

FSA Integration Partner

United States Department of Education

Federal Student Aid



Data Strategy 2.0
Data Framework
152.1.1 Data Strategy Target Vision
FFEL and Student Enrollment
Data Flow Option Analysis

Task Order #152

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Executive Summary

The Office of Federal Student Aid (FSA) continues to seek the right balance between efficient delivery and effective oversight in its business processes. Through the Data Strategy 1.0 effort, the Federal Family Education Loan (FFEL) and Student Enrollment Reporting processes were identified as areas needing improvement. The accuracy and timeliness of the data flows for these processes currently do not meet the needs of FSA and its trading partners. The FFEL and Student Enrollment Data Flow Option Analysis addresses these inefficiencies and documents the steps that culminated in the creation of a vision for streamlined, highly efficient FFEL and Student Enrollment Reporting.

The FSA business owners began the process of determining recommendations by examining the Current State of FFEL and Student Enrollment Reporting. Based on required Current State functionality and proposed Target State improvements, the business owners then created a set of business objectives and formed multiple Target State options. After analyzing the options by identifying pros, cons, and considerations, the business owners selected a recommended option for each data flow. These recommendations provide greater definition for areas in Data Strategy 1.0 that were only briefly touched upon or lacked a consensus Target State mapping.

FFEL Reporting Recommended Option

1. Lenders submit FFEL details such as disbursements, cancellations, guarantees, balances, etc. directly to FSA. NOTE: This initially could be some of the larger lenders with the remaining lenders still reporting through GAs.
2. Lenders submit LaRS summary data.
3. GAs report details for defaulted loans they are currently servicing.
4. GAs transfer subrogated defaulted loans and disability discharge loans. The data is stored in the CDA and accessed by CSB.
5. GAs submit FFEL summary and other information on the Form 2000.
6. Lenders send guarantee requests, preclaims, and claims information to GAs. In return, GAs send guarantees, claim payments, and other related information back to the lenders.
7. GAs obtain loan updates (such as balances, cancellations, etc.) either from Lenders or the CDA.

* The DL flow is shown only to illustrate the point that Direct Loans go through the same Common Edits ESF that FFEL data goes through.

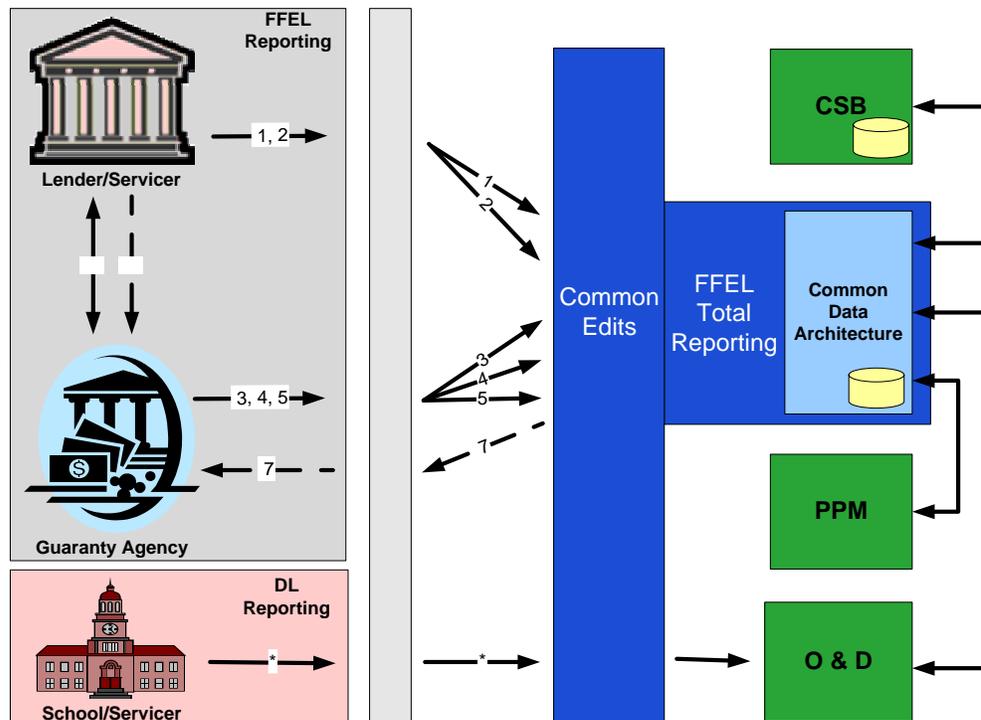


Figure ES 1: Recommended FFEL Reporting Data Flow



In the FFEL Reporting recommended option, the current holder of the FFEL loan will report FFEL details directly to FSA. A common loan ID will allow the loan holders to seamlessly communicate about a given FFEL loan. Lenders will submit details such as disbursements, cancellations, guarantees, and balances directly to FSA. When submitting updates for FFEL consolidations, the lenders will be required to submit the loan IDs of the underlying loans. Guaranty Agencies (GAs) will report details for defaulted loans they are currently servicing and will send requests for subrogated defaulted loans and disability discharge loans.

Although the GA no longer is required to report the same FFEL details it currently provides, the other roles of the GA will not change. GAs will continue to provide the services of guarantees, oversight, audits, claims processing, default aversion, and servicing defaulted loans. GAs will determine the best method for obtaining lenders' loan specific information, either directly from the lenders or from FSA's Common Data Architecture (CDA).

The financial partners will also continue to submit summary information to request payments from FSA. GAs will submit FFEL summary data and other information on Form 2000, and lenders will submit their FFEL summary using the Lender Reporting System (LaRS). Because this recommendation focuses on the flow of FFEL data and not the subsequent processing of this data, future decisions will be required to determine the data, processes, and other requirements to substantiate or provide thresholds for partner payments.

All trading partners will be required to report FFEL data to FSA electronically. The FSA Gateway will provide a consolidated, modernized mechanism for the trading partners to meet this reporting requirement. Once data has reached the FSA Gateway, it will run through the Common Edits Enterprise Shared Function (ESF) before it is processed by the FFEL Total Reporting ESF. The Common Edits ESF will provide a level of consistency across the enterprise regardless of aid type. Once the data has been processed it will be stored in the CDA. The Business Capability Areas (BCAs) will access the data they need from the CDA. Common Services for Borrowers (CSB) will access FFEL data on subrogated defaulted loans and disability discharge loans. Partner Payment Management (PPM) will access FFEL data in the CDA to create invoices for financial partners.

The FFEL Reporting recommended option reiterates the importance of concepts developed in the Data Strategy 1.0 effort, such as the FSA Gateway, the CDA, and Extensible Markup Language (XML). It also provides additional functional concepts that facilitate improved business processing, such as lenders reporting directly to FSA and the FFEL Total Reporting ESF. The following list outlines the recommendation's benefits and future state concepts which enable these benefits:

- Improved Timeliness of Data Flows
 - Direct Lender Feed: Lenders will send FFEL details directly to FSA. Skipping the current step of data first going to GAs will inherently allow for more timely FFEL data flows to FSA.
 - FSA Gateway (Electronic Communication): All partners will be required to communicate electronically with FSA. While there may be some initial



development costs for the partners and FSA, the electronic data flows will enable a timeliness that is unachievable by conventional methods, such as tapes being sent by mail.

- Improved Data Accuracy
 - Common Edits: GAs currently provide inconsistent edit checks. These inconsistencies translate into incomplete or inaccurate analytics and reporting of FFEL data. With loan details coming directly from lenders, FSA will be able to centrally maintain a set of edits. The Common Edits ESF will allow FSA to create a consistency for not only FFEL data but for other loan programs' data as well. While a FFEL disbursement and a Direct Loan (DL) disbursement record will have some edits unique to each program, they will also have a number of common edits to ensure an improved consistency for customers regardless of aid type (e.g., matching a loan record to a Free Application for Student Aid (FAFSA) and assigning common loan IDs potentially could be part of the Common Edits ESF).
 - Required Disability Discharge Reporting: Loans that are currently rejected for conditional disability discharge are sent to a commercial servicer and are not currently reported to the National Student Loan Data System (NSLDS). In the Target State these servicers will be required to send updates to the CDA. This will allow FSA to have the most accurate information when determining a student's eligibility for additional aid, running analytics, or performing functions which require loan level data.
 - CDA: Storing all FFEL data in the CDA will allow for a seamless transition of FFEL information between FSA Business Capability Areas. Rather than CSB receiving a separate record for subrogation requests, it will simply access the CDA and obtain the most recent information for the defaulted loan. Reconciliation both within FSA and with the community will be simplified through the establishment of the CDA. New projects and new interfaces will only have to follow one process to integrate with the CDA rather than establishing independent interfaces to multiple systems within FSA.
 - Common Loan ID: Coupled with the creation of the CDA, a common loan ID will further ensure accurate updates for a given loan. The common loan ID will also provide a means for partners to readily report underlying loans when submitting information for a consolidated loan.
- Enhanced Oversight
 - FFEL Total Reporting ESF: The FFEL Total Reporting ESF will serve as a conduit for FFEL data coming into the CDA. With a single location of FFEL processing, FSA will readily be able to identify partners' failure to comply with reporting requirements. With both FFEL detail and summary information being processed through a common ESF, FSA will also be able to more easily create a mechanism for ensuring thresholds and substantiating partners' payment requests.



- Simplified Partner Interaction
 - Single Source: Currently lenders must report FFEL details to as many as thirty-six GAs. Conversely, GAs must gather information from tens or hundreds of lenders. In this recommended option, FSA will serve as a single source of FFEL data with lenders reporting directly to FSA and GAs able to collect information directly from FSA.
 - FSA Gateway: The FSA Gateway will allow customers to view FSA as a single entity. Trading partners will not have to maintain multiple interfaces to each FSA system but rather will connect to a common point making the internal workings of FSA transparent. Any future internal system modifications will not directly impact the transfer method with the trading partner. This will lower integration and maintenance costs for both FSA and its trading partners. For example, GAs will not have to maintain separate interfaces for submitting defaulted FFEL details to NSLDS, Form 2000 summary data to the Financial Management System (FMS), and requests for subrogation and disability discharge to CSB. The FSA Gateway would allow the GA to go to one central repository, obtain technical documentation on access and connection options, and create the interface independent of the specific system to which it is transferring data.
 - XML: While the recommended option does not provide any technical designs, it is suggested that FSA continue to consider XML as its standard method for defining the enterprise's data elements. XML will establish common definitions for FFEL data elements and will facilitate the trading partners' ability to communicate FFEL updates to FSA via a consolidated, standardized data flow.



Student Enrollment Reporting Recommended Option

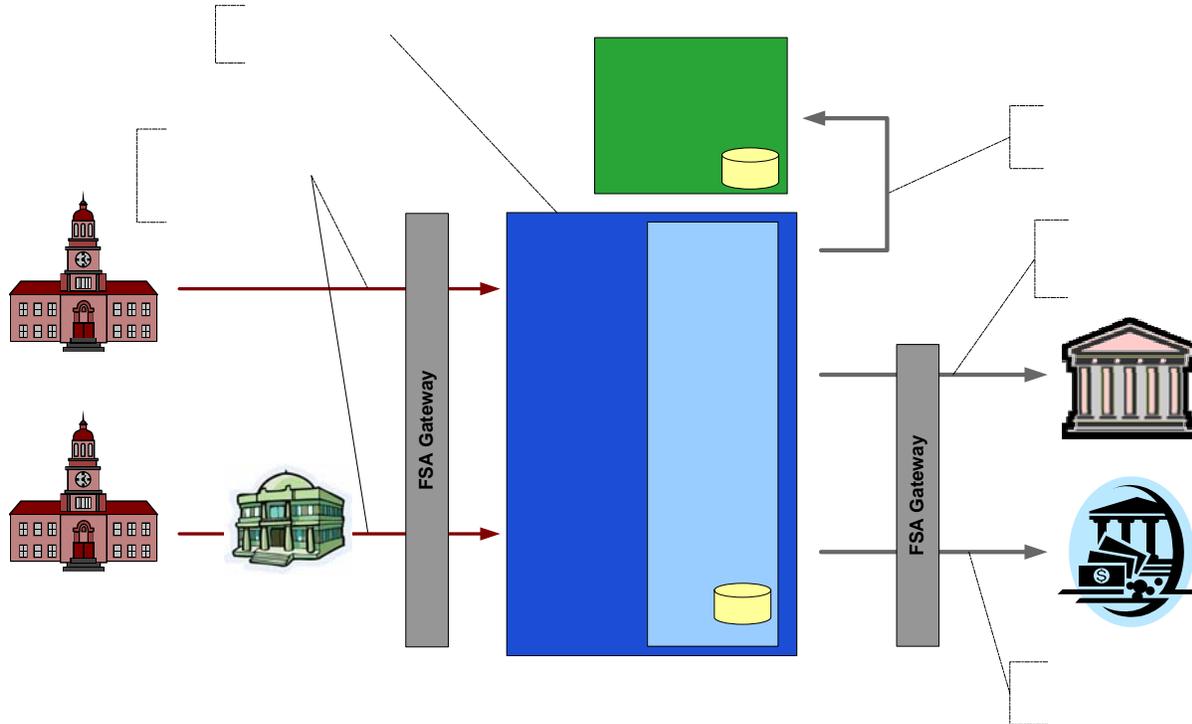


Figure ES 2: Recommended Student Enrollment Reporting Data Flow

In the Total Student Enrollment Reporting model, rosters are no longer used. Schools or their servicers, will report enrollment status data for all of their students directly to FSA on scheduled submission dates. While some foreign schools and schools that have lost their eligibility to participate in federal aid do not currently have access to submit data directly to FSA, they will be given this access and be required to submit updates in the same fashion as other schools. The schools or servicers will send the enrollment updates to FSA’s Student Enrollment Reporting ESF via the FSA Gateway.

After processing, updating, and storing borrower records, the Student Enrollment Reporting ESF will send enrollment data for DL borrowers to CSB and FFEL borrowers to the servicer, GAs and lenders. GAs and lenders will receive the data electronically via the FSA Gateway. While the lenders and GAs will continue to receive occasional external, ad hoc updates (e.g., a student calls and informs the partner that they are no longer enrolled in school), the data received from FSA will be considered the official enrollment status for students.

