronic Data Interchange
EDS	Electronic Data Systems, Inc.
EFC	Estimated Family Contribution
EFT	Electronic Funds Transfer
FAFSA	Free Application for Federal Student Aid
FAT	Financial Aid Transcript
FDLP	Federal Direct Loan Program
FFELP	Federal Family Education Loan Program
FISAP	Fiscal Operations Report and Application to Participate
IDS	Institutional Data System
ISIR	Institution Student Information Report
ISP	Information Strategy Plan
MDE	Multiple Data Entry
NSLDS	National Student Loan Data System
OPE	Office of Postsecondary Education
PEPS	Postsecondary Education Participants System
PGR/FMS	Pell Grant Recipient and Financial Management System
PIN	Personal Identification Number
PMS	Payment Management System
SSCR	Student Status Confirmation Report
TIVWAN	Title IV Wide Area Network

**APPENDIX B**  
**TITLE IV SYSTEM OPERATING ENVIRONMENT**

<b>System</b>	<b>Contractor</b>	<b>Hardware</b>	<b>Operating System</b>	<b>DBMS</b>	<b>Application Software</b>
Campus Based System	Universal Automation Labs	Amdahl 5995	MVS/ESA	ISAM, VSAM	OSVS COBOL, COBOL II
Central Processing System	NCS	IBM 9672 Server	MVS	DB2/VSAM	COBOL II
EDEExpress	NCS	IBM Compatible PC	DOS, Windows 95	MS Access	Visual C++
Central Database Direct Loan System	CDSI	IBM Mainframe	MVS/ESA	DB2	IEF, FARS
Direct Loan Origination System	EDS/CDSI	HP T500 Servers/ Dec VAX	HP-UX/ OpenVMS	Informix/ RDB	IQ Access, Form Flow, COBOL/ COBOL
Direct Loan Servicing Systems	CDSI	Dec VAX 7610, IBM 3090	OpenVMS/ MVS/XA	RDB	COBOL
Federal Family Education Loan System	E-Systems	IBM 3090 Mainframe	MVS/ESA	IDMS	CICS, COBOL
Institutional Data System	MadenTech Corp.	IBM 3090 Mainframe	MVS	M204	COBOL
Multiple Data Entry System (ACT)	ACT	SUN SPARC20 Image and Q Servers	Unix	Informix	RRI Fip Manager, Formworks Q Manager
Multiple Data Entry System (I-NET)	I-NET	Sun SPARC Station	Unix	Oracle	I-SYSTEM
National Student Loan Data System	E-Systems	IBM 3090 Compatible Hitachi	MVS/ESA	DB2	IEF, CICS, COBOL II, EDA/SQL
Pell Grant Recipient/Financial Management System	Lockheed Martin, PRC	Amdahl 5990	MVS/ESA	ISAM, VSAM	COBOL
Postsecondary Education Participants System	Computer Business Methods Inc.	HP T500 Server	Unix	Oracle	Oracle Client
Title IV Wide Area Network	NCS/GEIS	IBM 3090	MVS/ESA	DB2	COBOL II

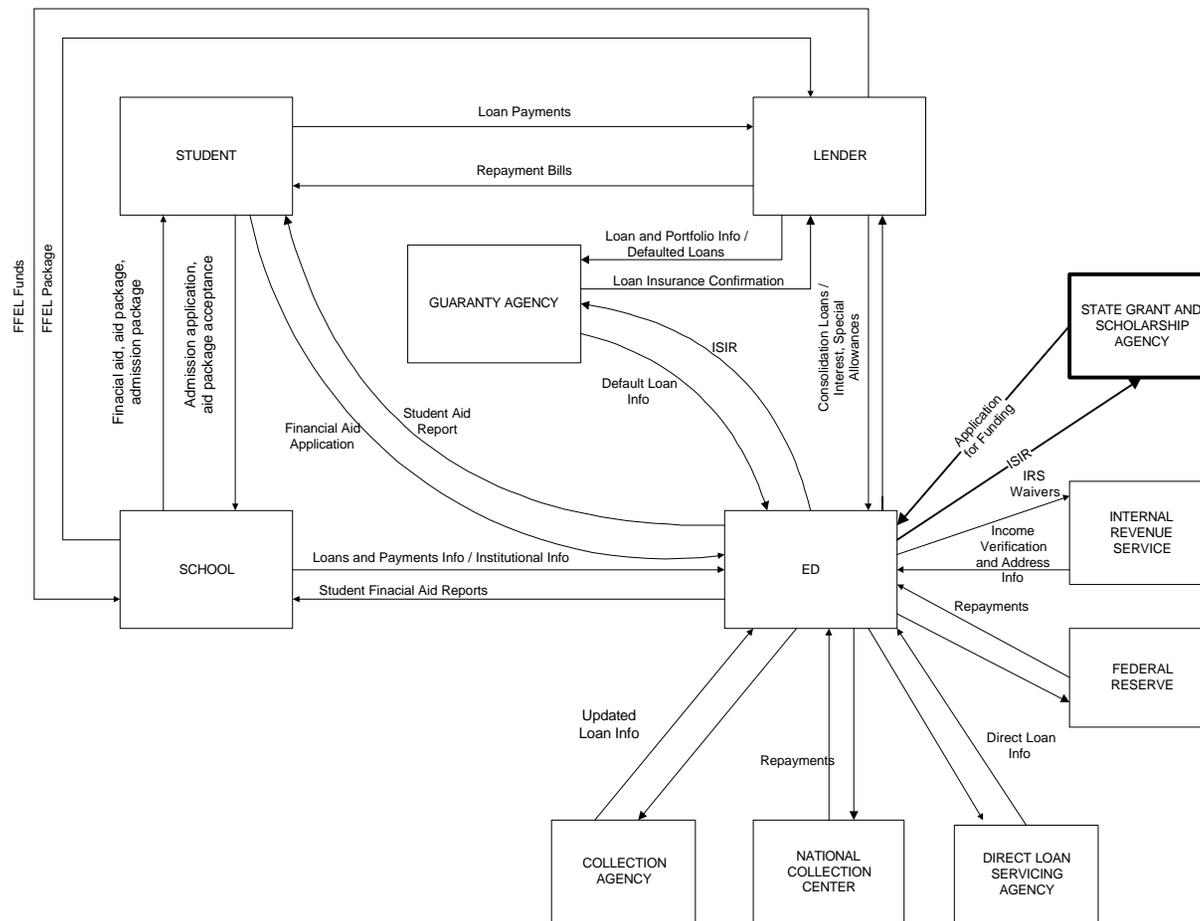
Title IV System Operating Environment  
Exhibit B-1

**APPENDIX C**  
**CURRENT SYSTEM INTERFACES**

## **APPENDIX C CURRENT SYSTEM INTERFACES**

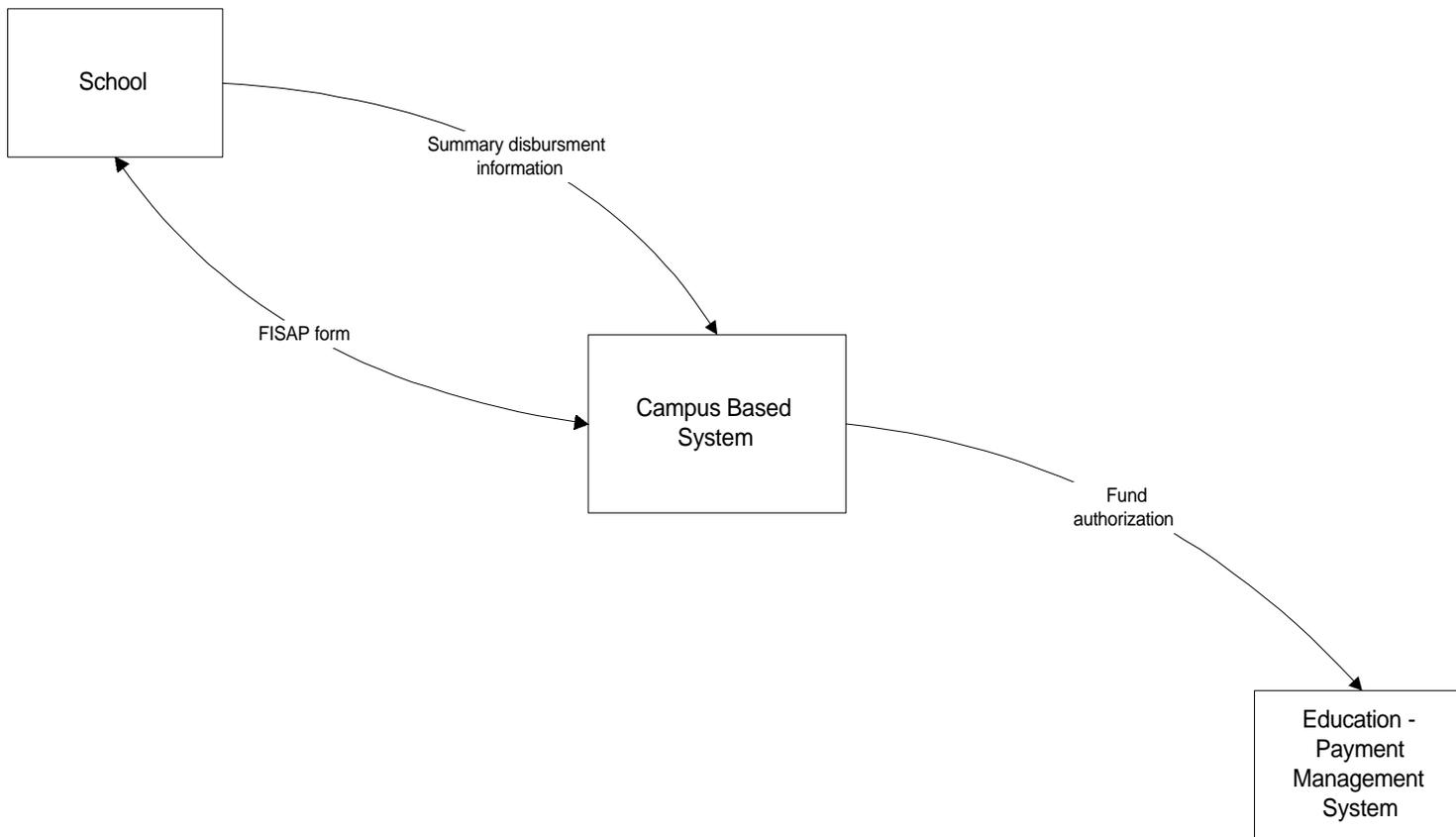
This appendix presents context diagrams depicting the current system interfaces. The following exhibits are included:

- Exhibit C-1            System Interface Overview
- Exhibit C-2 -        Campus-Based Programs System Interfaces
- Exhibit C-3 -        Direct Loan Central Database Interfaces
- Exhibit C-4 -        Direct Loan Origination System Interfaces
- Exhibit C-5 -        Central Processing System Interfaces
- Exhibit C-6 -        EDEXpress Interfaces
- Exhibit C-7 -        Federal Family Education Loan Program System Interfaces
- Exhibit C-8 -        Multiple Data Entry Contractor Systems Interfaces
- Exhibit C-9 -        National Student Loan Data System Interfaces
- Exhibit C-10-       Pell Grant Recipient and Financial Management System Interface
- Exhibit C-11-       Postsecondary Education Participants System Interface
- Exhibit C-12-       School Interfaces
- Exhibit C-13-       Lender Interfaces
- Exhibit C-14-       Guaranty Agency Interfaces
- Exhibit C-15-       State Grant and Scholarship Agency Interfaces



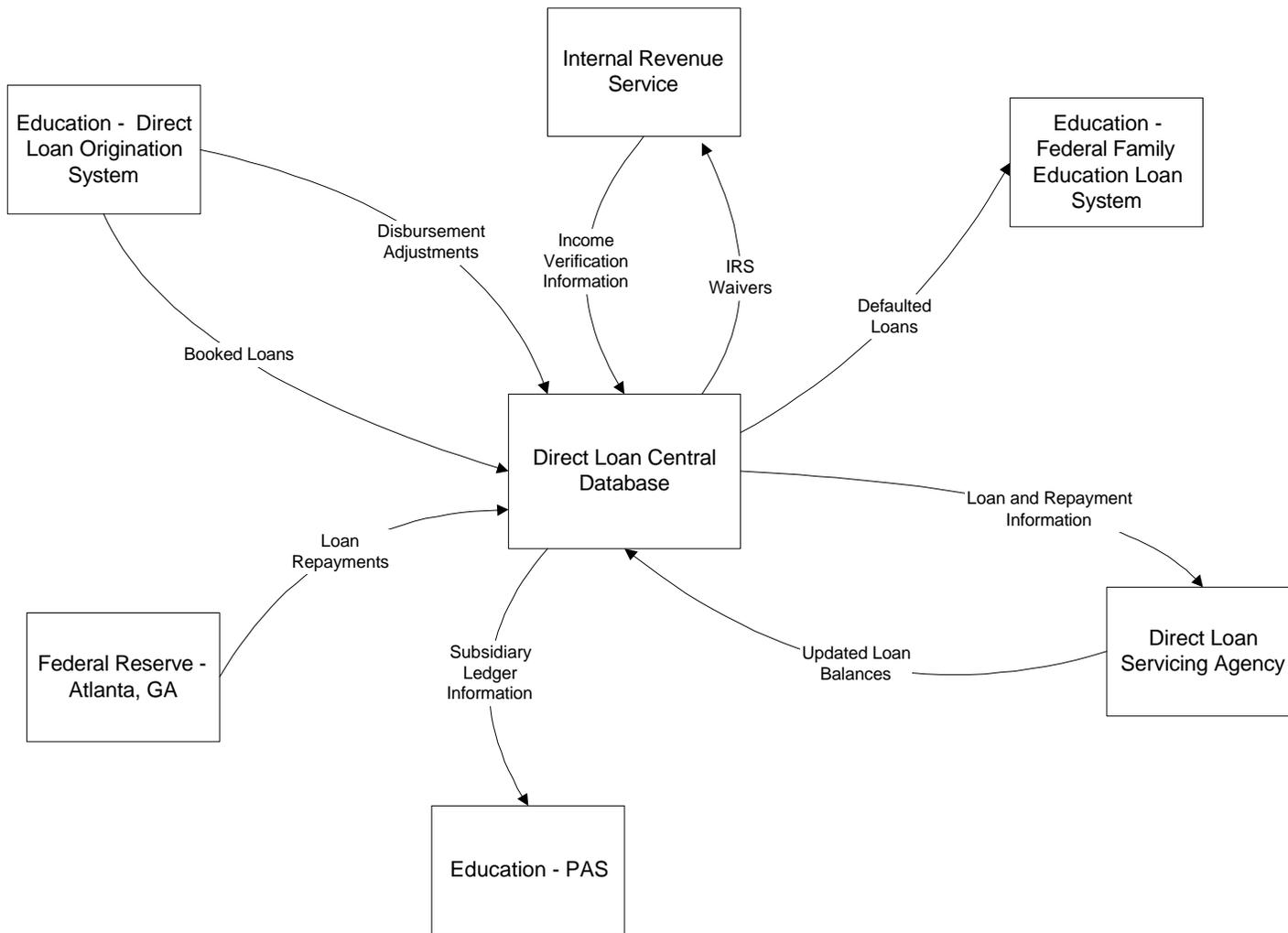
Approximately \$32 billion in Title IV student financial aid per year is provided to students and academic institutions through a variety of programs. The successful delivery of student financial aid depends on complex interactions among the financial aid community, which includes ED, students, schools, lenders, guaranty agencies, state grant and scholarship agencies, and other external entities.

System Interface Overview  
Exhibit C-1



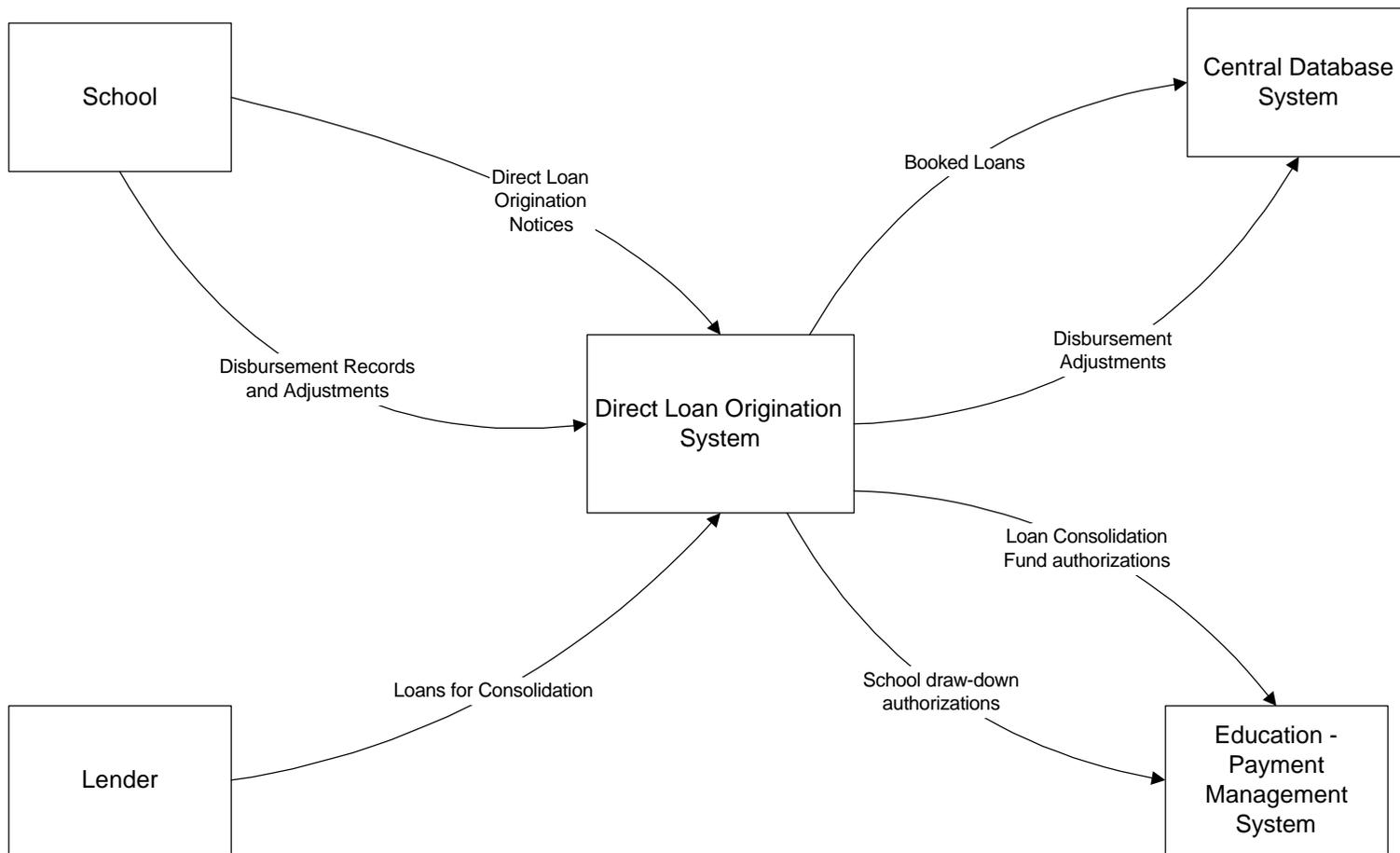
**Campus-Based Programs System** - supports processing for the Campus Based Programs FISAP cycle, which primarily involves uploading FISAP data received from the participating schools, editing the data, calculating tentative and final institutional awards, notifying institutions of their award levels, allocating funds, and reconciling institutional accounts. The Campus-Based Programs system contains no student-level information; it uses only summary data by school. The Campus-Based Programs system is primarily a standalone mainframe system, but it is supplemented with 16 microcomputer-based programs that are used primarily to track key program indicators and suspense dates.