The Student Enrollment Reporting recommendation is based on a key assumption that FSA will receive total enrollment data from schools (Note: an open topic remains if this should be all schools, or only those participating in Title IV programs). If this assumption does not hold true, FSA should consider Option A: Combined Roster and Contractor Models with Added Lender

Student Enrollment Reporting ESF managed by a Contractor

Schools send all enrollment information directly to FSA. They may use a servicer to complete this task.



Distribution (reference Section 3.2.2.1 Option A: Combined Roster and Contractor Models with Added Lender Distribution) as the recommended option. Similar to the FFEL Reporting recommendation, the Student Enrollment Reporting recommended option reiterates the importance of concepts developed in the Data Strategy 1.0 effort, such as the FSA Gateway, the CDA, and XML. It also provides additional functional concepts that facilitate improved business processing, such as total enrollment reporting and direct lender distribution. The following list outlines the recommendation's benefits and future state concepts which enable these benefits:

- Improved Timeliness of Data Flows
 - Eliminate the use of Rosters: Rather than FSA sending rosters to schools and waiting for a reply, schools will directly report to FSA. The schools will report on a schedule established by FSA to ensure enrollment data is received in a timely manner.
 - FSA Gateway (Electronic Communication) Access for Schools: Many foreign schools do not have direct access to FSA and must send their enrollment updates to GAs, who subsequently send the information to FSA as part of their FFEL Reporting. In the Target State, schools will be given access and be required to submit data electronically to FSA. While there may be required regulatory changes and some initial development costs for the schools and FSA, the electronic data flows will enable a timeliness that is otherwise unachievable.
- Improved Data Accuracy
 - Total Student Enrollment Reporting: Currently, when a student transfers, FSA does not always know the student's new school and is unable to collect enrollment information. With the recommended Student Enrollment Reporting option, FSA will receive all enrollment data from the schools and will be able to match transfer students to their new school.
 - FSA Gateway (Electronic Communication): As previously noted, schools will be required to submit data electronically to FSA. If a school loses its eligibility to participate in Title IV programs, it should still retain its capability to submit enrollment updates. Ineligible schools may still have students attending that have previously received aid. While regulatory changes may be required, these data flows will enable enrollment data accuracy that is otherwise unachievable.
- Enhanced Oversight
 - Increase Oversight Requirements: FSA currently has a series of warning letters that are sent to a school when it does not comply with its enrollment reporting requirements. However, the warnings are based on checking whether a school reported, not what they reported. For example, a school with thousands of students will not receive a warning letter as long as they report on a single student's enrollment. FSA will add checks to provide oversight of what is being reported, not just whether a report was received.
 - Automated Oversight: While warnings letters are automatically generated, the enrollment reporting issues must be manually worked by NSLDS personnel in



conjunction with Administrative Actions and Appeals (AAA). This process will be automated to become less cumbersome.

- Simplified Partner Interaction
 - Direct Lender Distribution: The Student Enrollment Reporting ESF will send enrollment updates directly to lenders. Lenders will no longer have to interface with up to thirty-six GAs to receive this information. Lenders will receive the data more timely and both lenders and GAs will benefit from reduced maintenance costs. Lenders and GAs will receive enrollment data pertaining only to their borrowers. (Note: A pilot has been tested and NSLDS has the capability to provide enrollment data directly to lenders).
 - FSA Gateway: The FSA Gateway will allow customers to view FSA as a single entity. Trading partners will not have to maintain multiple interfaces to each FSA system, but rather will connect to a common point making the internal workings of FSA transparent. Any future internal system modifications will not directly impact the transfer method with the trading partner. This will lower integration and maintenance costs for both FSA and its trading partners.



Amendment History

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06/04/2004	Appendix M	Updated Target State Life Cycle Diagram (originally submitted within deliverable 123.1.4 Data Framework Specification)	N/A	D. Marker
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1 Introduction

1.1 Purpose

The Data Strategy Target Vision FFEL and Student Enrollment Data Flow Option Analysis provides options and recommendations for the Target State mapping of the FFEL and Student Enrollment Reporting data flows. Based on the outcome of the Data Strategy 1.0 effort, the further analysis of these data flows was recommended jointly by FSA senior leadership and the Data Strategy team leads. While these data flows were considered in the original Data Strategy documentation, they were not fully developed or no consensus was reached as to the best option for their Target State functional mapping. As part of the Data Strategy 2.0 effort to further define and map these areas, the Target State is more complete and recommended options are identified.

1.2 Scope

The two data flows analyzed in this deliverable are:

- FFEL Reporting
- Student Enrollment Reporting

This effort includes a business option analysis to determine how the identified data flows should be received and processed in a more efficient, enterprise-wide manner. The option analysis builds upon the high-level Target State created in the Data Strategy 1.0 effort, and includes a mapping of functionality currently performed by these flows into the Target State.

For each data flow, multiple options are given with their related considerations, pros, and cons. These Target State options were researched using previously compiled documentation and through working sessions with FSA business owners and Subject Matter Experts (SMEs). Based on the business needs and functional considerations, a recommended option was selected.

While the options and recommendations determined through this analysis have resulted in an updated version of the Target State, no requirements or designs directly result from this effort and none of the recommendations are implemented as part of this deliverable. As with other areas of the Data Strategy effort, additional steps are required to develop subsequent requirements, create detailed designs, and implement the recommended options. To fully realize the recommended options, legislative, statutory, and technical changes may also be required. As FSA approaches these future efforts, this document should serve as a reference tool to better understand the enterprise's functionality. Although a recommended option is identified in this deliverable, all of the options should be considered in light of any additional information that may come from the detailed requirement and design efforts.

1.3 Methodology

The methodology used to perform the FFEL and Student Enrollment Reporting analysis is



depicted in Figure 1: FFEL & Student Enrollment Reporting Analysis Approach, and consists of four primary stages. These stages (Current State Background, Target State Visioning, Analysis and Recommendation, and Other Project Considerations/Inputs) are discussed in detail in the following sections.

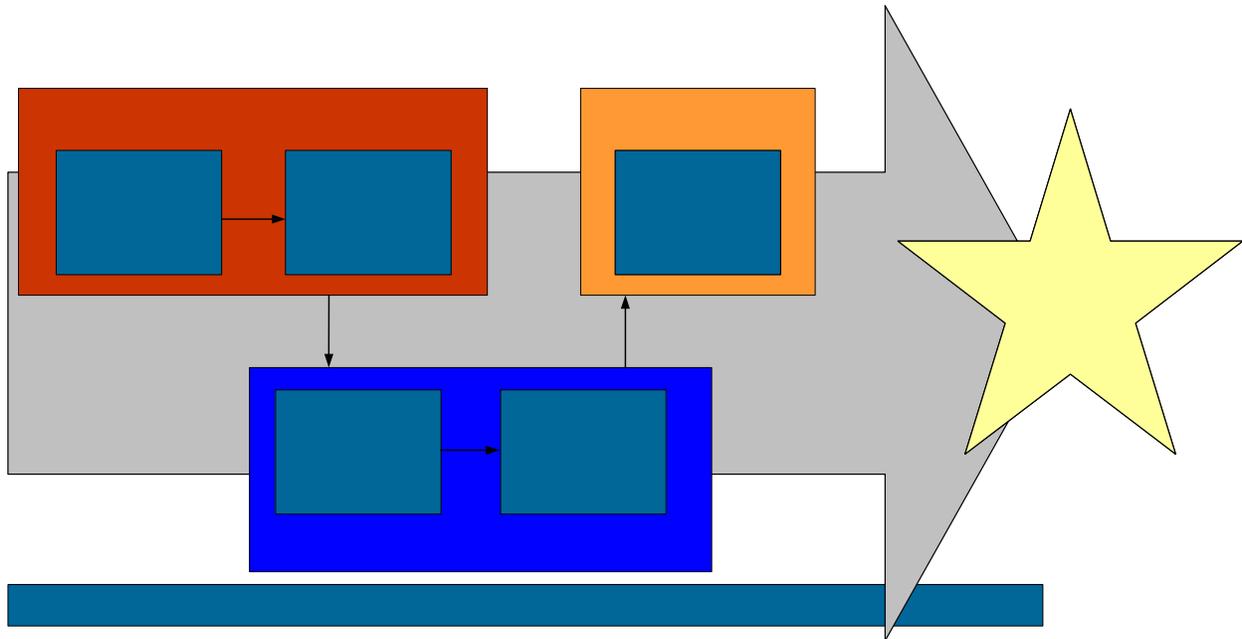


Figure 1: FFEL & Student Enrollment Reporting Analysis Approach

1.3.1 Current State Background

Developing a thorough understanding of the Current State business of FFEL and Student Enrollment Reporting is the initial goal of the analysis. To facilitate this goal, the Current State Background stage consists of two main steps: Confirm As-Is and Discuss Business Objectives.

1.3.1.1 *Confirm As-Is*

This step leverages information gathered and documented in Data Strategy Deliverable 123.1.2 As-Is System Data Flows. The As-Is System Data Flows deliverable contains the current path of information through FSA’s enterprise, displaying how information is introduced, captured, and passed between FSA systems to support the business of delivering and overseeing Title IV Aid. Using the existing data flows, the flows specifically related to FFEL and Student Enrollment Reporting are highlighted. Isolating the flows identifies the related enterprise systems and life cycle phases.

As part of this step, process flows are also developed. The process flows identify the key business decisions and processes that occur for FFEL and Student Enrollment Reporting. The process flows facilitate the identification of inefficiencies and areas for improvement.



1.3.1.2 *Discuss Business Objectives*

The FSA business owners and SMEs formed the business objectives for FFEL and Student Enrollment Reporting based on an understanding of the Current State with its given needs for improvement. While Current State functionality was referenced when developing these objectives, the objectives also serve as the step moving from Current State documentation to Target State visioning without constraint.

1.3.2 Target State Visioning

The Current State data flows, process flows, and business objectives provide the foundation for Target State visioning without constraint for FFEL and Student Enrollment Reporting. Before developing the conceptual Target State options, a review of the Data Strategy Target State background is given.

1.3.2.1 *Review Data Strategy Target State Background*

The Data Strategy Target State background references Data Strategy Deliverable 123.1.4 Data Framework Specification. The transition from the Current State to the Target State contains a paradigm shift from a system-centric to a business process-centric enterprise. Whereas the flow of data in the Current State focuses on communicating from system to system, data in the Target State is organized around core business processes named BCAs. Although FSA's high-level enterprise functions are mapped to the BCAs within the previous Data Strategy effort, areas such as FFEL and Student Enrollment Reporting require additional analysis to further clarify and refine the Target State definition. The enterprise functions related to the FFEL and Student Enrollment Reporting and their mappings to the original Target State are identified and used to initiate the detailed discussion on each of the flow options.

1.3.2.2 *Identify Options for Target State Mapping*

The Identify Options for Target State Mapping step determines the options that will be analyzed within the Analysis and Recommendation stage. First, using the Current and Target State background and the given business objectives, an initial list of options is developed. Next, a high-level analysis is performed to assess the options. Finally, from this analysis, a short-list of options is created for further examination in the Analysis and Recommendation stage.

1.3.3 Analysis and Recommendation

The Analysis and Recommendation stage focuses on analyzing these options and defining the recommended solution for mapping FFEL and Student Enrollment Reporting to the Target State.

1.3.3.1 *Perform Analysis*

The options analysis provides the considerations, pros, and cons identified by FSA business owners and SMEs in various working group sessions. The options are updated and refined to



reflect any comments or suggested changes from the working sessions.

1.3.3.2 Recommendation

The definition of the recommendation is the final step in the methodology. Based on the findings from the Perform Analysis step, the pros, cons, and considerations of each option are reviewed. The final recommendation is identified as the option that will best align with FSA’s strategic objectives and the objectives defined specifically for the FFEL and Student Enrollment Reporting data flows by the working groups.

1.3.4 Other Project Considerations/Inputs

Each step in the FFEL and Student Enrollment data flow analysis approach requires considerations for a number of FSA’s systems, BCAs, organizations, and trading partners. The following matrix outlines the touch-points for both FFEL and Student Enrollment Reporting.

Data Flow	Has Integration point with...	Concerning...	Description
FFEL Reporting	O&D	Reporting requirements for FFEL originations & disbursements	Potential mapping of FFEL data flow through the Origination and Disbursement (O&D) Business Capability Area
	Lenders & GAs	Reporting requirements/services	Possible changes to Lender/GA reporting requirements based on mapping of FFEL data flow in the Target State
	CSB	Loan Subrogation and Disability Discharges	Potential for providing seamless transition of loans from the community to FSA
	NSLDS	Functionality and Data Storage	NSLDS functionality is met by ESFs or BCAs and the CDA vision provides data currently housed by NSLDS
	Integrated Partner Management (IPM)	Potential role in processing summary partner participation information	Possible processing of Partner data used for oversight processes
Student Enrollment Reporting	Schools	Reporting requirements	Possible changes to enrollment reporting requirements
	Lenders & GAs	Receiving Student Enrollment updates	Possible changes to lender/GA frequency and method of enrollment updates from FSA



Data Flow	Has Integration point with...	Concerning...	Description
	CSB	Direct Loan enrollment updates	Possible changes to current method of collecting DL enrollment updates
	IPM	Oversight of Student Enrollment Reporting	Potential role in monitoring schools' enrollment reporting requirements
	NSLDS	Functionality and Data Storage	NSLDS functionality is met by ESFs or BCAs and the CDA vision provides data currently housed by NSLDS

Table 1: Integration Points with FSA's Systems, Business Capabilities, Organizations, and Trading Partners

1.4 Results Achieved

This deliverable documents the foundational steps that have culminated in the creation of a recommendation for FFEL and Student Enrollment Reporting mapping to FSA's Target State. Throughout these steps, FSA's drive to find the right balance between efficient delivery and effective oversight has been the catalyst for developing a recommendation for integrated, highly efficient FFEL and Student Enrollment Reporting processes. While the recommendations align with FSA's strategic objectives, they also take into consideration input from the community of trading partners.