Campus-Based Programs System Interfaces  
Exhibit C-2



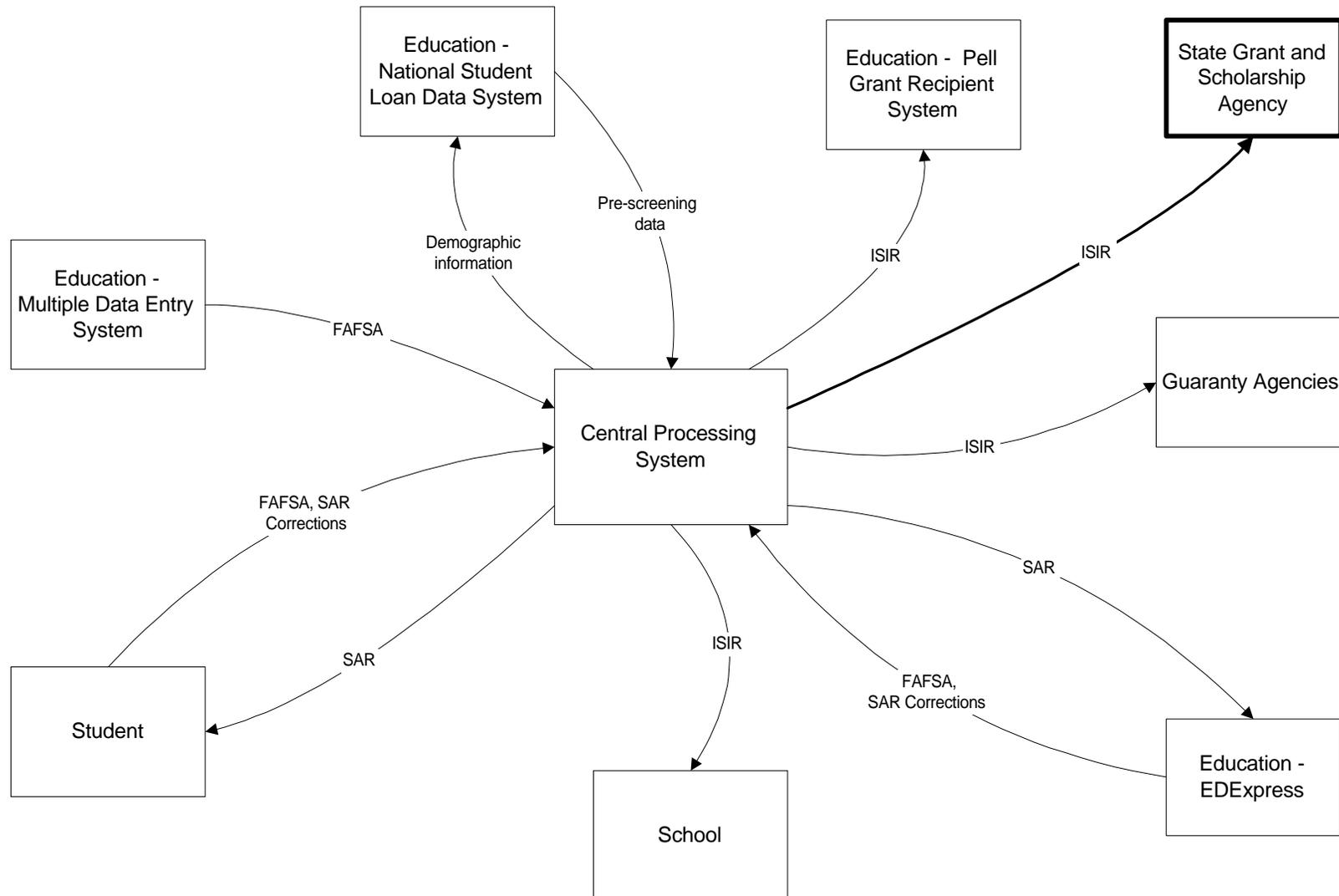
**Direct Loan Central Database** - is the central repository for summary-level data on FDLP loan, including aggregated financial data reported from the FDLP servicer(s). The Central Database receives loan records from the Direct Loan Origination Record when loans are booked and tracks which servicer is responsible for each loan.

Direct Loan Central Database Interfaces  
Exhibit C-3



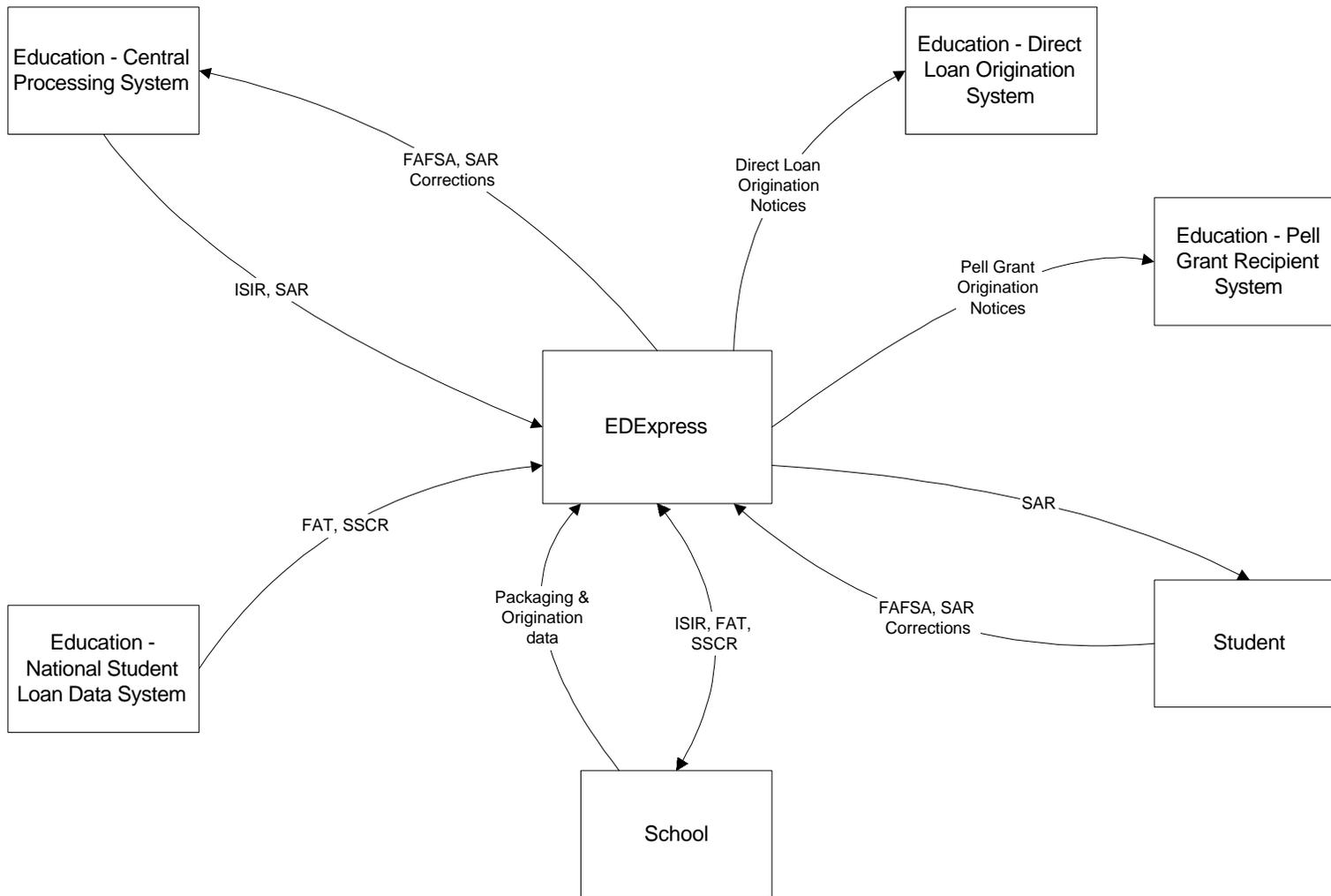
**Direct Loan Origination System** - supports FDLP loan origination, is used to book loans, supports reconciliation with schools, and receives disbursement information from schools as each loan is disbursed to a recipient. The Direct Loan Origination System is the schools' single point of interface with the FDLP information systems.

Direct Loan Origination System Interfaces  
Exhibit C-4



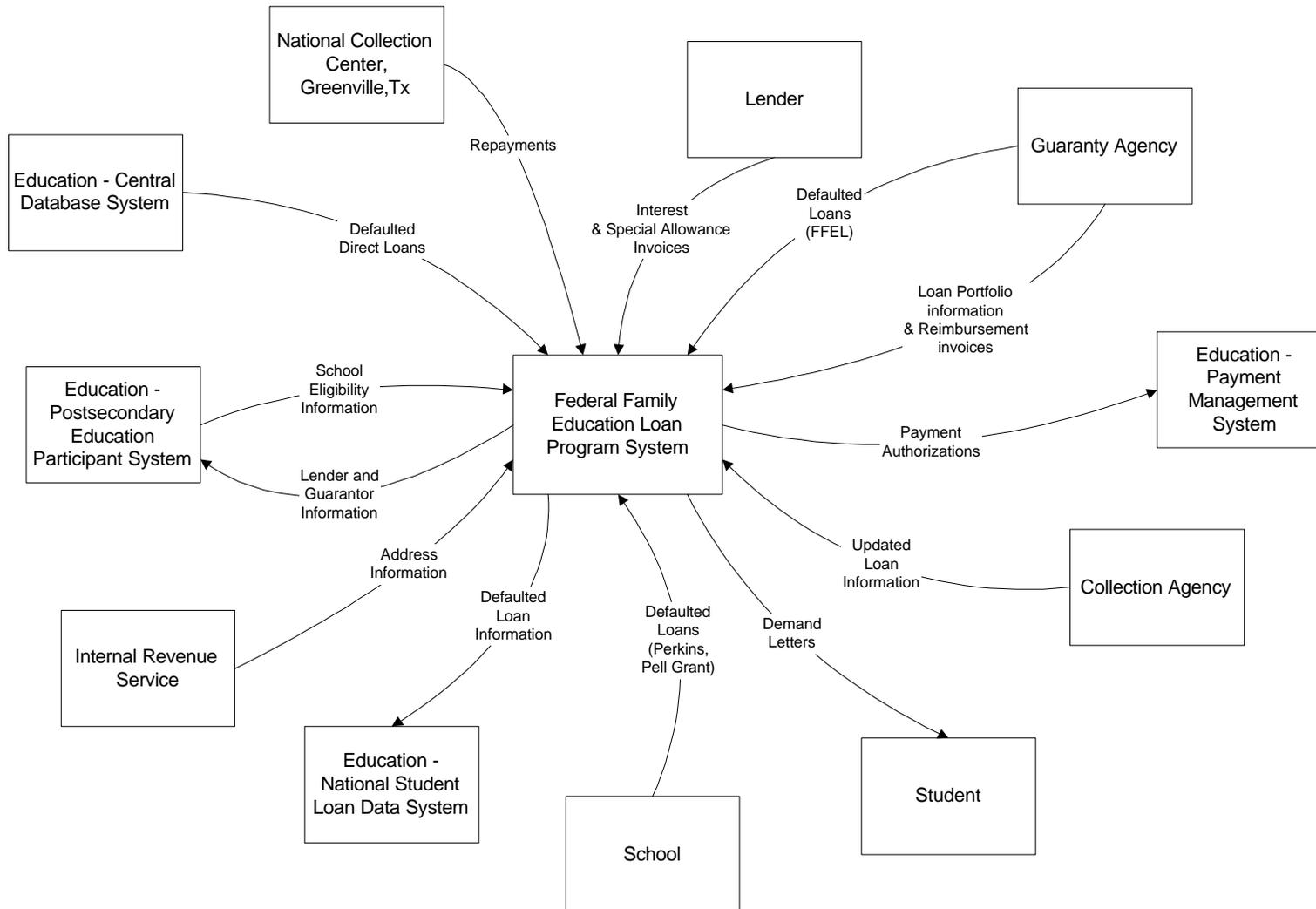
**Central Processing System-** is used to confirm applicants' eligibility for Federal student financial assistance; to calculate the EFC; to calculate eligibility for Federal aid (i.e., determine financial need); to report eligibility information to applicants, schools, state grants and scholarship agencies, and guarantors; and to support management information and analysis requirements of other ED managers and staff. CPS works hand in hand with EDEExpress, a microcomputer-based software package distributed by ED to schools to support aid packaging, Federal Pell Grant and Federal Direct Loan origination, SSCR, and drawdown of data from CPS for use in other school applications.

Central Processing System Interfaces  
Exhibit C-5



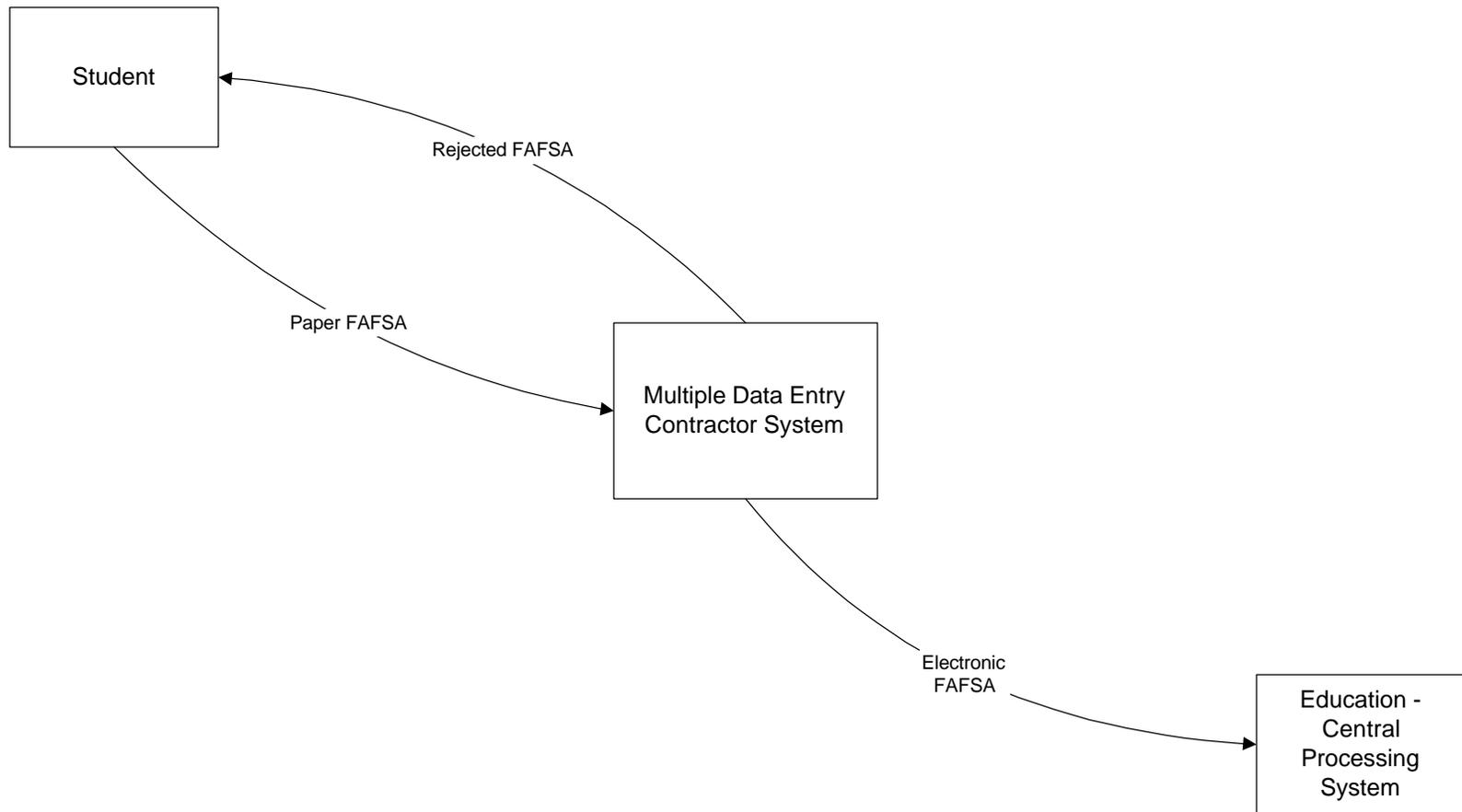
**ED Express** - enables schools to initiate student aid applications and performs edits and corrections on applicant data. It links schools to communication software (expEDite) that provides access to ED's electronic network, allowing schools to transmit initial and renewal applications, applicant corrections, and Federal Pell payment data to the Central Processing System.

EDEXpress Interfaces  
Exhibit C-6



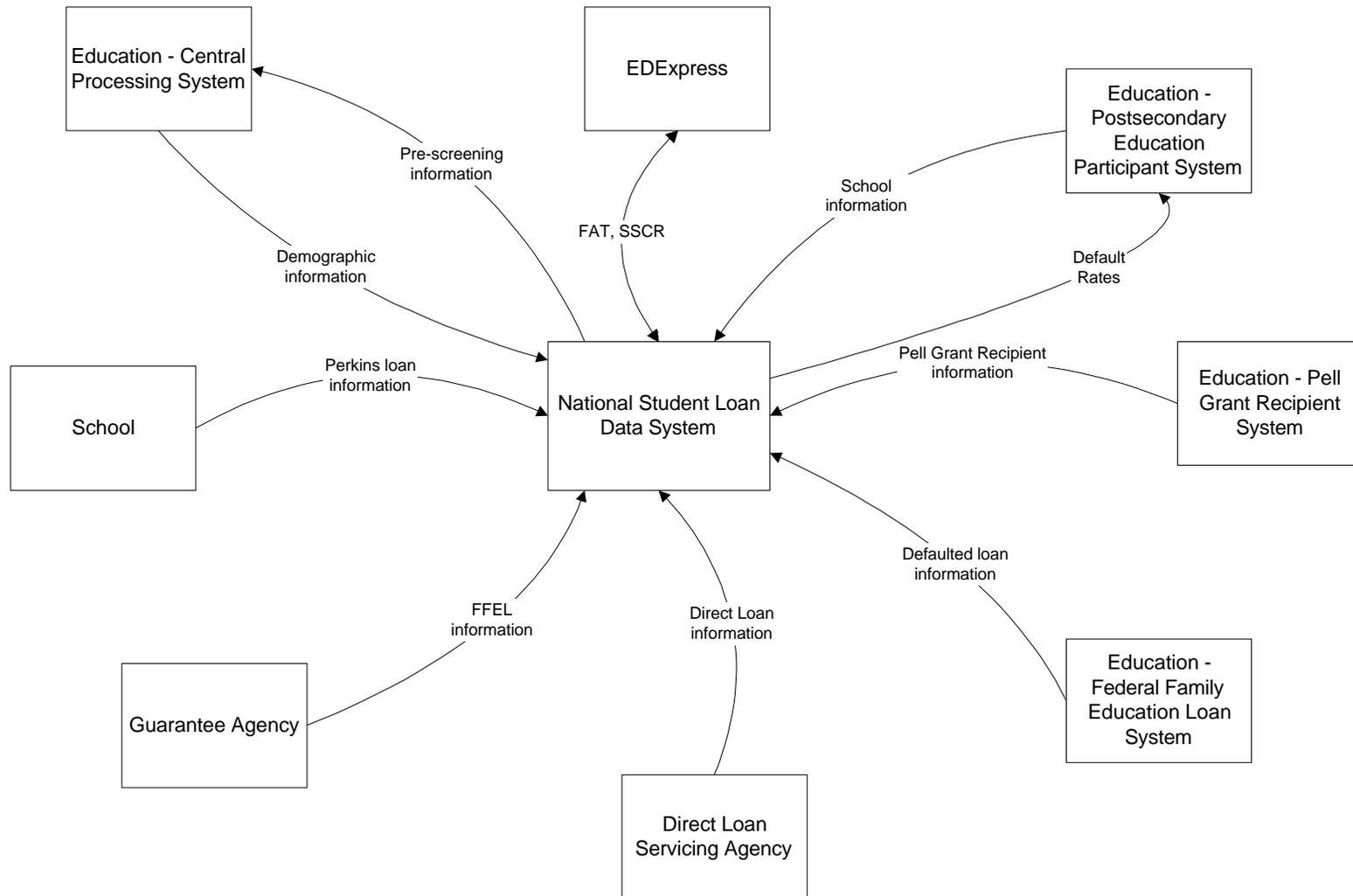
**Federal Family Education Loan Program System** - is used to pay interest and special allowances to lenders and to pay ACA to guarantors. The FFELP System, Debt Collection Subsystem, is used to support ED collection of defaulted loans from all Title IV loan programs and to collect Federal Pell Grant overpayments. Defaulted FDLP loans are assigned to this system as soon as they are considered in default; other loans are assigned to ED for collection only after the loan holder(s) have exhausted their own efforts to return the loan to repayment status.