The FSA business owners began the process of determining recommendations by examining the Current State of FFEL and Student Enrollment Reporting. Based on required Current State functionality and proposed Target State improvements, the business owners then created a set of business objectives and formed multiple Target State options. After analyzing the options by identifying pros, cons, and considerations, the business owners selected a recommended option for each data flow. The recommendations provide greater definition for areas in Data Strategy 1.0 that were only briefly touched upon or lacked a consensus Target State mapping.

The recommendations reiterate the importance of concepts developed in the Data Strategy 1.0 effort, such as the FSA Gateway, the CDA, and XML. They also provide additional functional concepts that facilitate improved business processing, such as lenders reporting directly to FSA and the FFEL Total Reporting ESF for FFEL Reporting and total enrollment reporting and direct lender distribution for Student Enrollment Reporting.

For descriptions and further information on the FFEL and Student Enrollment Reporting recommendations, please reference Section 2.3.5 Final Recommendation for FFEL Reporting, and Section 3.3.4 Final Recommendation for Student Enrollment Reporting.



1.4.1 FFEL Reporting Recommendation Benefits

The following list outlines the FFEL Reporting recommendation's benefits and future state concepts which enable these benefits:

- Improved Timeliness
 - Direct Lender Feed: Lenders will send FFEL details directly to FSA. Skipping the current step of data first going to GAs will inherently allow for more timely FFEL data flows to FSA.
 - FSA Gateway (Electronic Communication): All partners will be required to communicate electronically with FSA. While there may be some initial development costs for the partners and FSA, the electronic data flows will enable a timeliness that is unachievable by conventional methods, such as tapes being sent by mail.
- Improved Data Accuracy
 - Common Edits: GAs currently provide inconsistent edit checks. These inconsistencies translate into incomplete or inaccurate analytics and reporting of FFEL data. With loan details coming directly from lenders, FSA will be able to centrally maintain a set of edits. The Common Edits ESF will allow FSA to create a consistency for not only FFEL data but for other loan programs' data as well. While a FFEL disbursement and a DL disbursement record will have some edits unique to each program, they will also have a number of common edits to ensure an improved consistency for customers regardless of aid type (e.g., matching a loan record to a FAFSA and assigning common loan IDs potentially could be part of the Common Edits ESF).
 - Required Disability Discharge Reporting: Loans that are currently rejected for conditional disability discharge are sent to a commercial servicer and are not currently reported to the National Student Loan Data System (NSLDS). In the Target State these servicers will be required to send updates to the CDA. This will allow FSA to have the most accurate information when determining a student's eligibility for additional aid, running analytics, or performing functions which require loan level data.
 - CDA: Storing all FFEL data in the CDA will allow for a seamless transition of FFEL information between FSA Business Capability Areas. Rather than CSB receiving a separate record for subrogation requests, it will simply access the CDA and obtain the most recent information for the defaulted loan. Reconciliation both within FSA and with the community will be simplified through the establishment of the CDA. New projects and new interfaces will only have to follow one process to integrate with the CDA rather than establishing independent interfaces to multiple systems within FSA.
 - Common Loan ID: Coupled with the creation of the CDA, a common loan ID will further ensure accurate updates for a given loan. The common loan ID will also provide a means for partners to readily report underlying loans when submitting information for a consolidated loan.



- Enhanced Oversight
 - FFEL Total Reporting ESF: The FFEL Total Reporting ESF will serve as a conduit for FFEL data coming into the CDA. With a single location of FFEL processing, FSA will readily be able to identify partners' failure to comply with reporting requirements. With both FFEL detail and summary information being processed through a common ESF, FSA will also be able to more easily create a mechanism for ensuring thresholds and substantiating partners' payment requests.
- Simplified Partner Interaction
 - Single Source: Currently lenders must report FFEL details to as many as thirty-six GAs. Conversely, GAs must gather information from tens or hundreds of lenders. In this recommended option, FSA will serve as a single source of FFEL data with lenders reporting directly to FSA and GAs able to collect information directly from FSA.
 - FSA Gateway: The FSA Gateway will allow customers to view FSA as a single entity. Trading partners will not have to maintain multiple interfaces to each FSA system but rather will connect to a common point making the internal workings of FSA transparent. Any future internal system modifications will not directly impact the transfer method with the trading partner. This will lower integration and maintenance costs for both FSA and its trading partners. For example, GAs will not have to maintain separate interfaces for submitting defaulted FFEL details to NSLDS, Form 2000 summary data to FMS, and requests for subrogation and disability discharge to CSB. The FSA Gateway would allow the GA to go to one central repository, obtain technical documentation on access and connection options, and create the interface independent of the specific system to which it is transferring data.
 - XML: While the recommended option does not provide any technical designs, it is suggested FSA continue to consider XML as its standard method for defining the enterprise's data elements. XML will establish common definitions for FFEL data elements and will facilitate the trading partners' ability to communicate FFEL updates to FSA via a consolidated, standardized data flow.

1.4.2 Student Enrollment Reporting Recommendation Benefits

The following list outlines the Student Enrollment Reporting recommendation's benefits and future state concepts which enable these benefits:

- Improved Timeliness
 - Eliminate the use of Rosters: Rather than FSA sending rosters to schools and waiting for a reply, schools will directly report to FSA. The schools will report on a schedule established by FSA to ensure enrollment data is received in a timely manner.
 - FSA Gateway (Electronic Communication) Access for Schools: Many foreign schools do not have direct access to FSA and must send their enrollment updates to GAs who subsequently send the information to FSA as part of their FFEL Reporting. In the Target State, schools will be given access and be required to



submit data electronically to FSA. While there may be required regulatory changes and some initial development costs for the schools and FSA, the electronic data flows will enable a timeliness that is otherwise unachievable.

- Improved Data Accuracy
 - Total Student Enrollment Reporting: Currently, when a student transfers, FSA does not always know the student's new school and is unable to collect enrollment information. With the recommended Student Enrollment Reporting option, FSA will receive all enrollment data from the schools and will be able to match transfer students to their new school.
 - FSA Gateway (Electronic Communication): As previously noted, schools will be required to submit data electronically to FSA. If a school loses its eligibility to participate in Title IV programs, it should still retain its capability to submit enrollment updates. Ineligible schools may still have students attending that have already received aid. While regulatory changes may be needed, these data flows will enable enrollment data accuracy that is otherwise unachievable.
- Enhanced Oversight
 - Increase Oversight Requirements: FSA currently has a series of warning letters that are sent to a school when it does not comply with its enrollment reporting requirements. However, the warnings are based on checking whether a school reported, not what they reported. For example, a school with thousands of students will not receive a warning letter as long as they report on a single student's enrollment. FSA will add checks to provide oversight of what is being reported, not just whether a report was received.
 - Automated Oversight: While warning letters are automatically generated, the enrollment reporting issues must be manually worked by NSLDS personnel in conjunction with AAA. This process will be automated to become less cumbersome.
- Simplified Partner Interaction
 - Direct Lender Distribution: The Student Enrollment Reporting ESF will send enrollment updates directly to lenders. Lenders will no longer have to interface with up to thirty-six GAs to receive this information. Lenders will receive the data more timely and both lenders and GAs will benefit from reduced maintenance costs. (Note: A pilot has been tested and NSLDS has the capability to provide enrollment data directly to lenders).
 - FSA Gateway: The FSA Gateway will allow customers to view FSA as a single entity. Trading partners will not have to maintain multiple interfaces to each FSA system, but rather will connect to a common point making the internal workings of FSA transparent. Any future internal system modifications will not directly impact the transfer method with the trading partner. This will lower integration and maintenance costs for both FSA and its trading partners.

1.4.3 Modifications to the Target State

Through the course of working sessions, the FSA business owners and SMEs determined three areas of modification from the Target State depicted in previous Data Strategy deliverables.



The working session participants further validated the outcomes of the first Data Strategy initiative and recommended the following corrections. These corrections, while minor, are documented below and are reflected in Appendix L: Updated Target State Function Matrix and Appendix M: Updated Target State Financial Aid Life Cycle.

- To reflect the change of all FFEL data flowing through one ESF, the Servicing Reporting (FFEL and Campus Based) ESF was split into the FFEL Total Reporting ESF and the Campus Based Servicing Reporting ESF. The FFEL Total Reporting ESF becomes a conduit for both detail and summary FFEL data throughout the life cycle, not just servicing. The FFEL Total Reporting ESF will receive FFEL data for originations and disbursements, Form 2000, LaRS, servicing, subrogations, claims, and other related FFEL information.
- To indicate that FFEL disbursement data will flow through the FFEL Total Reporting ESF rather than O&D, the “Receive and Validate All Title IV Disbursements” function (an FSA Enterprise Function in the O&D BCA) was changed to “Receive and Validate DL, PELL, and Perkins Disbursements.”
- The SSCR (Student Status Confirmation Report) ESF was renamed to the Student Enrollment Reporting ESF. In the recommended option, the Student Enrollment Reporting ESF serves as the mechanism for collecting total enrollment from schools and distributing the information to the loan servicers.

1.5 Assumptions

This deliverable was created on the basis of the following assumptions:

- Business owners and SMEs representing FSA’s relevant organizational groups were invited to participate in the FFEL and Student Enrollment Reporting working sessions. The options and recommendations in this deliverable were developed by FSA and documented based on the information and feedback received in the working sessions.
- While the option recommendations are presented in the future tense (e.g., “FSA will...”), the actual implementation of the recommendations may be contingent upon resource availability, legislative and regulatory changes, additional partner feedback, and a number of other future factors.
- This deliverable provides recommended changes to the Data Strategy Target State, as it was detailed in Deliverable 123.1.4 Data Framework Specification. The implementation details of the recommendations, including requirements and designs, are not included with this deliverable. As part of future requirements and design efforts, all of the options should be reevaluated based on any updated information.
- Although not always implicitly defined, references to trading partners, such as “lenders” and “schools,” often are inclusive of the partners’ respective servicers.
- The following Integration Partner deliverables have been referenced in the completion of this document and contain further detailed information:
 - Data Strategy Deliverable 123.1.2 As-Is System Data Flows
 - Data Strategy Deliverable 123.1.4 Data Framework Specification



Data Strategy 2.0
Data Framework
Data Strategy Target Vision
FFEL and Student Enrollment Data Flow Option Analysis

- IPM Gap Analysis Deliverable 147.1.2 IPMS Financial Partners Channel Eligibility & Oversight As-Is Flows
- IPM Gap Analysis Deliverable 147.1.3 IPMS Financial Partners Channel Eligibility & Oversight Requirements



2 FFEL Reporting Data Flow

2.1 *Current State Background*

2.1.1 Data Strategy Current State Background

The Data Strategy 1.0 effort provided FSA business owners with a shared understanding of the data flows within the FSA enterprise. However, there were data flows that lacked complete understanding and documentation. FFEL Reporting to FSA systems from outside entities was one of these flows that required further analysis. As part of the Data Strategy 2.0 effort, the reporting of FFEL data to FSA was further analyzed. The first step in this analysis was to develop a thorough description of the As-Is process and data flows concerning FFEL Reporting. A clearer understanding and precise documentation of the Current State of FFEL Reporting provided the background knowledge that later facilitated visioning and the creation of a Target State recommendation.

The process of obtaining a FFEL loan involves interactions between the borrower, school, lender, GA, and FSA. The amount of FSA involvement in this process, along with FFEL loan collections, loan consolidations, transfers, and repayments, is minimal because a majority of the transactions occur between the borrower, school, lender and GA. Although FSA has limited involvement in these transactions, it is necessary that this information is reported to FSA. GAs and lenders report FFEL data directly to four FSA systems. GAs report FFEL loan details to NSLDS; GAs and lenders report FFEL summary data to FMS; GAs report disability discharge of FFEL loans to the Conditional Disability Discharge Tracking System (CDDTS); and GAs report FFEL default subrogations to the Debt Management Collection System (DMCS). This data is used to pay GAs and lenders, provide customers with a view of a borrower's financial aid, calculate performance metrics such as the Cohort Default Rate (CDR), and complete other FSA duties and business functions.

The following diagram highlights the flow of FFEL data from the external financial partners to the various FSA systems. Flows between outside entities, such as lenders sending data to GAs, were not depicted in the Data Strategy 1.0 effort and are not contained in this diagram.

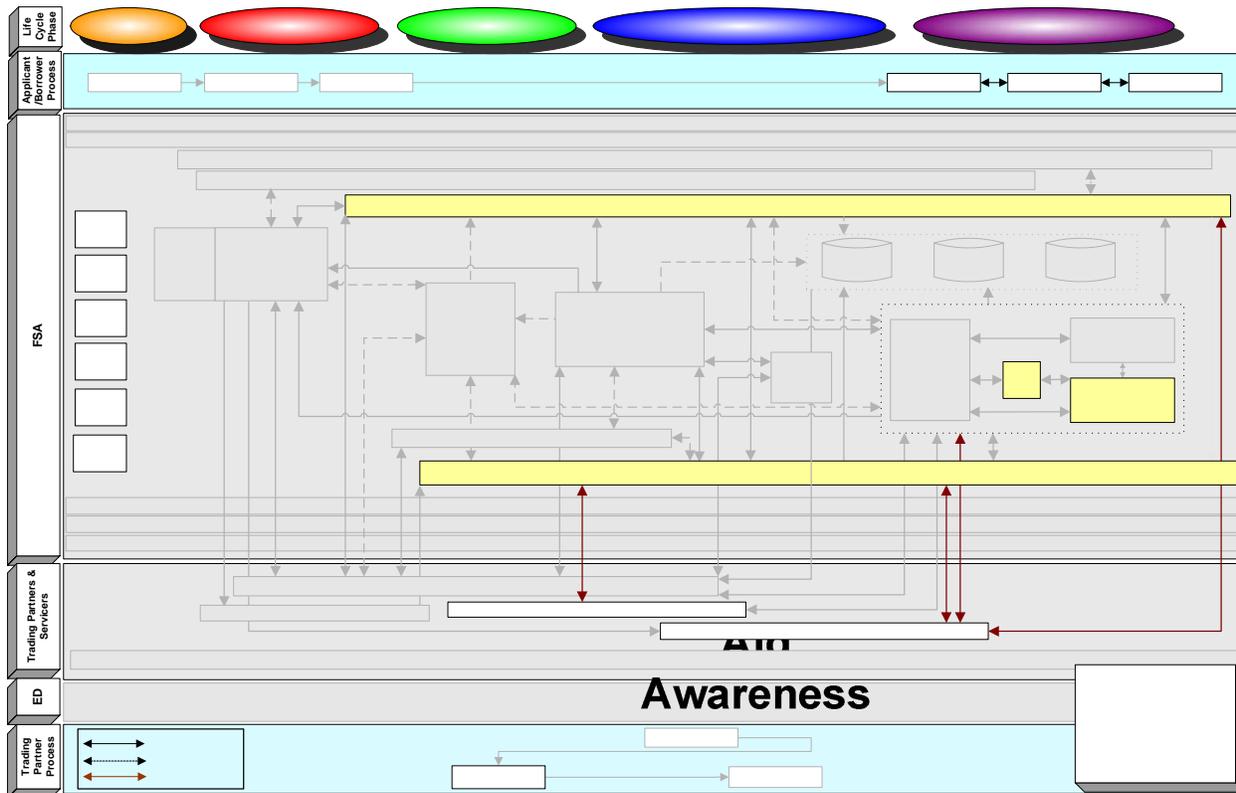


Figure 2: FFEL Reporting Current State High-Level Business View

The detailed data flows that map to the FFEL Reporting Current State High-Level Business View are provided in Appendix E: FFEL Reporting Current State Data Flows. The following tables provide the detailed information illustrated in these data flows. The tables describe what entity is sending data (Transfer From), what entity is receiving data (Transfer To), what type of file is sent (File Type), how it is sent (Transfer Method), when it is sent (Frequency), and what is sent (Data Transferred).

2.1.1.1 Delivery: Origination and Disbursement **Technology Enablers**

Transfer From	Transfer To	File Type	Transfer Method	Frequency	Data Transferred
GA	NSLDS	Flat File (Tape or Electronic)	Student Aid Internet Gateway (SAIG) or Mail	Monthly (at least) ITA Integrated Technical Architecture	GA FFEL Submittal File: Borrower/student demographics, origination and disbursement data, loan balances, loan holder, loan status, interest rate, eligibility information, and other loan data.

Table 2: FFEL Reporting O&D Data Flow



FFEL and Student Enrollment Data Flow Option Analysis

GAs are required to report FFEL detail data to NSLDS at least monthly. This detail data is submitted via SAIG or mail and includes information such as borrower/student demographics, origination and disbursement data, loan balances, loan holder, loan status, interest rate, eligibility information, and other loan data.

While the data flows only show the interaction of trading partners with FSA, it is important to note that GAs receive FFEL details from the lenders, or servicers acting on the lender's behalf, who are required to submit this information to their respective GAs at least quarterly. The editing done by the thirty-six GAs varies on this information before it is sent into NSLDS.

2.1.1.2 Servicing: Collections

Transfer From	Transfer To	File Type	Transfer Method	Frequency	Data Transferred
GA	DMCS	Flat File (Tape, Diskette) or Paper Form	Mail	Ad Hoc	New Debts: All defaulted FFEL loans. Note: This interface comes through the Student Loan Processing Center (SLPC).
DMCS	GA	Flat File (Tape) or Paper Form	Mail	Ad Hoc	Approved/Rejected New Debt Record

Table 3: FFEL Reporting Collections Data Flow

A lender that is unable to collect repayment on a FFEL loan reports the defaulted loan to the appropriate GA, in order to collect a claim payment on the defaulted loan from the GA. When the GA is also ineffective in their attempt to collect on this FFEL loan they have the option to send it to FSA for subrogation. The GA sends the defaulted loan's data to DMCS, after which FSA attempts to collect on the loan.



2.1.1.3 *Servicing: Repayment*

Transfer From	Transfer To	File Type	Transfer Method	Frequency	Data Transferred
GA	CDDTS	Tape and/or Paper Form and/or Spreadsheet and/or Disk	Email and/or Mail	Ad Hoc	Borrower demographics (tape or paper), CDDTS application and doctor certification (paper), payments (spreadsheet or all info on disk)
CDDTS	GA	Paper Form	Mail	Ad Hoc	List advising guarantor that loan is approved or denied for discharge

Table 4: FFEL Reporting Repayment 1 Data Flow

When a borrower has become totally and permanently disabled, they submit an application for a disability discharge to their lender. If the lender determines the borrower is eligible for discharge, they send a discharge request to the GA. The GA also performs an eligibility check. If the discharge is approved, the GA sends the required FFEL data to CDDTS. The data the GA submits includes borrower demographics, the CDDTS application, and Doctor's certification. CDDTS receives this information and reviews it to decide whether or not to grant a conditional discharge and later determine if final discharge is appropriate. CDDTS notifies the GA and the borrower of the approval or denial of discharge.

Transfer From	Transfer To	File Type	Transfer Method	Frequency	Data Transferred
CDDTS	Commercial Servicer FFEL	Flat File	FTP	Ad Hoc	FFEL loans are sent to a commercial servicer when disability discharge claim is denied. The file includes borrower demographics, loan data, and roster of payments received during evaluation period.

Table 5: FFEL Reporting Repayment 2 Data Flow

If CDDTS does not grant a conditional discharge, the loan is sent to a commercial servicer to be serviced. The file that is sent to the commercial servicer after a claim denial includes borrower demographics, loan data, and a roster of payments received during evaluation period. If the loan is in default, it is sent to DMCS for servicing instead of a commercial servicer. Currently



the commercial servicer provides no updates on the loans to NSLDS.

2.1.1.4 Institution Participation: Oversight

Transfer From	Transfer To	File Type	Transfer Method	Frequency	Data Transferred
GA	FMS	Web Form or Flat File	Web Interface or FTP	Weekly, Monthly, Quarterly, and Annually	Form 2000 and VFA Custom Form 2000 Extensions: Payment financial data sent monthly (weekly for VFA) and nonpayment financial data sent quarterly and annually. Corrections to invoices can also be made.
Lender	FMS	Web Form, Flat File, or Paper Form	Web Interface, SAIG, or Mail	Daily	LaRS forms submitted as net Accounts Receivable (AR) or net Accounts Payable (AP) Invoice. The lender can also make updates to their demographic information.

Table 6: FFEL Reporting Oversight Data Flow

GAs and lenders who participate in FFEL Program are paid accordingly by FSA. In order to receive reinsurance payments, the GAs and lenders send summary FFEL information to FMS on the Form 2000 and LaRs, respectively. Form 2000 and VFA Custom Form 2000 Extensions include payment financial data sent monthly, or weekly for VFA, and nonpayment financial data sent quarterly and annually. The summary data is based on the GA's activities from all of its business processes, which are used to determine their payments. Most lenders submit LaRS via SAIG or web interfaces, with a few lenders still submitting hard copies via mail. The LaRS information is used by FSA to calculate either a net AR or net AP invoice.

2.1.2 Current State Process Flows

The data flows identified in the previous section are a result of various process flows. The process flows provide a view of the Financial Aid Life Cycle stage in which FSA is receiving data and the background steps that must be taken before FSA receives the data. The process flows have been broken up into the different stages of the FFEL loans' life cycle. The stars on the process flow diagrams illustrate the resulting data flows between FSA and a trading partner



(reference Deliverable 123.1.2 to view these data flows). Three of the data flows (GAs submitting their summary FFEL data via Form 2000 to FMS, GAs submitting FFEL loan level details via monthly submittal to NSLDS, and lenders submitting their summary FFEL data via LaRS to FMS) contain data from multiple processes. These three common data flows are illustrated in the final diagram of the section.

2.1.2.1 Origination and Disbursement/Repayment

Lenders are required to send FFEL detailed information to their GA on a quarterly basis, although lenders may choose to perform this function more frequently. Lenders send GAs FFEL details to request guarantees in cases where there are not blanket agreements. Lender’s subsequently report originations, disbursements, cancellations, balances, loan status, and other related FFEL details.

Data related to origination and disbursement and repayment flows into FSA in three separate data flows: GAs reporting loan level details to NSLDS, GAs reporting summary FFEL information via Form 2000 to FMS, and lenders reporting summary FFEL data via LaRS to FMS. As noted in the diagram, the process of GAs and lenders submitting this information is shown in the final process flow diagram (reference Figure 8: FFEL Reporting All Process Flow).

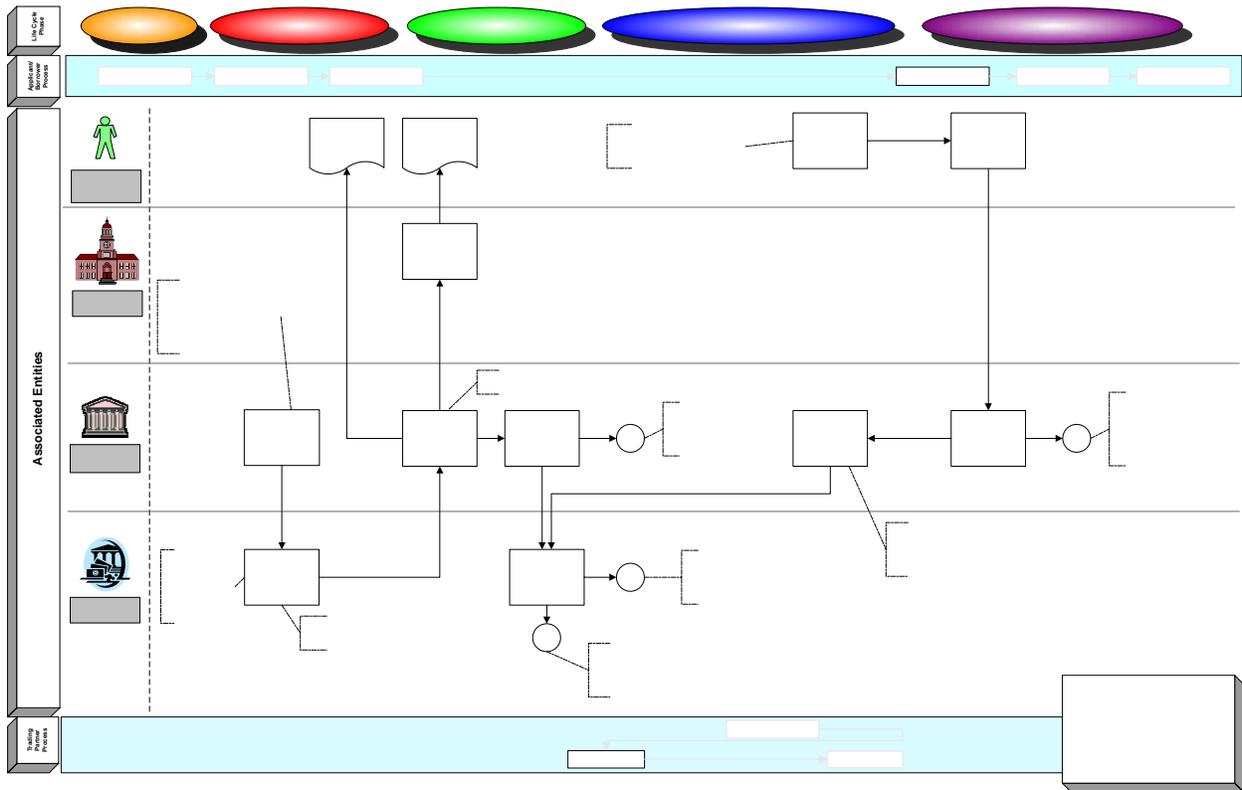


Figure 3: FFEL Reporting O&D/Repayment Process Flow



O&D Process Flow Steps

1.1 The lender reviews the loan information, approves the loan, and applies for a guarantee from the GA. Prior to the lender reviewing the loan information, a borrower has submitted a FAFSA, the school has certified loan eligibility and sent loan information to the lender, and the borrower has signed the Promissory Note. Currently, for FFEL loans, there is no FSA check in place to verify that a FAFSA has been completed by the borrower.

1.2 The GA reviews the loan information sent by the lender. After reviewing the loan information, the GA guarantees the loan and notifies the lender. In some cases, the GA receives the data directly from the school and then passes the information along to the lender. If the lender has established a blanket guarantee, then steps 1.1 and 1.2 of this process flow are not necessary.

1.3 The lender provides disclosure to the borrower and sends the disbursement to the school. Some lenders and GAs have arranged for GAs to perform this process step.

1.4 The borrower receives disclosure from the lender.

1.5 The school processes disbursements from the lender and releases the proceeds to the borrower.

1.6 The borrower receives the funds from the school.

1.7 The lender submits disbursement and cancellation information to the GAs. While this often occurs at least monthly, there is no specific regulation from FSA and the Department of Education that dictates the frequency of transmission. (Figure 8: FFEL Reporting All Process Flow shows the lenders reporting this information at the summary level via LaRS to FMS).

1.8 GAs receive and validate disbursement and cancellation data submitted by the lender. This information is reported to FSA as part of the GAs FFEL detail reporting and summary Form 2000 reporting (reference Figure 8: FFEL Reporting All Process Flow).

Repayment Process Flow Steps

2.1 The borrower enters their six month grace period after graduating from school or dropping below half-time status. In exceptions, such as PLUS loans, consolidated loans, and fraud, the borrower does not have a grace period and immediately enters repayment.

2.2 The borrower enters repayment status and begins making payments to the lender.

2.3 The lender receives payments from the borrower or consolidating lender and submits data regarding the payments to FMS via LaRS (reference Figure 8: FFEL Reporting All Process Flow).



2.4 The lender submits updated FFEL information to GAs, which includes balances, borrower demographics, loan status, interest rate, loan ID, and other related data.

2.5 The GA receives and validates the lenders submission of FFEL data and then submits the repayment data to NSLDS, where it is stored. This information is reported to FSA as part of the GAs FFEL detail reporting and summary Form 2000 reporting (reference Figure 8: FFEL Reporting All Process Flow).

2.1.2.2 Repayment: Sales/ Transfers

Lenders often choose to sell or transfer FFEL loans to other lenders. Both the transferring lender and the receiving lender must report the transfer to the GAs, and a notification of the sale or transfer is sent to the borrower. After the transfer is complete, the receiving lender must report any future repayment updates to their GA.