Federal Family Education Loan Program System Interfaces  
Exhibit C-7



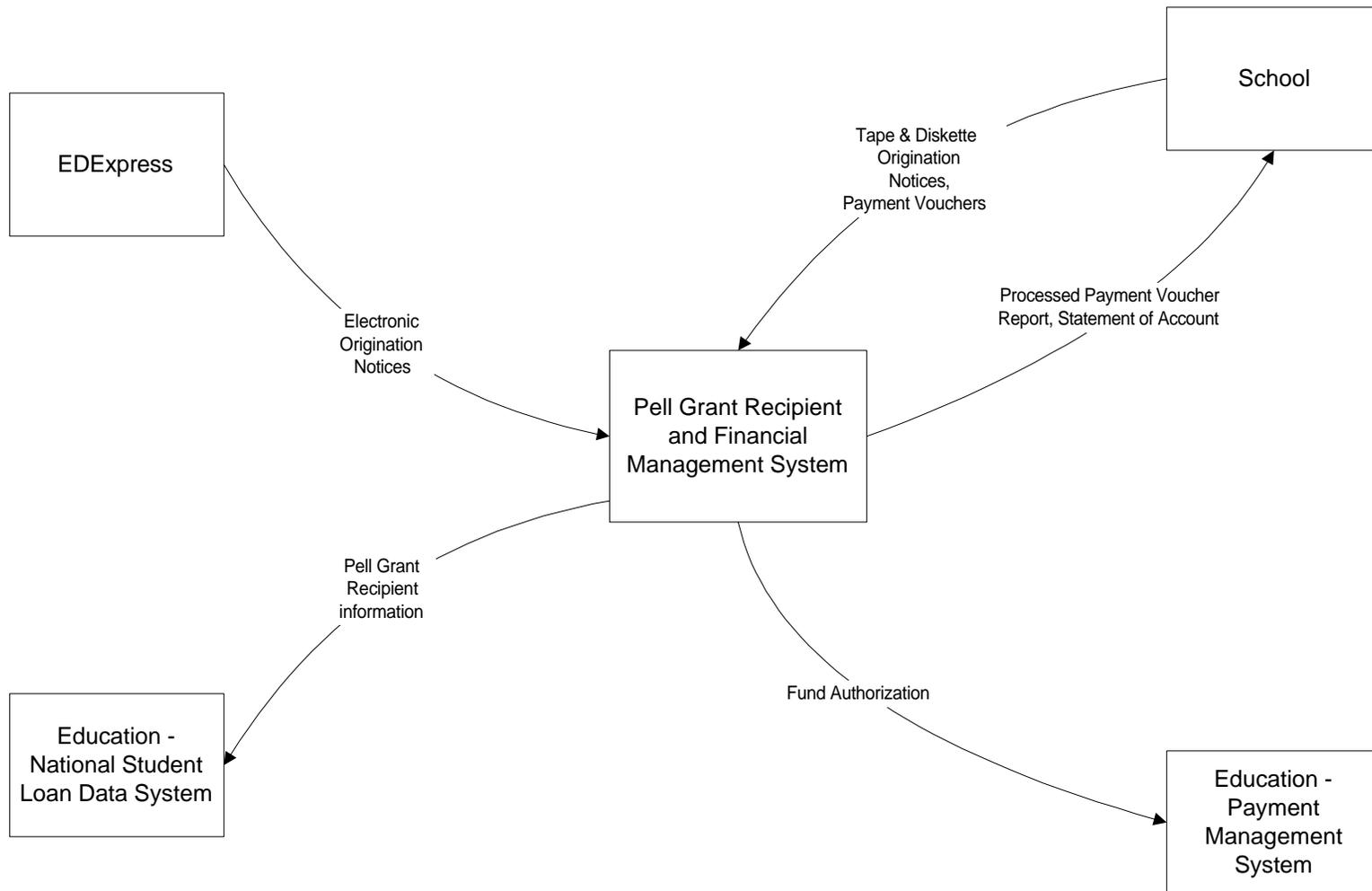
**Multiple Data Entry Contractor Systems** - receive paper FAFSAs from applicants, optically scan or key enter the FAFSAs into an information system, and submit the data electronically to CPS. MDEs also collect signature sheets from applicants who submit FAFSAs to ED electronically, and apprise CPS of receipt of signatures so that CPS can process the electronic FAFSA.

Multiple Data Entry Contractor Systems Interfaces  
Exhibit C-8



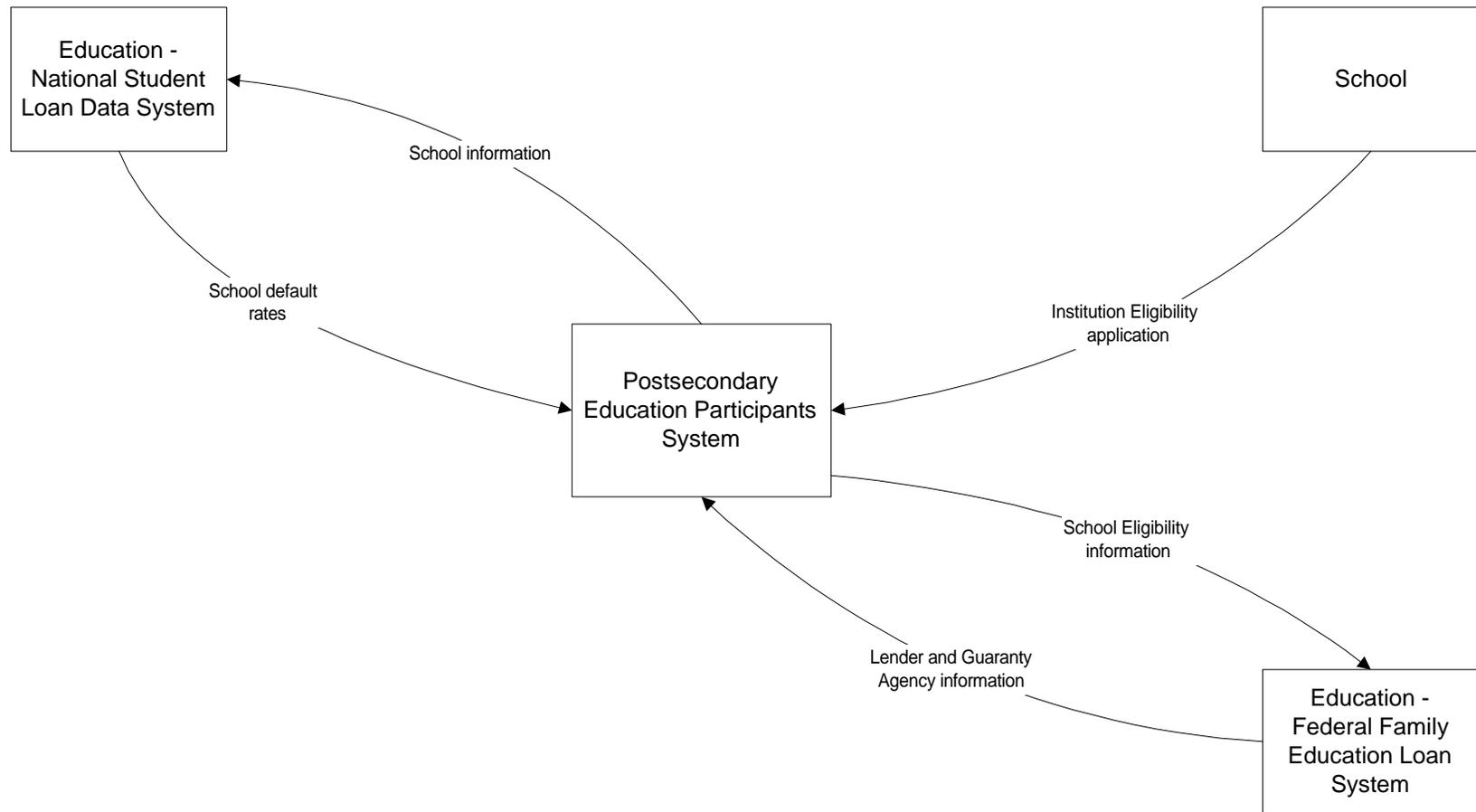
**National Student Loan Data System** - is a national database of loan/grant-level data on the Title IV programs. The system tracks data on the FFELP, FDLP, Campus-Based Programs loans and grants, Federal Pell Grants, and on Federally Insured Student Loans. NSLDS is intended to provide a research database and also to support operational functions that include prescreening Title IV aid applicants for eligibility, SSCR tracking and reporting, provision of FAT information to schools, supporting reasonability tests on lender and guarantor billings to ED, performing borrower tracking, and supporting Credit Reform Act reporting.

National Student Loan Data System Interfaces  
Exhibit C-9



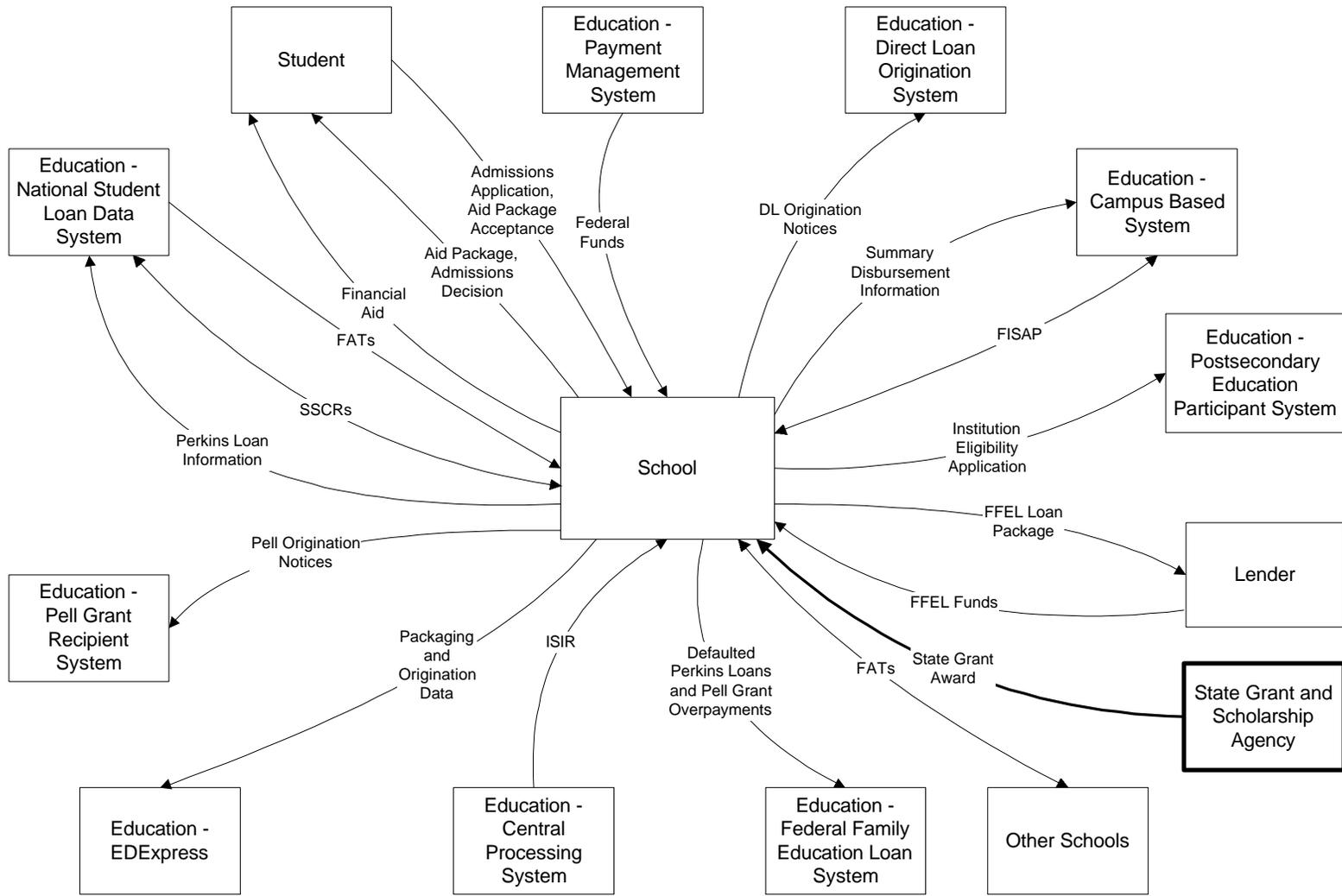
**Pell Grant Recipient and Financial Management System** - supports delivery of aid under the Federal Pell Grant program. PGR/FMS tracks at the grant level all Federal Pell Grants awarded each year, tracks planned and actual disbursements, supports reconciliation, calculates eligibility amounts, aggregates planned Federal Pell Grant disbursements by school and submits this information to ED's accounting systems to authorize draw down of funds.

Pell Grant Recipient and Financial Management System Interfaces  
Exhibit C-10



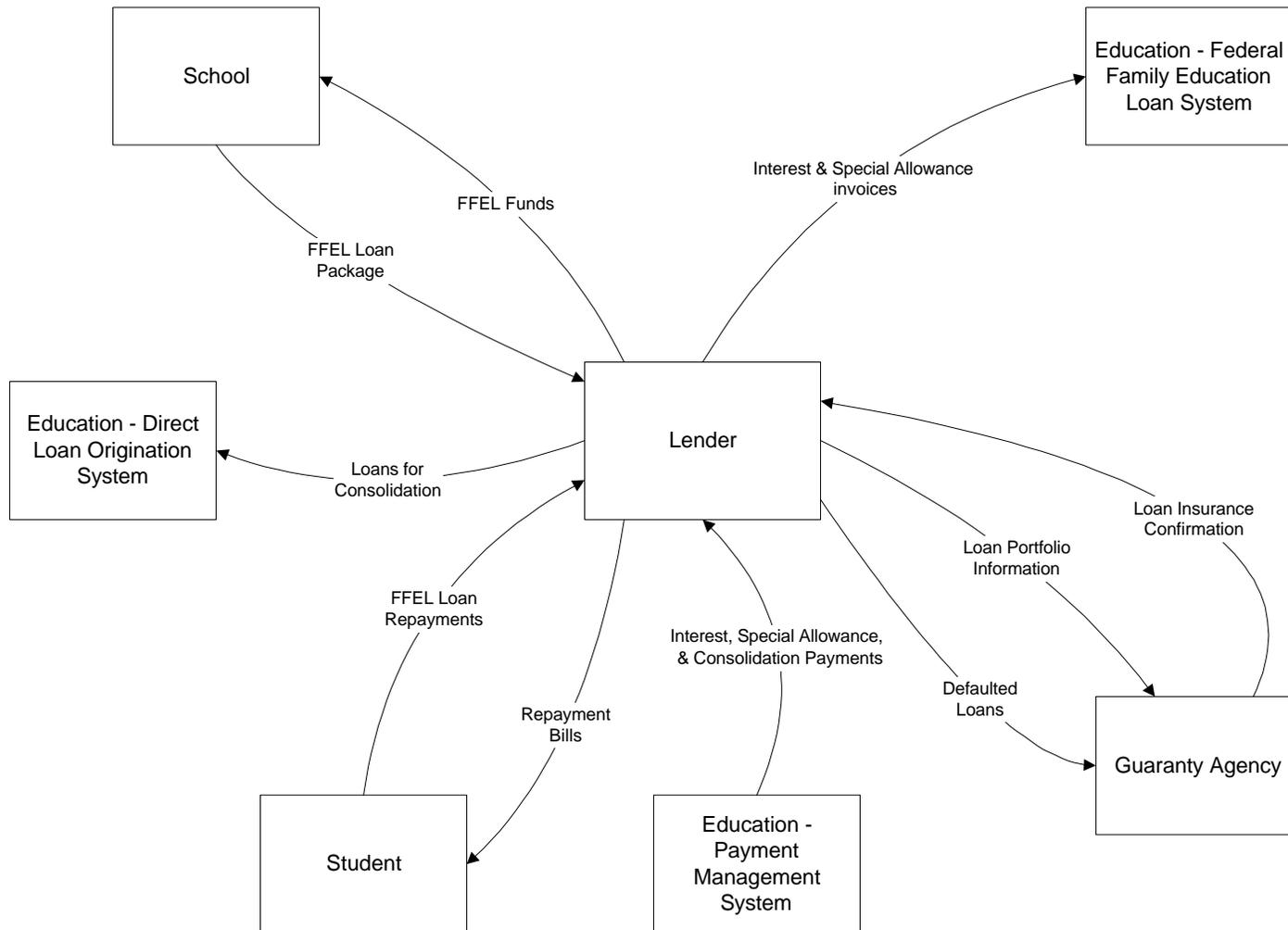
**Postsecondary Education Participants System** - currently maintains data on school participation (e.g., eligibility, certification, address, program participation) in Title IV programs, supports institutional reviewers and related activities, acts as the official source of information regarding schools and their associated school codes for all ED systems, and supports the annual default rate calculation process for FFELP and FDLP. This system has partially replaced IDS; additional increments of functionality in development or planned for development will enable PEPS to totally replace IDS.

Postsecondary Education Participants System Interfaces  
Exhibit C-11



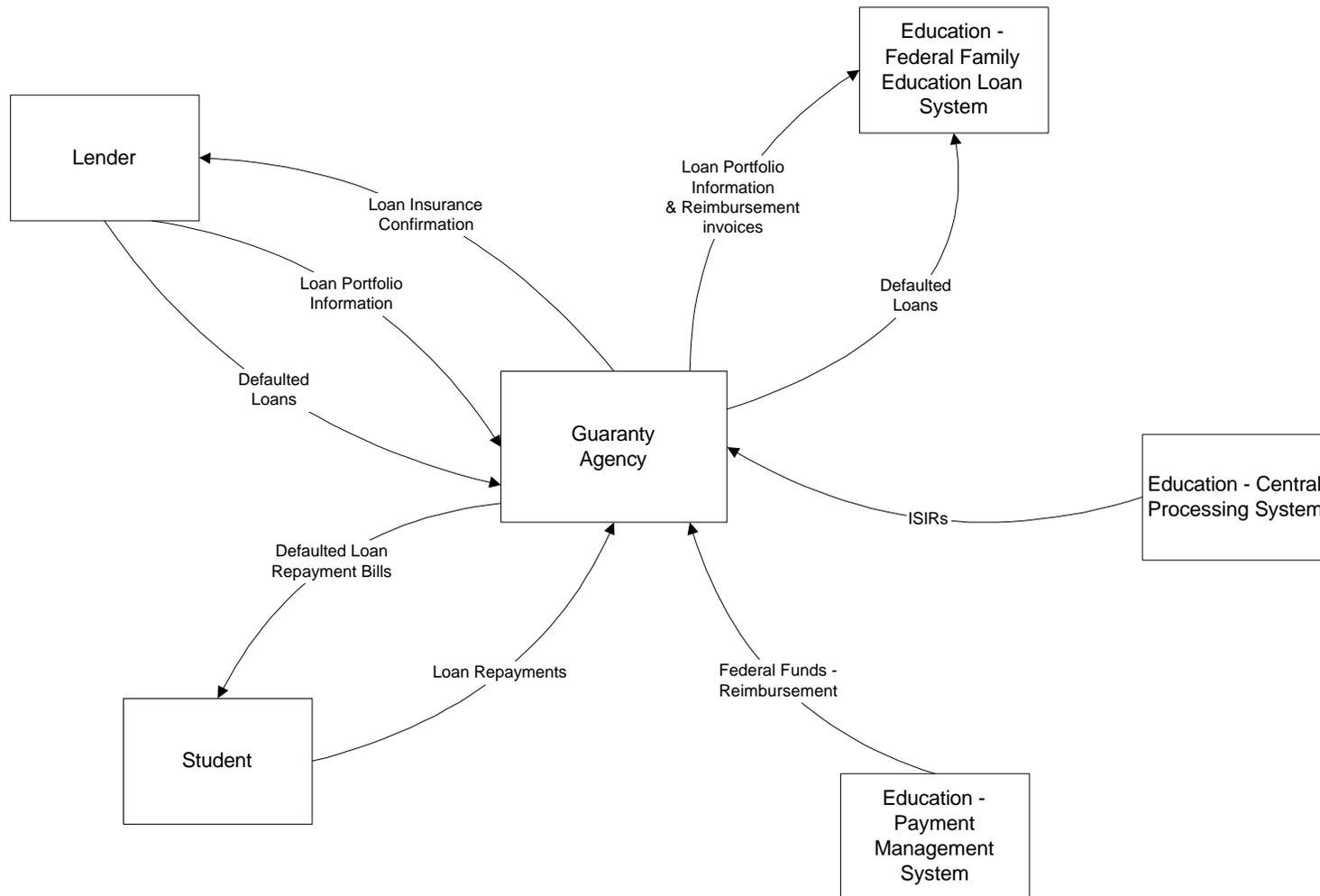
**Schools** - exchange information with several of ED's Title IV systems for the administration of student financial aid. The school also interfaces with lenders, state grant and scholarship agencies, students and other schools.

School Interfaces  
Exhibit C-12



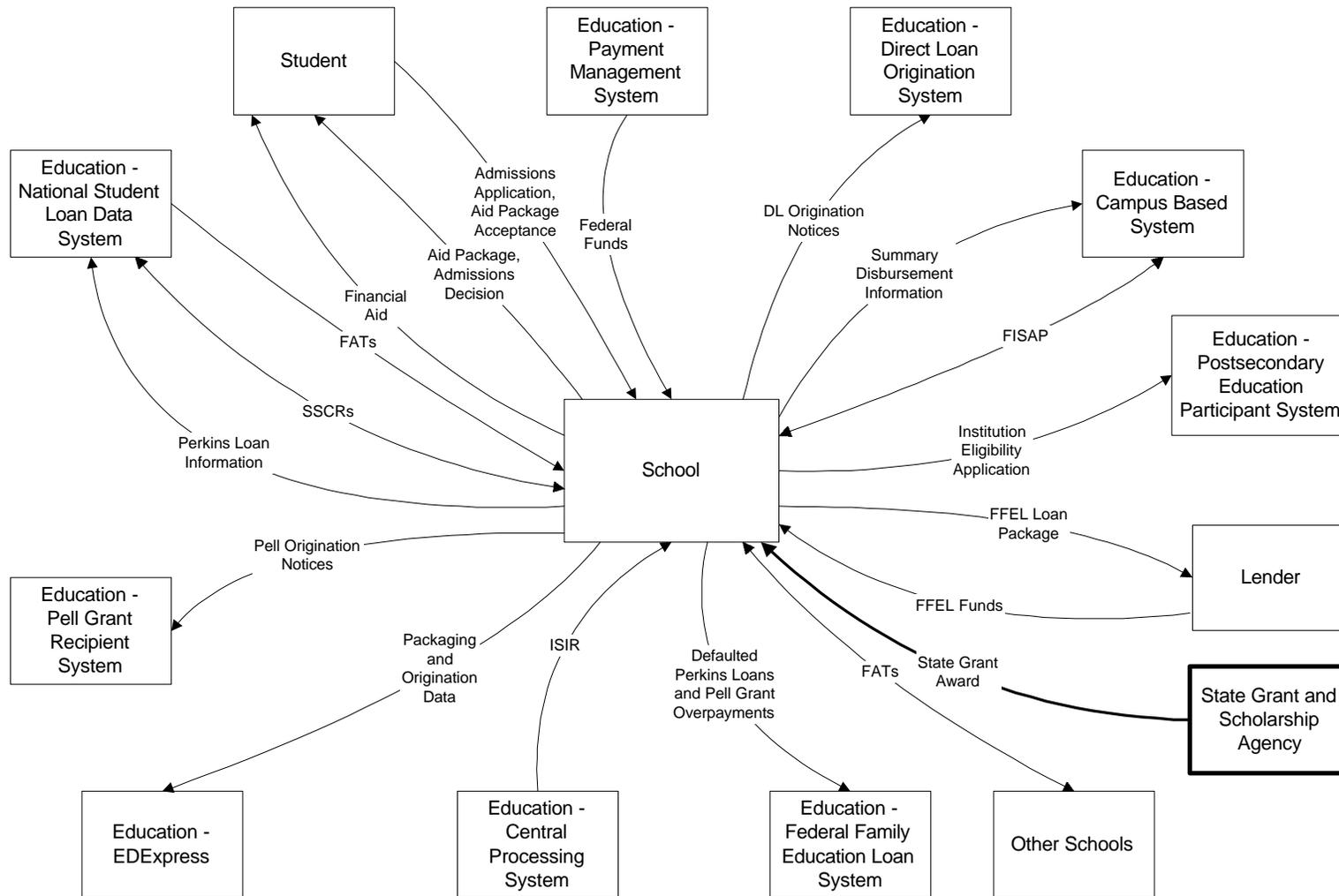
**Lenders** - interface with ED's Title IV systems for the purposes of consolidating loans, Submitting invoices for and receiving payment for interest, special allowances, and consolidation payments. The Lender must also exchange information with the Guaranty Agency for loan information, with schools for FFEL related information, and with the student for loan repayment.