Similar to lenders transferring loans to other lenders, GAs sometimes transfer FFEL loan guarantees to another GA. After the transfer is complete the lender of the FFEL loan is notified. The original GA reports to NSLDS that the loan is no longer part of their portfolio and the new GA begins sending updates on the loan to NSLDS.

Both the lender and GA transfer processes are depicted in the diagram below. As with the other FFEL process flow diagrams, the circled numbers provide a reference to the final process flow diagram (reference Figure 8: FFEL Reporting All Process Flow).

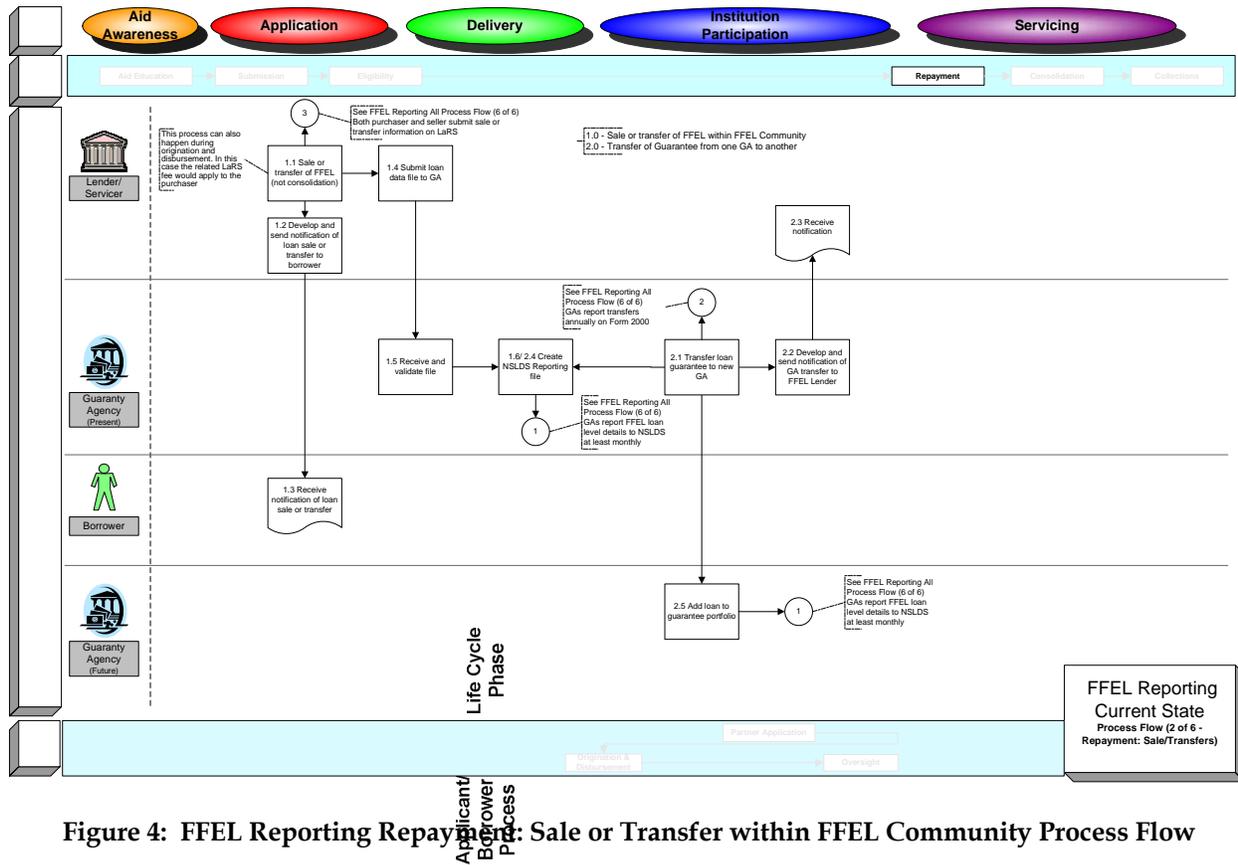


Figure 4: FFEL Reporting Repayment Process: Sale or Transfer within FFEL Community Process Flow

Repayment Process Flow Steps: Lender Sale or Transfer

- 1.1 The lender sells or transfers a FFEL loan to another lender. The sale or transfer data becomes part of the summary information submitted by the original/present lender via LaRS to FMS. This process can also happen during origination and disbursement. In this case the related LaRS fee would apply to the purchaser.
- 1.2 The original/present lender develops and sends notification of the loan sale or transfer to the borrower.
- 1.3 The borrower receives notification of the loan sale or transfer from the lender.
- 1.4 The original/present lender submits information regarding the loan sale or transfer as part of their loan data file sent to the GA.
- 1.5 The GA receives and validates the file from the lender.
- 1.6 The sale and transfer information is reflected on the GA's file submitted to NSLDS. This information is reported to FSA as part of the GA's FFEL detail reporting and summary Form 2000 reporting (reference Figure 8: FFEL Reporting All Process Flow).



Repayment Process Flow Steps: Transfer of Guarantee from one GA to another GA

2.1 The present GA transfers the FFEL guarantee to a future GA. This data is reflected in the present GAs' summary reporting on the annual Form 2000.

2.2 The present GA develops and sends notification of the GA transfer to the FFEL lender.

2.3 The lender receives notification of the present GA transferring the guarantee on the FFEL loan.

2.4 The present GA submits a file to NSLDS at least monthly, which includes the FFEL loan level details, indicating that the loan guarantee was transferred.

2.5 The future/new GA adds the FFEL loan to its guarantee portfolio. The new GA is now responsible for submitting the loan level details on the new FFEL it is guaranteeing.

2.1.2.3 Repayment: Disability Discharge

If a disability discharge is granted due to permanent disability, a borrower may have their FFEL loan discharged and be released of all obligations to repay the loan. Initial claims for FFEL disability discharge requests are filtered by the lenders and GAs before being submitted to CDDTS. This process for FFEL disability discharges and the subsequent data flows to and from FSA are illustrated in Figure 5: FFEL Reporting Repayment: Disability Discharge Process Flow. As with the other FFEL process flow diagrams, the circled numbers provide a reference to the final process flow diagram (reference Figure 8: FFEL Reporting All Process Flow).

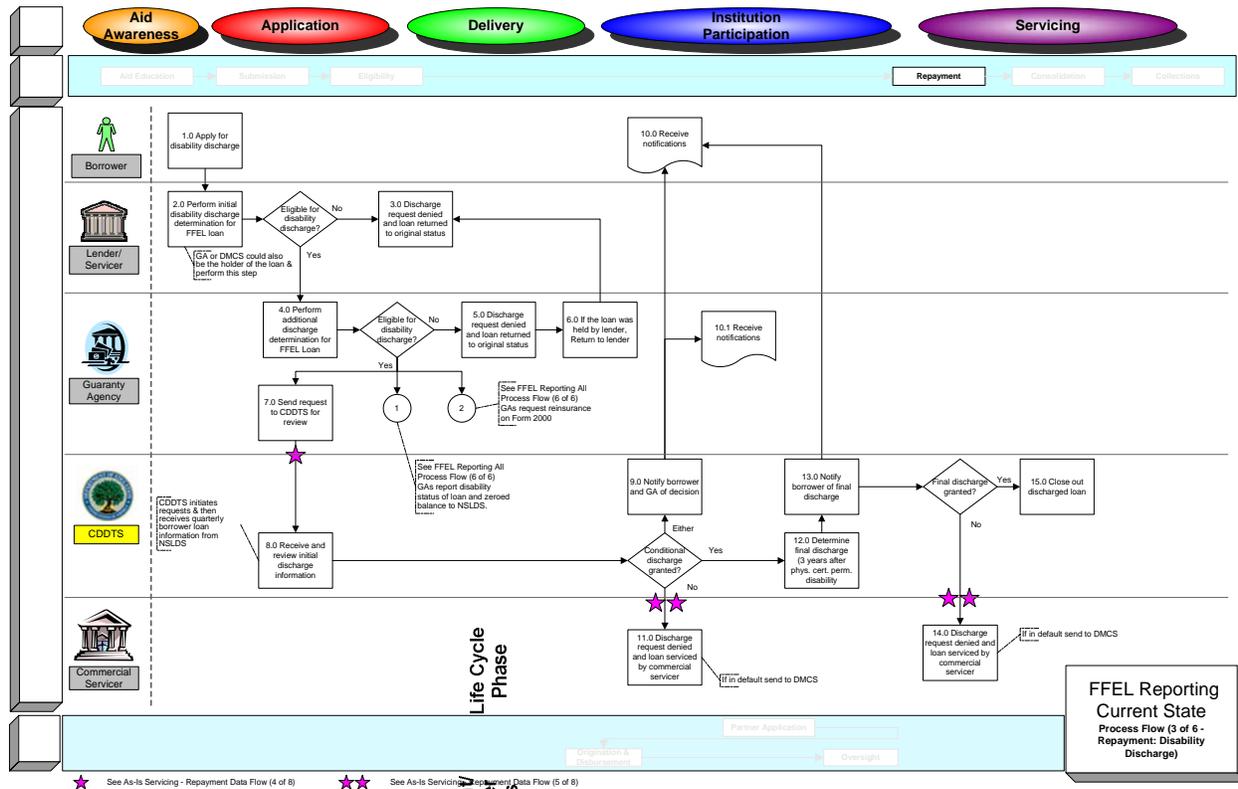


Figure 5: FFEL Reporting Current State Process Flow (3 of 6 - Repayment: Disability Discharge)

Repayment Process Flow Steps: Disability Discharge

1.0 The borrower applies for a disability discharge, if they become totally and permanently disabled, in order to be released from all obligations to repay their loan.

2.0 The lender receives the borrower’s application for disability discharge and performs an initial determination for a discharge from the loan. If the borrower is eligible for disability discharge their file is sent to the GA. If a GA or DMCS is the holder of the FFEL loan, they perform the eligibility determination before sending the loan to CDDTS.

3.0 If the borrower is deemed ineligible for a disability discharge, their request is denied by the lender and the loan is returned to its original status.

4.0 The GA performs an additional discharge determination for the borrower. If the borrower is deemed eligible, the GA reports a disability status on the loan, submits a zeroed balance to NSLDS, and requests reinsurance on the loan from FMS via Form 2000.

5.0 If the GA determines that the borrower is not eligible for disability discharge, the request is denied and the loan is returned to original status.



6.0 If a lender was holding the loan, the GA returns the loan to the lender. Otherwise, the GA continues to service the loan.

7.0 After the GA has determined that the borrower is eligible for disability discharge, it reports the loan details to NSLDS, summary claims information on Form 2000 to FMS, and the discharge request to CDDTS for further review.

8.0 CDDTS receives and reviews the initial discharge information. CDDTS initiates requests and then receives quarterly borrower loan information from NSLDS.

9.0 CDDTS determines if a conditional discharge is granted to the borrower. They inform the borrower and GA if the borrower is denied or granted conditional discharge.

10.0 The borrower and the GA are notified of the status of the disability discharge from CDDTS.

11.0 If the conditional discharge is not granted to the borrower, CDDTS sends the loan to a commercial servicer to be serviced. If the loan is in default, data is sent to DMCS.

12.0 If the conditional discharge is granted, CDDTS determines the final discharge (three years after the permanent disability was certified by a physician).

13.0 CDDTS notifies the borrower whether the final discharge was granted.

14.0 If the final discharge is denied, the loan is sent to the commercial servicer for servicing. If the loan is in default it is sent to DMCS.

15.0 If the loan was granted final discharge, then CDDTS closes out the discharged loan.

2.1.2.4 Consolidation

A borrower may consolidate their loans in order to receive an overall lower interest rate on their loans and/or to combine several types of federal student loans with various repayment schedules into one loan with one monthly payment. A borrower may submit an application for consolidation during their grace period, once they have entered repayment, or during periods of deferment or forbearance.

For a FFEL consolidation, the borrower works with the consolidation department of a FFEL lender. The FFEL lender subsequently works with the underlying loan holders to payoff the borrowers existing loans. The process and subsequent data flows for FFEL consolidations are illustrated in Figure 6: FFEL Reporting Consolidation Process Flow. As with the other FFEL process flow diagrams, the circled numbers provide a reference to the final process flow diagram (reference Figure 8: FFEL Reporting All Process Flow).

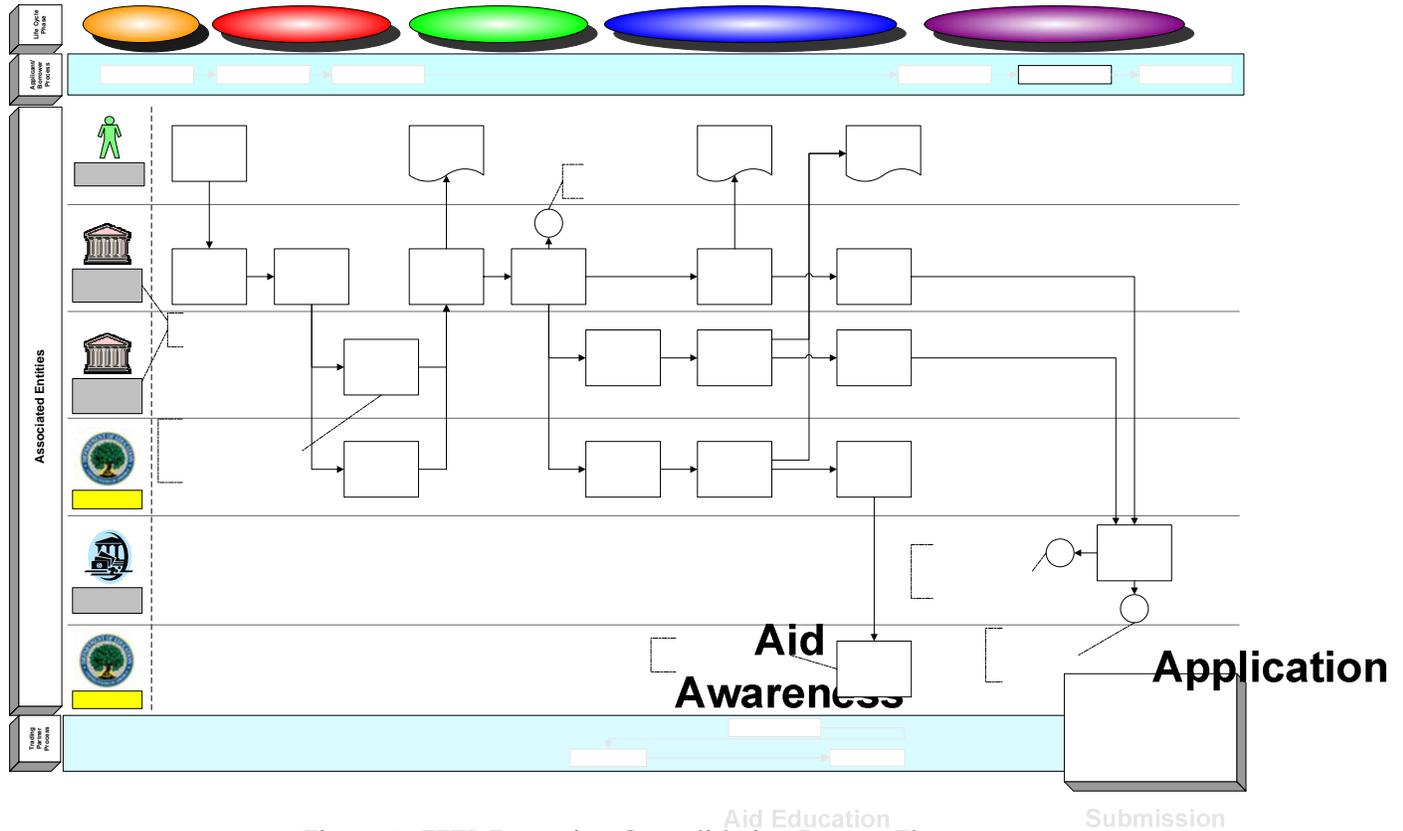


Figure 6: FFEL Reporting Consolidation Process Flow

Consolidation Process Flow Steps

1.0 The borrower applies for a consolidation with a participating FFEL lender.

2.0 The consolidating lender (may also be current loan holder) verifies the eligibility of the borrower to consolidate.

Borrower

3.0 The consolidating lender requests verification payoff data from the underlying loan holder(s). The underlying loan holder(s) could be a lender, GA, school, Direct Loan Servicing System (DLSS), or other entity.

4.0 The underlying loan holder provides verification data for the underlying FFEL.

5.0 The consolidating lender contacts the borrower to verify that the borrower still wants his/her loans to be consolidated.

Lender/
Service

6.0 The borrower works with the consolidating lender in order to consolidate his/her loans.

(Consolidator)

2.0 Verify the
eligibility for
Borrower to
consolidate

3.0 Request
verification payoff
data

7.0 The consolidating lender pays off the underlying loans. This information is submitted at the summary level to FSA via LaRS (reference Figure 8: FFEL Reporting and Consolidation Process Flow).

Underlying Loan Holder
and Consolidator could
be the same Lender



8.0 The consolidating lender develops and sends a notification of the loan consolidation to the borrower.

9.0 The consolidating lender submits the consolidated loan data file to the GA.

10.0 The borrower is notified that his/her loans have been consolidated.

11.0 The underlying loan holder receives full payment for the loans and closes the loan(s).

12.0 The underlying loan holder sends notification to the borrower of his/her loan(s) being paid by consolidation.

13.0 The underlying loan holder reports the loan as being paid by consolidation. If the underlying loan holder is a lender, the loan is reported to a GA and then to FSA. Other loan holders, such as schools, DLSS, DMCS, and GAs, send the information directly to NSLDS.

14.0 The borrower receives notification that their FFEL or DL loan(s) has been paid by consolidation through their underlying loan holder.

15.0 The GA receives and validates files from FFEL consolidating lenders and lenders holding underlying FFEL loans. The newly guaranteed consolidated loan information is reported in the GA's detail feed to NSLDS and is reflected in the summary data reported on the Form 2000 to FMS.

16.0 NSLDS receives underlying loan data regarding the loan being paid by consolidation from DLSS.

2.1.2.5 Collections

When a borrower fails to make a loan payment for 270 days on a loan repayable in monthly installments or 330 days on a loan repayable in less frequent installments they are considered a delinquent borrower and a Final Demand Letter is sent to them from their lender. If the borrower continues to fail to meet payment obligations, the borrower goes into default. The subsequent claims and collections process involves the lender, GA, borrower, and FSA. The steps related to this process are illustrated in Figure 7: FFEL Reporting Collections Process Flow. As with the other FFEL process flow diagrams, the circled numbers provide a reference to the final process flow diagram (reference Figure 8: FFEL Reporting All Process Flow).

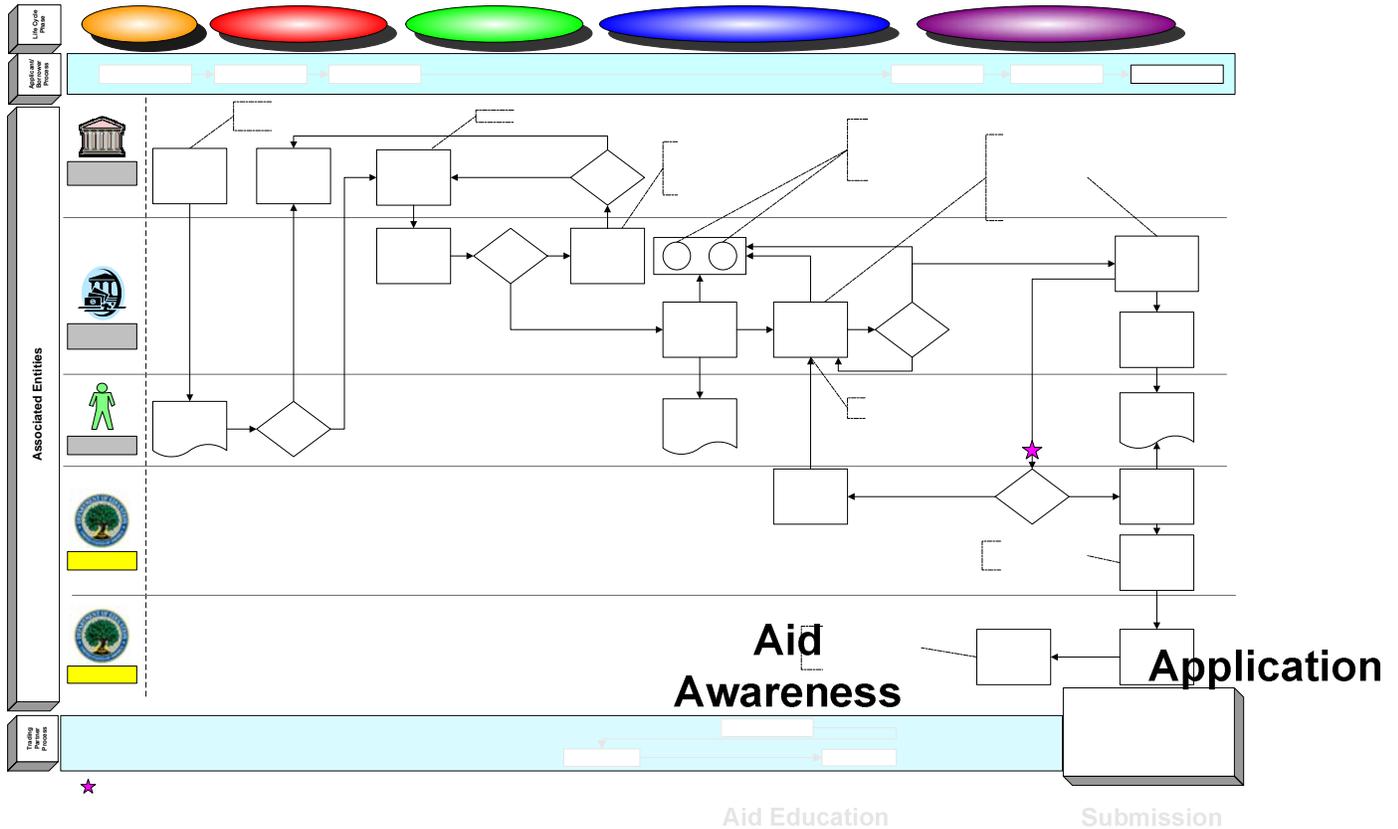


Figure 7: FFEL Reporting Collections Process Flow

Collections Process Flow Steps

1.0 The lender sends a Final Demand Letter to the delinquent borrower after the borrower fails to make a loan payment for 270 days on a loan repayable in monthly installments or 330 days on a loan repayable in less frequent installments.

2.0 The borrower receives the default warning letter from the lender
 3.0 If the borrower responds to the lender's Demand Letter, they resume appropriate repayment/servicing activities.

4.0 If the borrower does not respond to the Demand Letter, the lender sends loan information to the GA and requests claim payment. (Note: the lender may request to have the loan returned from the GA).

5.0 The GA reviews the claim and materials submitted by the lender regarding their request for a claim payment.

6.0 If the claim is incomplete or not valid, the GA indicates the information is incomplete or incorrect and returns it to the lender. The lender may choose to provide the missing

Borrower fails to make loan-installments on a loan repayable in monthly installments or 330 days on a loan repayable in less frequent installments.

Lender/Service

1.0 Send a Final Demand Letter to the delinquent borrower

3.0 Resume appropriate repayment/servicing activities

Guaranty Agency



information and resubmit the request for the claim payment or they may try to work with the borrower again. At this stage in the collections process the loan may be tagged as “temporarily uninsured.” If so, the GA reports the change in loan status to NSLDS and on Form 2000.

7.0 If the lender’s claim for repayment is valid and complete, the GA pays the claim and notifies the borrower. Throughout the collections process the GA is responsible for reporting claim information on the Form 2000 to FMS and making loan level updates to NSLDS.

8.0 The borrower receives notification that the GA is now servicing their defaulted loan.

9.0 The GA makes an attempt to collect on the defaulted loan. If the GA does not subrogate the loan they continue to try and collect on the defaulted loan. If they are successful and rehab the loan, they send it back to the lender.

10.0 If the GA chooses to subrogate the loan, the defaulted loan information is sent to DMCS and is reported on Form 2000 to FMS.

11.0 If DMCS does not accept the debt from the GA they return the debt record to the GA, for further servicing.

12.0 If debt is accepted from the GA, DMCS develops and sends notification to the borrower.

13.0 The GA develops and sends notification to the borrower that they have subrogated the loan to DMCS.

14.0 The borrower is notified by the GA and DMCS that DMCS is now servicing their defaulted loan.

15.0 DMCS sends updates to NSLDS. If the loan is rehabbed, it is sent back to selected lenders.

16.0 NSLDS receives and validates the update from DMCS.

17.0 NSLDS updates the defaulted loan data and provides customers (e.g., borrowers, schools, lenders, GAs) with the ability to view the information.

2.1.2.6 All Processes

Three of the FFEL data flows to FSA contain information from process flows throughout the FFEL life cycle: the GA loan level detail data flow to NSLDS, the GA Form 2000 summary data flow to FMS, and the lender LaRS summary data flow to FMS. In order to consolidate the process flow diagrams, these common data flows were grouped in Figure 8: FFEL Reporting All Process Flow and referenced using circled numbers in the other FFEL process flow diagrams.



Data Strategy 2.0
Data Framework
Data Strategy Target Vision
FFEL and Student Enrollment Data Flow Option Analysis

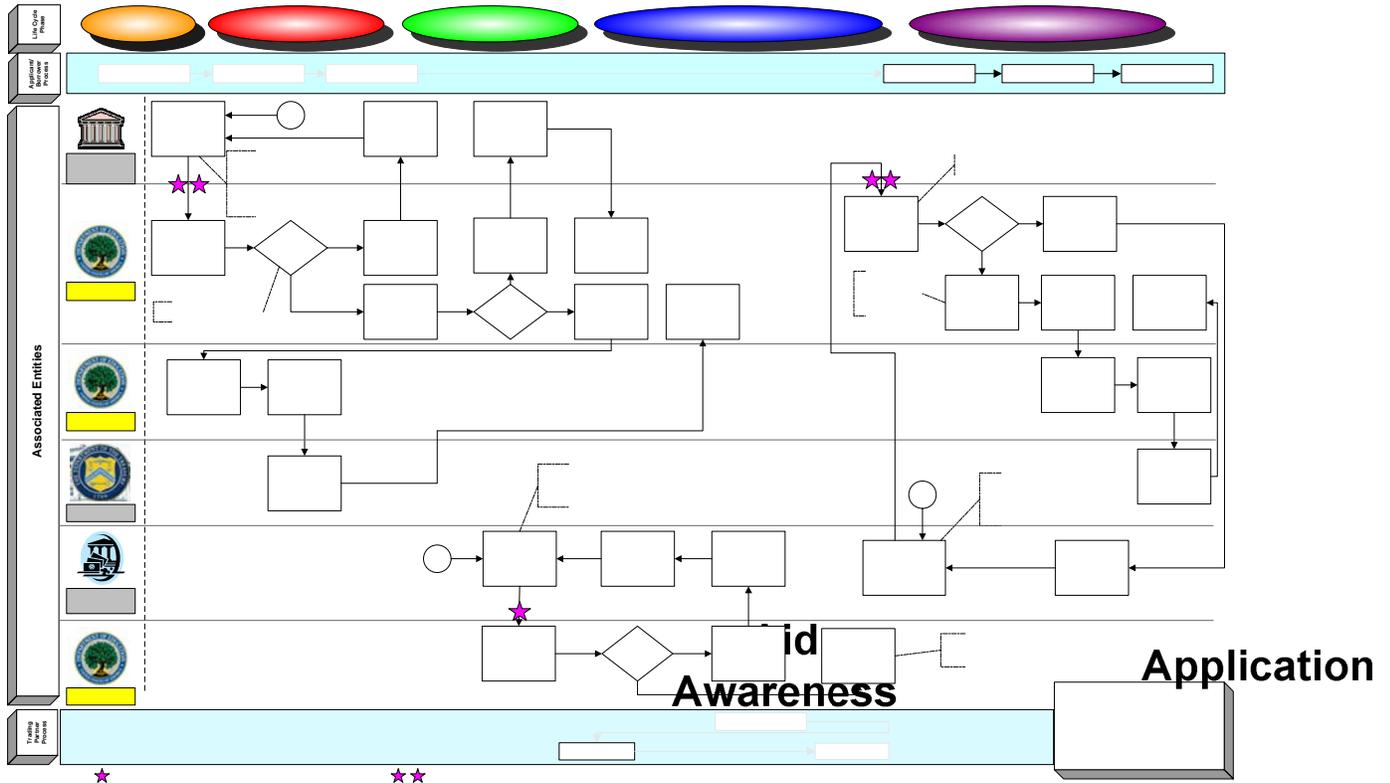


Figure 8: FFEL Reporting All Process Flow

GA Loan Level Detail Submittal Process Flow Steps

- 1.1 The GA submits FFEL details to NSLDS at least monthly, although they may submit more frequently. This file reflects data from all of the processes and life cycle stages related to FFEL Reporting (O&D, Repayment, Consolidation, and Collections). The GA submittal file includes information relating to borrower/student demographics, disbursements, balances, loan holder, loan status, eligibility information, and other loan data. GAs may run a process to update data changes from their last submittal and only send these changes to NSLDS. GAs also perform domain level edits on the file prior to submission, using FSA provided data prep software.
 - 3.1 Submit LaRS data (paper or online, or SARG) 3
- 1.2 NSLDS receives the file and performs reasonability checks.
- 1.3 If a record in the GA submittal contains errors, it is rejected by NSLDS and an error report is sent to the GA.
 - 3.2 Receive lender data and perform error processing 4
- 1.4 The GA receives the error report from NSLDS detailing the errors found.
- 1.5 The GA corrects the failed records either online or within their next submittal to NSLDS.
 - FMS No
 - For online submissions the edits are built in
- 1.6 NSLDS processes and stores the FFEL loan-level information. This data may be viewed in