Lender Interfaces  
Exhibit C-13



**Guaranty Agency** - interfaces with ED for information related to guaranteed loans. The Guaranty Agency must also exchange information with the lender on loan specific information. Guaranty Agencies also interface with students for defaulted loan payments.

Guaranty Agency Interfaces  
Exhibit C-14



**State Grant and Scholarship** - interfaces with ED for information related to SSIGs. The state grant and scholarship agency must also exchange information with the school on state grant and scholarship eligibility and awards. State grant and scholarship agencies also interface with students for additional state grant and scholarship eligibility determination.

State Grant and Scholarship Agency Interfaces  
Exhibit C-15

## **APPENDIX D**

### **ACTIVITY HIERARCHY DIAGRAM**

This appendix presents the community model Activity Hierarchy Diagram developed for Project EASI.

#### **POSTSECONDARY\_EDUCATION**

- 1 PLANNING**
- 1.1 DET\_CONSTITUENT\_NEEDS
  - 1.1.1 INTERAGENCY\_TASK\_GROUP
  - 1.1.2 GOVERNMENTAL\_AFFAIRS\_ALLIANCES
  - 1.1.3 HIGHER\_EDU\_ASSOCIATION\_ALLIANCES
  - 1.1.4 FACILITATE\_CONSTITUENT\_PARTICIP
- 1.2 LEGISLATIVE\_PLANNING
  - 1.2.1 IDENT\_NATL\_STRATEGIC\_OBJECTIVES
    - 1.2.1.1 ASSESS\_NATIONAL\_NEEDS\_PRIORITIES
      - 1.2.1.1.1 ANA\_EMPLOYMENT\_RATE\_WORK\_FORCE
      - 1.2.1.1.2 ANA\_TRAINING\_EDUCATION\_PROJECTIO
      - 1.2.1.1.3 DETERMINE\_EDU\_NEEDS\_PRIORITIES
    - 1.2.2 ANALYZE\_LEGISLATIVE\_OPTIONS
      - 1.2.2.1 DEFINE\_OPTIONS
      - 1.2.2.2 RISK\_BENEFIT\_ANALYSIS
      - 1.2.2.3 MAKE\_LEGISLATIVE\_RECOMMENDATIONS
    - 1.2.3 DEV\_INT\_PROGRAM\_LEGISLATION
      - 1.2.3.1 DEFINE\_LEGISLATION\_AND\_OUTCOMES
      - 1.2.3.2 DEVELOP\_ADVOCACY\_STRATEGIES
        - 1.2.3.2.1 ENSURE\_EFFECTIVE\_DISSEMINATION
        - 1.2.3.2.2 PROVIDE\_FEEDBACK
      - 1.2.4 DEVELOP\_PROGRAM\_BUDGET
- 1.3 PROGRAM\_PLANNING
  - 1.3.1 DEV\_REGULATION\_AND\_IMP\_PLAN
    - 1.3.1.1 DEVELOP\_INTEGRATED\_REGULATIONS
      - 1.3.1.1.1 ID\_TECHNOLOGY\_IMPLEMENT\_STRATEGY
      - 1.3.1.1.2 INCORP\_SPEC\_COMP\_CRIT
      - 1.3.1.1.3 PUBLISH\_INTEGRATED\_REGULATION
    - 1.3.1.2 DEVELOP\_IMPLEMENTATION\_STRATEGY
      - 1.3.1.2.1 DEV\_GOALS\_PERFORMANCE\_MEASURE
      - 1.3.1.2.2 PLAN\_BUSINESS\_PARTNERSHIPS
      - 1.3.1.2.3 DEFINE\_RESPONSIBILITIES
    - 1.3.1.3 DEVELOP\_IMPLEMENTATION\_PLAN
      - 1.3.1.3.1 DEVELOP\_QA\_PLANS\_AND\_STANDARDS
      - 1.3.1.3.2 ESTAB\_TECH\_CAPAB\_BASELINES
      - 1.3.1.3.3 PLAN\_SECURITY\_REQUIREMENTS
      - 1.3.1.3.4 PROJECT\_RESOURCE\_REQUIREMENTS
      - 1.3.1.3.5 PRODUCE\_PLAN
    - 1.3.2 DEV\_ORGANIZATION\_OPERATION\_PLANS
      - 1.3.2.1 DETERMINE\_NECESSARY\_TASKS
      - 1.3.2.2 ASSIGN\_RESPONSIBILITIES
      - 1.3.2.3 DEVELOP\_TIMELINES\_AND\_CALENDAR
      - 1.3.2.4 ASSESS\_AVAILABLE\_RESOURCES\_FUNDS

- 1.3.2.5 DET\_TECHNOLOGY\_REQUIREMENTS
- 1.3.3 ALLOCATE\_FUNDS
  
- 2 IMPLEMENTATION**
- 2.1 SEC\_NECESSARY\_IMPLEMENT\_SUPPORT
  
- 2.2 DEV\_AND\_PROVIDE\_REQ\_TRAINING
  
- 2.3 IMP\_PROCEDURES\_TO\_SUPP\_REG
  
- 3 OPERATION**
- 3.1 PERSONAL\_EDUCATION\_PLANNING
  - 3.1.1 EDUCATION\_PLANNING
    - 3.1.1.1 PROVIDE\_INFO\_POST\_SEC\_OPP\_RQMT
    - 3.1.1.2 IDENTIFY\_INTERESTS\_AND\_APTITUDES
    - 3.1.1.3 ASSESS\_SEL\_POST\_SECONDARY\_OPP
      - 3.1.1.3.1 ASSESS\_INSTITUTIONAL\_PREFERENCES
      - 3.1.1.3.2 IDENTIFY\_JOB\_CAREER\_OPPORTUNITIE
      - 3.1.1.3.3 IDENTIFY\_TRAINING\_EDU\_REQMTS
      - 3.1.1.3.4 SELECT\_ACADEMIC\_PROGRAM
      - 3.1.1.3.5 ACADEMIC\_PREPARATION\_POST\_SEC\_ED
      - 3.1.1.3.6 SCHOOL\_SELECTION
    - 3.1.2 FINANCIAL\_PLANNING
      - 3.1.2.1 PROJECT\_FINANCIAL\_NEED
      - 3.1.2.2 FACILITATE\_EDUCATIONAL\_SAVINGS
      - 3.1.2.3 DETERMINE\_FUNDING\_ELIGIBILITY
    - 3.1.3 ESTABLISH\_STUDENT\_PROFILE
      - 3.1.3.1 ESTABLISH\_STUDENT\_IDENTITY
      - 3.1.3.2 PROVIDE\_SECURE\_STUDENT\_ACCESS
      - 3.1.3.3 ACTIVATE\_STUDENT\_PROFILE
- 3.2 APPLY\_FOR\_SCHOOL\_AND\_AID
  - 3.2.1 APPLY\_TO\_SCHOOL
    - 3.2.1.1 SUBMIT\_APPLICATION\_INFORMATION
    - 3.2.1.2 PROVIDE\_ADDITIONAL\_INFORMATION
    - 3.2.1.3 ESTABLISH\_SCHOOL\_STUDENT\_RECORD
    - 3.2.1.4 PROVIDE\_APPLICATION\_STATUS
    - 3.2.1.5 PROVIDE\_NOTICE\_OF\_ADMISSION
  - 3.2.2 APPLY\_FOR\_AID
    - 3.2.2.1 SUBMIT\_FED\_REQUIRED\_AID\_INFO
      - 3.2.2.1.1 VALIDATE\_INFORMATION
      - 3.2.2.1.2 CALCULATE\_EFC
    - 3.2.2.2 COMPLETE\_STATE\_SUPP\_APPLICATION
    - 3.2.2.3 SUBMIT\_ADDITIONAL\_FUNDING\_INFO
    - 3.2.2.4 SUBMIT\_ADDIT\_INFO\_FOR\_INST\_AID
  - 3.2.3 DETERMINE\_AID\_ELIGIBILITY
    - 3.2.3.1 DETERMINE\_COST\_OF\_ATTENDANCE
    - 3.2.3.2 DETERMINE\_INITIAL\_AID\_AWARD
    - 3.2.3.3 ENSURE\_REG\_COMPLIANCE
      - 3.2.3.3.1 ENSURE\_LOAN\_NOT\_EXCESSIVE
      - 3.2.3.3.2 ENSURE\_LOAN\_NO\_PRIOR\_DEFAULTS
      - 3.2.3.3.3 PERFORM\_CREDIT\_CHECK
  - 3.2.4 DEVELOP\_AID\_PACKAGE
    - 3.2.4.1 PACKAGE\_AID