NLDS by customers such as borrowers, schools, lenders, and GAs.

GA Form 2000 Submittal Process Flow Steps

2.1 The GA completes and submits Form 2000 to FMS. This form includes FFEL summary information, which is based on the GA's record of FFEL activities from all of the processes and life cycle stages (O&D, Repayment, Consolidation, and Collections). Three of the four VFA GAs submit Form 2000 information weekly.

2.2 FMS receives the Form 2000 data from the GA and performs error processing.

2.3 If there is an error or invalid data, FMS sends a notice and works with the GA to resolve the errors.

2.4 The GAs review the errors and make necessary changes to their Form 2000 submittal in order for FMS to accept the file.

2.5 FMS loads data from Form 2000 and creates and approves an invoice. Account Maintenance Fee (AMF) and Loan Processing and Issue Fee (LPIF) data provided by NSLDS is also used to create GA invoices.

2.6 FMS generates a payment invoice file and sends it to the Department of Education (ED) Office of the Chief Financial Officer (CFO).

2.7 The ED Office of the CFO receives the payment file from FMS and certifies the payments.

2.8 The ED Office of the CFO notifies the Treasury to make a disbursement to pay the GA.

2.9 The U.S. Treasury makes a disbursement to the GA and returns a confirmation to FSA.

2.10 FMS receives and approves the confirmation from Treasury regarding the payment to the GA.

Lender LaRs Submittal Process Flow Steps

3.1 Prior to LaRS submission, the lender has completed the Lender Application Process (LAP), received a Lender Identification Number (LID), and is eligible for Title IV participation. The lender submits LaRS summary invoice data to FMS via SAIG, online, or paper. The LaRS summary data is based on the lender's record of FFEL detail from the O&D and Repayment processes.

3.2 FMS receives the LaRs information from the lender and performs error processing.

3.3 If there are errors or invalid data then FMS sends a notice to or works with the lender to resolve the errors.



3.4 The lender makes corrections to the LaRS summary invoice data.

3.5 If there are no errors, FMS performs reasonability checks, approves the invoice, and posts the invoice.

3.6 If the lender owes money, an AR transaction for FMS is created and the lender is billed for the AR amount. An email notification is sent to the lender.

3.7 The lender receives the notification and makes the payment via the lockbox.

3.8 FMS receives and processes the lender payment information.

3.9 If FMS needs to pay the lender, it generates a payment invoice file and sends it to the ED Office of the CFO.

3.10 The ED Office of the CFO receives the payment file from FMS and certifies the payment.

3.11 The ED Office of the CFO notifies the U.S. Treasury to make a disbursement to the lender.

3.12 The U.S. Treasury makes the disbursement to the lender and returns a confirmation to the FSA.

3.13 FMS receives the confirmation from the Treasury.

2.1.3 Community Issues and Areas for Improvement

A meeting was held at FSA to analyze the current FFEL Reporting process with the financial partner community. The goal was to understand and collect the current issues, inefficiencies, and possible areas of improvements for reporting FFEL data to FSA. This information was used in the considerations and objectives for determining the final recommendation for FFEL Reporting in the Target State. The following sections highlight the issues and areas for improvement recommended by the FFEL community.

2.1.3.1 Current State Issues

- Data Quality
 - Trading Partner, student, and loan identifier conflicts cause confusion with loan tracking and data reconciliation, and may create duplicate loans.
 - Data is redundant or inconsistent between lenders, GAS, NSLDS, and other FSA systems.
 - Data is reported infrequently.
 - Unnecessary data is collected by FSA.
 - Data is reported by multiple entities.



- Data Editing
 - Eliminate “all or nothing” edits; do not reject the entire record if one field in the record is invalid.
 - Current editing process results in the inability to load all valid data into NSLDS.
- Data Usage
 - Unable to track underlying consolidation loans.
 - Inaccurate student enrollment/eligibility data.
 - NSLDS calculates AMF and LPIF Payments based off NSLDS “lender” data, and errors prevent proper payment as NSLDS and the GA databases are out of synch.
 - Inability to substantiate federal financial reporting.
 - There are different data standards/elements for the federal reporting of subrogation.
- Inconsistent data access; students/borrowers cannot view their updated information.
- Borrower/student privacy issues

2.1.3.2 Areas for Improvement

- Use of common identifiers.
 - Standard Student Identification Method (SSIM)
 - Routing Identifier (RID) for Trading Partners
- Obtain data required to support business processes (e.g., aggregates, CDR).
- Use of a standardized data dictionary/expanded use of the common record.
- Ability to submit change records.
- Explore the use of technology to obtain data when it’s needed.
- Data should be reported at more frequent intervals and during peak business functions.
- Identify a single method to interface with FSA.
- Enable block editing; reject fields that are invalid and not the entire record.

2.1.4 Business Objectives

The FFEL Reporting working group developed a set of key objectives that highlight the business needs for reporting FFEL data. The objectives are a result of required Current State processes and desired Target State functionality. The objectives were referenced in the meetings when creating options for the Target State FFEL Reporting and when determining pros, cons, and considerations for these options.

- Receive accurate FFEL Data in a timely and efficient manner.
- Collect data needed to substantiate partners’ payments and receivables.
- Provide GAs, lenders, schools, and FSA with an “Integrated Student View” and enable borrowers to view their complete, accurate financial aid history.
- Facilitate Ombudsman Case Tracking.
- Provide data needed to correctly calculate CDR.
- Ensure accurate calculation of performance metrics (e.g., lifetime default rate).
- Allow FSA enterprise analytics to be based off of accurate FFEL details.
- Support Department financial statements.
- Enable monitoring of trading partner compliance.



- Enable student eligibility monitoring.
- Streamline the subrogation process; make the transition of defaulted loans to CSB “seamless.”
- Provide a consolidated reporting mechanism for trading partners.
- Potentially facilitate default aversion.
- Ensure proper data is used for credit reform and budget modeling.

2.2 Target State Visioning

2.2.1 Data Strategy Target State Background

In the Data Strategy 1.0 effort a Target State was developed where the business architecture was mapped to align business functions to a business process-centric usage of data. This method decreases data redundancy and increases efficiency for FSA by moving away from the Current State of FSA’s business where a system-centric usage of data supports siloed business processing. The FFEL Reporting functionality was not fully discussed and mapped to the Target State in the Data Strategy 1.0 effort. At the completion of Data Strategy 1.0, it was unclear whether FFEL Reporting functionality was best mapped to the FFEL Servicing Reporting ESF, Edit Checks ESF, O&D, CSB, IPM, or a combination of these shared functions and business capability areas. The table below depicts the mapping considerations from the Data Strategy 1.0 effort.

Business Capability Area (Green Box)	Enterprise Function Grouping	FSA Enterprise Functions	As-Is Mapping Key Internal System(s)
All Areas	Shared Functions	Common Logic Edit Checks for shared data	Various Systems
CSB, Customers		Collect and maintain Perkins, DL, and FFEL Servicing Information	NSLDS
O&D	Award and Disbursement Processing	Receive and validate all Title IV disbursements	Common Origination and Disbursement (COD), NSLDS
		Receive and validate transfer records	NSLDS
PPM	Partner Payment Administration	Receive Financial Partner invoicing (possibility to PrePopulate portions of Form 2000 and 799 with CDA FFEL details depending on partner reporting requirements).	NSLDS- AMF & LPIF FMS- Form 2000 & 799 (LaRS)



Business Capability Area (Green Box)	Enterprise Function Grouping	FSA Enterprise Functions	As-Is Mapping Key Internal System(s)
CSB	Service Loans	Track Conditional Disability Discharges	CDDTS
	Recovery & Resolution	Receive Assigned Loans/Establish Collection Account	DMCS

Table 7: FFEL Reporting Data Strategy 1.0 Target State Mapping

As shown below, the Target State Financial Aid Life Cycle diagram provides an illustration of the Target State functionality. Highlighted in red are the areas that were considered for the potential mapping of FFEL Reporting functionality in the Target State.

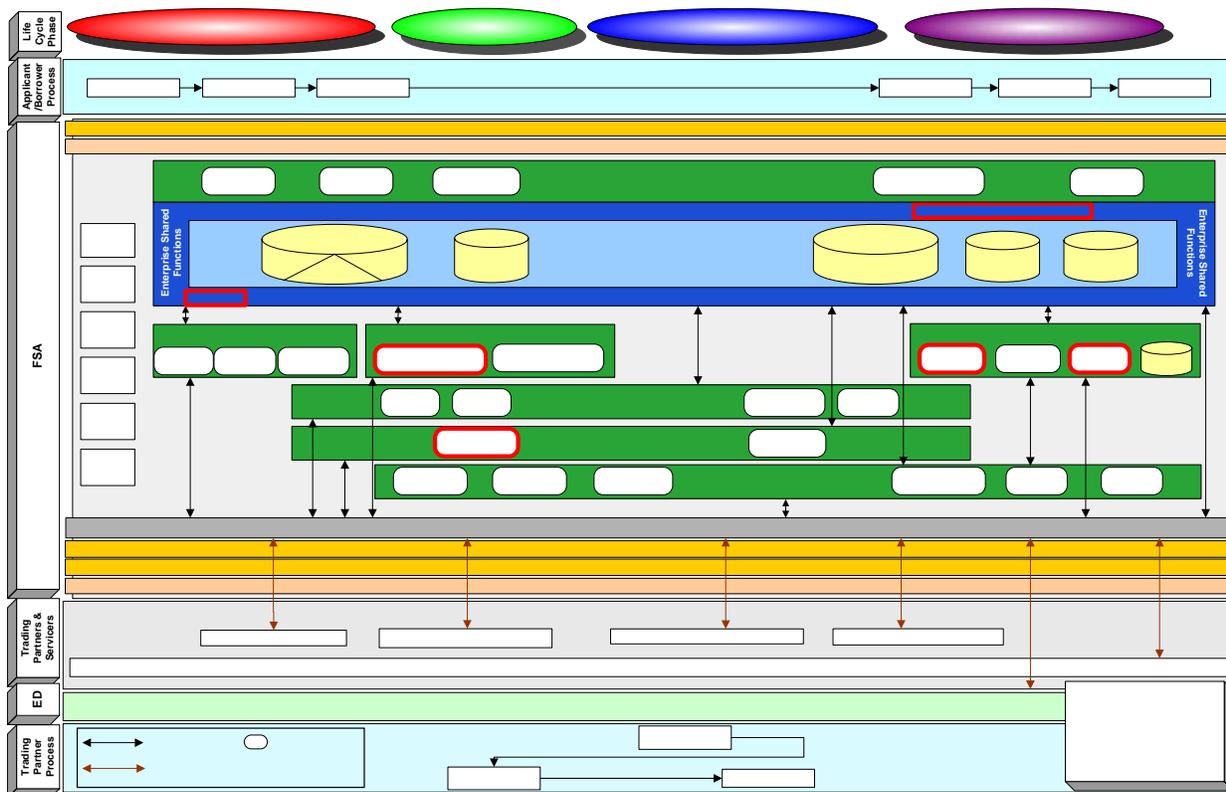


Figure 9: FFEL Reporting Data Strategy 1.0 Target State High-Level Business View

Although the Data Strategy 1.0 effort did not provide a definitive Target State mapping for the FFEL Reporting data flows, a number of considerations were identified. The need for more timely data flows, increased standardization in partners' interaction with FSA, and improved FFEL data accuracy were some of the key points noted. These considerations provided a basis from which to begin developing a set of Target State options for further analysis.



2.2.2 Functional Options

Working sessions were conducted with FSA business owners and SMEs to determine the optimal flow of FFEL Reporting data to FSA in the Target State. After discussing numerous scenarios, the working group decided upon two front-end and two back-end options for further analysis. Front-end options addressed which financial partner entities will report FFEL data to FSA and what FFEL data they will send. The backend options defined what the data flow will be within FSA, what BCA and ESF will edit and process the FFEL data before it is stored in the CDA, and which entities will access the data from the CDA.

Two options were identified for the Front-end, Option A and Option B. The key difference in the options is that Option A will have lenders/servicers reporting FFEL details directly to FSA whereas Option B will have the details flowing through the GAs before coming to FSA. For both options, the FSA Gateway will provide a consolidated, standardized means for the partners to communicate with FSA.