3.2.4.2 NOTIFY\_STUDENT\_OF\_AID\_DETERMIN  
 3.2.4.3 ACCEPT\_PACKAGE  
 3.2.4.4 APPEAL\_AID\_DETERMIN  
 3.2.5 APPLY\_FOR\_LOAN  
 3.2.6 APPLY\_FOR\_ALT\_LOAN\_IF\_NEEDED  
 3.2.7 REGISTER  
 3.2.7.1 ENROLL\_IN\_COURSES  
 3.2.7.2 CERTIFY\_ENROLLMENT\_STATUS  
 3.2.8 DETERMINE\_INSTITUTIONAL\_CHARGES  
 3.2.8.1 DETERMINE\_TUITION  
 3.2.8.2 DET\_OTHER\_APPLICABLE\_COST  
 3.2.9 DISBURSE\_AID  
 3.2.9.1 APPLY\_TO\_INSTITUTIONAL\_CHARGES  
 3.2.9.2 DETERMINE\_STUDENT\_NET\_CASH\_DISB  
 3.2.9.3 DISBURSE\_AID\_TO\_STUDENT  
  
 3.3 FUNDS\_MANAGEMENT  
 3.3.1 FINANCIAL\_MANAGEMENT  
 3.3.1.1 RECEIVE\_DISBURSEMENT\_REQUEST  
 3.3.1.2 APPLY\_AUTHORIZED\_DEDUCTIONS  
 3.3.1.3 ENSURE\_FUND\_AVAILABILITY  
 3.3.1.4 DISTRIBUTE\_FUNDS  
 3.3.1.4.1 DETERMINE\_DISBURSEMENTS  
 3.3.1.4.2 NOTIFY\_DISBURSEMENT\_AGENT  
 3.3.1.4.3 APPLY\_FUNDS\_TO\_PARTNERS\_ACCOUNT  
 3.3.1.4.4 RECIPIENT\_NOTIFICATION  
 3.3.1.5 RETURN\_UNDISBURSED\_FUNDS  
 3.3.1.6 RECONCILIATION\_OF\_DISBURSEMENTS  
 3.3.2 GRANT\_AND\_SCHOLARSHIP\_MGMT  
 3.3.2.1 STATE\_AGENCY\_GRANT\_MANAGEMENT  
 3.3.2.1.1 DISSEMINATE\_INFORMATION  
 3.3.2.1.2 MONITOR\_STATE\_PROGRAM\_FUNDS  
 3.3.2.2 INSTIT\_MGMT\_OF\_STUDENT\_GRANTS  
 3.3.2.2.1 DETERMINE\_AVAILABLE\_FUNDS  
 3.3.2.2.2 SELECT\_RECEIPT\_ACCRD\_FUND\_REQMTS  
 3.3.2.2.3 RECONCILE\_LEDGER\_ACCOUNTS  
 3.3.3 LENDER\_AND\_GUARANTOR\_LOAN\_MGMT  
 3.3.3.1 CONFIRM\_STUDENT\_STATUS  
 3.3.3.2 OBTAIN\_LOAN\_GUARANTEE  
 3.3.3.3 ORIGINATE\_LOAN  
 3.3.3.3.1 INITIATE\_LOAN\_RECORD  
 3.3.3.3.2 LENDER\_ACCEPTANCE\_OF\_APPLICATION  
 3.3.3.3.2.1 CONFIRM\_LENDER\_SCHOOL\_AGREEMENT  
 3.3.3.3.2.2 NOTIFICATION\_OF\_APP\_REJECTION  
 3.3.3.3.3 PAY\_ORIGN\_AND\_GUARANTEE\_FEE  
 3.3.3.4 REPAY\_LOAN  
 3.3.3.4.1 PROCESS\_STATUS\_CHANGES  
 3.3.3.4.1.1 DEFERMENTS  
 3.3.3.4.1.2 FORBEARANCE  
 3.3.3.4.1.3 ENROLLMENT  
 3.3.3.4.2 BILLING  
 3.3.3.4.2.1 BILL\_STUDENT  
 3.3.3.4.2.2 BILL\_GOVERNMENT  
 3.3.3.4.3 RECEIVE\_AND\_PROCESS\_PAYMENTS  
 3.3.3.4.4 TRANSFER\_OWNERSHIP  
 3.3.3.4.4.1 PROCESS\_BORROWER\_NOTIFICATION

- 3.3.3.4.4.2 TRANSFER\_RECORDS
- 3.3.3.4.5 CONSOLIDATION
- 3.3.3.4.5.1 OBTAIN\_PAY\_OFF\_BALANCES
- 3.3.3.4.5.2 INITIATE\_NEW\_LOAN\_RECORD
- 3.3.3.4.6 REFINANCE
- 3.3.3.4.7 MODIFY\_REPAYMENT\_TERMS
- 3.3.3.4.8 SERVICER\_TRANSFER
- 3.3.3.4.9 DEFAULT\_MANAGEMENT
- 3.3.3.4.9.1 COLLECTIONS
- 3.3.3.4.9.1.1 MANDATORY\_ACTIVITIES
- 3.3.3.4.9.1.1.1 NOTIFY\_CREDIT\_BUREAUS
- 3.3.3.4.9.1.1.2 PERFORM\_SKIP\_TRACING
- 3.3.3.4.9.1.1.3 NOTIFY\_SCHOOL\_OF\_DELINQUENCY
- 3.3.3.4.9.1.2 NON\_MANDATORY\_ACTIVITIES
- 3.3.3.4.9.1.3 INSURER\_COLLECTION\_ASSISTANCE
- 3.3.3.4.9.1.3.1 DUE\_DILIGENCE
- 3.3.3.4.9.1.3.2 BORROWER\_APPEAL
- 3.3.3.4.9.1.4 DEFAULT\_CLAIM
- 3.3.3.4.9.1.4.1 CLAIMS\_REVIEW\_PROCESS
- 3.3.3.4.9.1.4.2 CLAIM\_PAID
- 3.3.3.4.9.1.4.3 CLAIM\_ADDITIONAL\_INFO\_REQUIRED
- 3.3.3.4.9.1.4.4 CLAIM\_DENIED
- 3.3.3.4.9.1.4.5 FILE\_CLAIM\_WITH\_INSURER
- 3.3.3.4.9.1.5 REHABILITATING\_LOANS
- 3.3.3.4.9.1.6 SUBROGATION
- 3.3.4 INSTIT\_MGMT\_OF\_OTHER\_STUDENT\_RES
- 3.3.4.1 MANAGE\_STUDENT\_EMPLOYMENT
- 3.3.4.1.1 MONITOR\_WORK\_STUDY
- 3.3.4.1.2 MANAGE\_APPRENTICESHIP
- 3.3.4.1.3 RECRUIT\_EMPLOYERS
- 3.3.4.1.4 STUDENT\_PLACEMENT
- 3.3.4.1.5 PAYROLL\_FUNCTIONS
- 3.3.4.1.6 MONITOR\_EARNINGS\_NEED\_BASE\_EMP

- 3.4 ADMINISTRATIVE\_SUPPORT
- 3.4.1 CUSTOMER\_SERVICES
- 3.4.1.1 STUDENT\_SERVICES
- 3.4.1.1.1 PROVIDE\_INSTIT\_COUNS\_ACCESS
- 3.4.1.1.2 CONDUCT\_ENTRANCE\_INTERVIEW
- 3.4.1.1.3 CONDUCT\_SCHOOL\_EXIT\_INTERVIEW
- 3.4.1.2 SINGLE\_SOURCE\_CUSTOMER\_INQUIRE
- 3.4.1.3 CASE\_MANAGEMENT
- 3.4.2 MANAGE\_INFORMATION\_SYSTEMS
- 3.4.2.1 DEVELOP\_METHODS\_AND\_STANDARDS
- 3.4.2.2 DEVELOP\_INFORMATION\_SYSTEMS
- 3.4.2.3 ACQUIRE\_MAINTAIN\_HW\_SW\_COMM\_TECH

## **4 OVERSIGHT**

- 4.1 PROGRAM\_PARTICIPATION
- 4.1.1 INSTITUTIONAL\_ACCREDITATION
- 4.1.2 CERTIFICATION\_RECERTIFICATION
- 4.1.3 LIMITATION\_SUSPENSION\_TERMINATION
- 4.1.4 ASSESS\_LENDER\_FINANCIAL\_CAPABILI

- 4.2 COMPLIANCE\_MONITORING

- 4.2.1 STATISTICAL\_MONITORING
- 4.2.2 PERFORM\_INTERNAL\_AUDITS
- 4.2.2.1 ADMINISTRATIVE\_REVIEWS
- 4.2.2.2 QUALITY\_ASSURANCE\_PROGRAM\_SITE
- 4.2.2.3 PROGRAM\_REVIEWS
- 4.2.3 FED\_FIELD\_AUDIT
- 4.2.4 AUDITS\_REQ\_BY\_STATUTE\_OR\_REGULAT
- 4.2.4.1 FEDERALLY\_REQUIRED\_AUDITS
- 4.2.4.2 STATE\_GRANT\_AND\_AID\_AUDITS
- 4.2.4.3 GUARANTOR\_AUDITS
- 4.2.5 AUDITS\_BETWEEN\_TRADING\_PARTNERS
- 4.2.6 EXPERIMENTAL\_SITES\_AND\_MEASUREMT
  
- 4.3 RES\_AUDIT\_FINDINGS
  
- 4.4 DETERMINE\_LIABILITIES
- 4.4.1 ASSESS\_GA\_LIABILITIES
- 4.4.2 ESTABLISH\_SCHOOL\_LIABILITIES
  
- 5 EVALUATION**
- 5.1 CONTINUOUS\_ASSESSMENT\_AND\_IMPROV
  
- 5.2 ASSESS\_PROGRAM\_AND\_OUTCOMES
- 5.2.1 INFORMATION\_GATHERING
- 5.2.1.1 ESTABLISH\_FOCUS\_AND\_ADVISORY\_GRP
- 5.2.1.2 CONDUCT\_SURVEYS
- 5.2.1.3 SAMPLE\_DATA
- 5.2.1.4 UTILIZE\_CONSULTANTS
- 5.2.2 CONDUCT\_ANALYSIS\_AND\_RESEARCH
  
- 5.3 MAKE\_RECOMMENDATIONS

**APPENDIX E  
 RESPONSES TO CONCEPT DOCUMENT  
 FROM  
 PROJECT EASI STEERING COMMITTEE**

<u>RESPONDER</u>	<u>GENERAL ACCEPTANCE</u>	<u>ACCEPT WITH COMMENTS</u>	<u>NONACCEPTANCE</u>
Dallas Martin	X		
Betsy Hicks	X		
Joe McCormick		X	
Steve Biklen		X	
Scott Freedman		X	
Tom Skelly	X		
Glenn Perry		X	
Jerry Russomano	X		
Jay Morley	X		
Wayne Becraft		X	
Larry Hough			X
Barmak Nassirian	(Abstain)		