The Back-end options consider where the FFEL data goes once it has entered the FSA Gateway and who uses it. There were two main Back-end options. Back-end Option A will have data running through the FFEL Servicing Reporting ESF first before it is stored in the CDA. Back-end Option B suggests that various BCAs and ESFs will process the information and then store it in the CDA.



2.2.2.1 Front-end Option A: Current Loan Holder Reports FFEL Detail Data

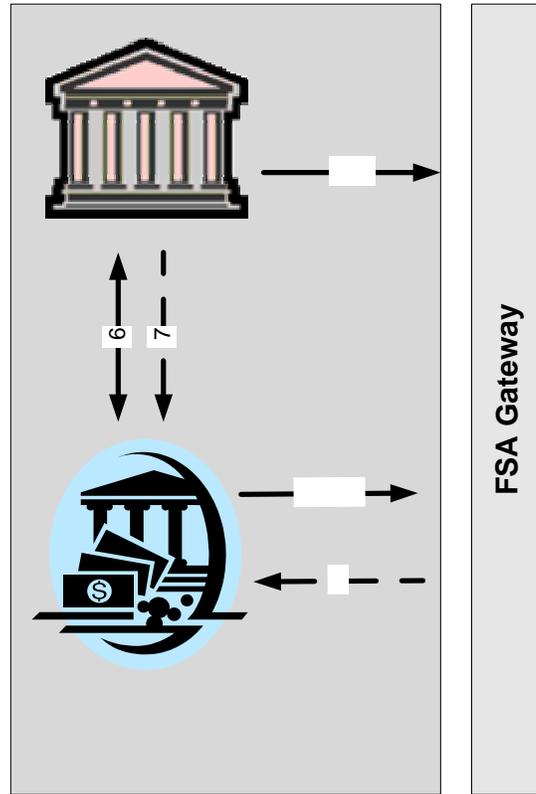


Figure 10: FFEL Reporting Front-end Option A: Current Loan Holder Reports FFEL Detail Data

In this option the current holder of the FFEL loan will report FFEL details directly to FSA. Lenders/servicers will submit FFEL details such as disbursements, cancellations, guarantees, balances, and other loan data directly to FSA. GAS will report information for defaulted loans they are currently servicing and requests for claims. Summary level information will continue to come in from Lenders via LaRS and from GAS via the Form 2000.

The lender and GA relationship will change in this option only with respect to the flow of FFEL detail data because GAS will no longer serve as a pass-through from lenders to FSA. The lender will continue to send guarantee requests, preclaims data, and claims information to GAS. The GAS will obtain other FFEL details such as balances and cancellations directly from the lenders.

1. Lenders submit detail data such as disbursements, cancellations, guarantees, balances, etc. directly to FSA.
 NOTE: This initially just the large lender remaining lenders submit detail data through GAS.

2. Lenders submit summary data.

3. GAS report detail data for defaulted loans they are currently servicing.



2.2.2.2 Front-end Option B: Current State Translated to Target State

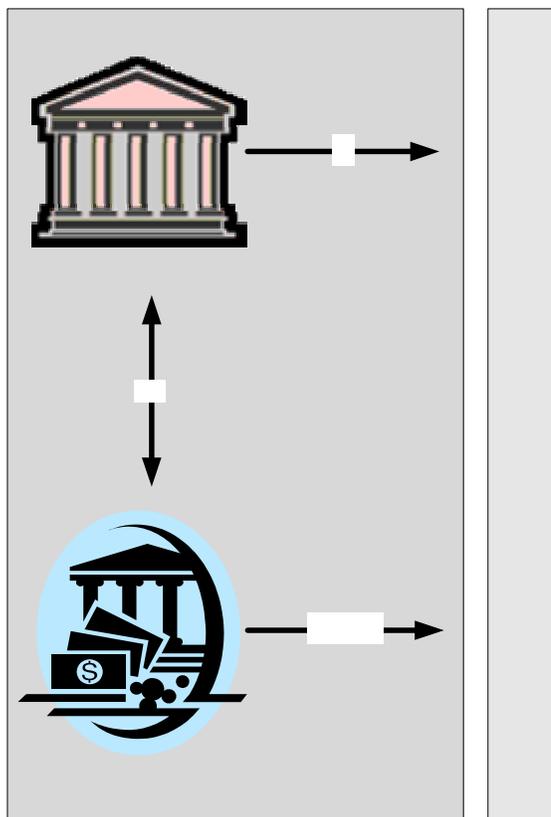


Figure 11: FFEL Reporting Front-end Option B: Current State Translated to Target State

As previously noted, the key difference between Front-end Option A and Front-end Option B is which entity will report FFEL loan level details to FSA. Front-end Option B is very similar to the current flow of FFEL data. The lender will send all FFEL details to GAs and the GAs will report this data to FSA. Lenders will submit LaRS summary data for invoicing directly to FSA.

The GAs will report FFEL details to FSA for loans held by the lender, defaulted loans the GA is currently servicing, subrogation requests, and disability discharge requests. GAs will also continue to submit FFEL summary data via Form 2000 to FSA. After GAs receive FFEL details from the lenders they will send guarantees, claim payments, and other information when necessary back to the lenders.

1. Lenders submit summary data.

2. GAs report defaulted loans (both loans lender and defaulted are currently servicing)

3. GAs transfer s



2.2.2.3 Back-end Option A: FFEL Total Reporting ESF processes and stores data in CDA

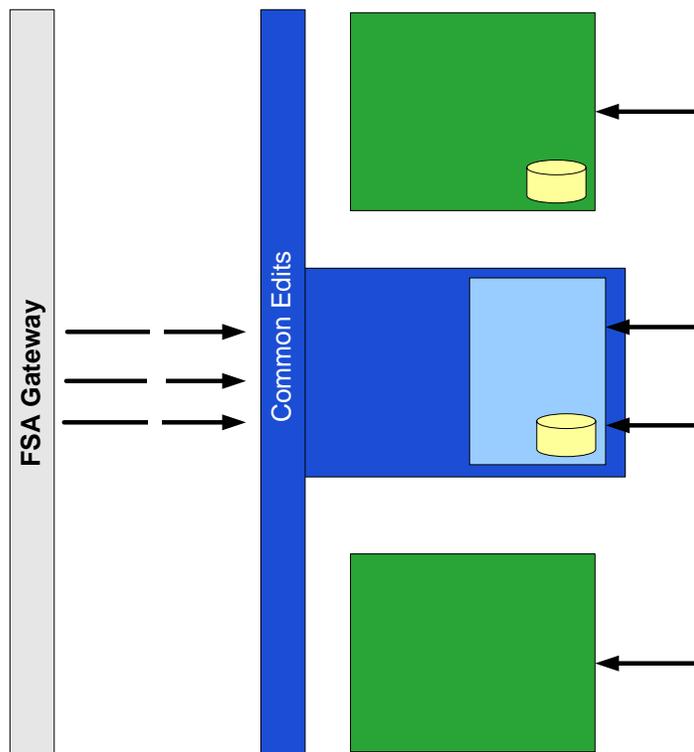


Figure 12: FFEL Reporting Back-end Option A: FFEL Total Reporting ESF processes and stores data in CDA

In Back-end Option A, after the FFEL data has entered the Gateway it will run through the Common Edits ESF before it is processed by the FFEL Total Reporting ESF. Once the data has been processed it will be stored in the CDA. The CSB and PPM BCAs will access the data they need from the CDA. CSB will access FFEL data on subrogated defaulted loans and disability discharge loans. PPM will access FFEL data in the CDA in order to create invoices for financial partners.

1. Report Loan details (including information such as disbursements, cancellations, servicing details, default discharges, etc.). The details are processed by the FFEL Total Reporting ESF and stored in the CDA.



2.2.2.4 Back-end Option B: Multiple BCAs & FFEL Servicing Reporting ESF process and store data in CDA

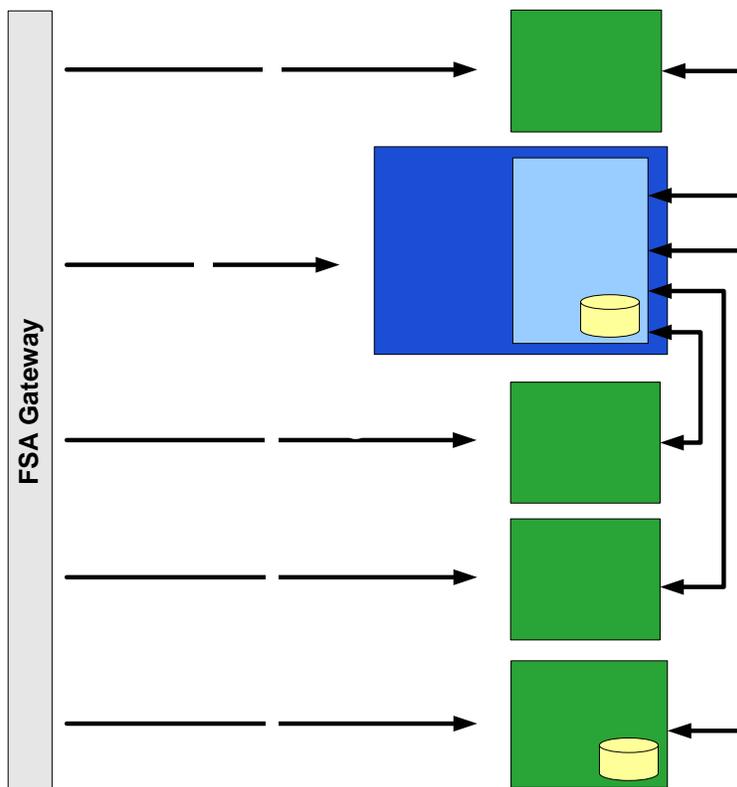


Figure 13: FFEL Reporting Back-end Option B: Multiple BCAs & FFEL Servicing Reporting ESF process and store data in CDA

Back-end Option B differs from Back-end Option A with regards to who processes the data before it is stored in the CDA. In this option, various BCAs and ESFs will process FFEL data. PPM will receive and process FFEL summary level data in the Form 2000 and LaRS necessary to create invoices. Non-payment partner summary information will be reported to PPM to facilitate the oversight of the financial partners. Disbursement data will flow through O&D where some edits will be common to all loans (DL, FFEL, and Pell Grants). Subrogation of defaulted loans and disability discharges will go through CSB for processing before being entered into the CDA. FFEL loan level servicing details will flow through the FFEL Servicing Reporting Enterprise Shared Function before being stored in the CDA.

2.3 Analysis and Recommendation

Each option was analyzed through a series of working sessions with the FSA business owners and SMEs. The group developed considerations, pros, and cons that were used to determine a final recommendation. The following sections describe the considerations, pros, and cons for each option.

1. FFEL disbursements reported to
2. FFEL servicing details (including information such as cancellations, balances, defaults, discharges, etc.) processed by the FFEL Servicing Reporting Enterprise Shared Function



2.3.1 Front-end Option A Analysis

Based on the definition of Front-end Option A (reference Section 2.2.2.1 Front-end Option A: Current Loan Holder Reports FFEL Detail Data), FSA business owners and SMEs developed the following considerations, pros, and cons:

2.3.1.1 Considerations

- The majority of lenders use servicers who will be responsible for sending data to FSA. FSA will receive files from about a hundred lenders/servicers, although there are thousands of lenders that hold FFEL loans.
- A common and unique loan ID should be part of the Target State. The ID will allow for easier transfer and matching of data.
- Lenders will be required to tie underlying loans to consolidated loans using the unique loan ID.
- All financial partners will be required to submit data electronically.
- GAs will choose to access lender information regarding FFEL details via the FSA CDA or obtain the information from the lenders.
- Although GAs will not report loan details to FSA, they will continue to provide the services of guarantees, oversight and audits, claims processing, default aversion, and the servicing of defaulted loans.
- The FSA Gateway will provide a standardized means and uniform approach for Trading Partners to interface with FSA. Future analysis should explore information concerning the potential for the FSA Gateway to incorporate a “fetch” strategy for FFEL data.

2.3.1.2 Pros

- Having direct feeds from the lenders helps assure that FSA will have the same data as the lenders. In the Current State, the GAs filter out loans through editing when they report loan detail data to FSA; these edits are inconsistent among the GAs.
- Data coming directly from lenders will be received more timely. Submitting loan level detail directly to FSA will remove GAs as a layer of reconciliation that may cause issues regarding data consistency and timing. When the GA acts as a “middleman,” time is added to the reporting. Lenders could potentially submit data daily.
- Allowing lenders to directly submit loan detail data to FSA will facilitate better reasonability/payment thresholds for lenders.
- Lenders will benefit from this option as they will only have to submit their detail data to one place, FSA, and not multiple places, up to thirty-six GAs. GAs could also choose to receive all FFEL data from FSA as a single, consolidated source. While there may be an initial cost to develop the interfaces with FSA, the consolidation of data flows will decrease the partners associated maintenance costs.
- Future reporting changes will be simplified. Any changes in reporting requirements only have to be communicated to lenders, rather than both GAs and lenders.



2.3.1.3 Cons

- FSA will have to increase its number of interfaces to receive feeds of FFEL data because it will be receiving information from approximately one hundred or so lenders/servicers as opposed to the current thirty-six GAs.
- Small lenders may pushback because of the cost for updating their electronic capabilities to send and receive loan data with FSA.
- GAs may pushback because they are losing some of their control over the data for the loans they guarantee. GAs are paid using FFEL details now and this would continue in the future. Today they are sure the loans are being reported because the detail data flows through them. In the future, the detail data will go directly to FSA from the lender and the GAs could potentially not know the details that support their payments until they see the data in the CDA.
- Because GAs will no longer be serving as the initial filter of FFEL data, FSA will have an increased responsibility of reconciling the FFEL data.

2.3.2 Front-end Option B Analysis

Based on the definition of Front-end Option B (reference Section 2.2.2.2 Front-end Option B: Current State Translated to Target State), FSA business owners and SMEs developed the following considerations, pros, and cons:

2.3.2.1 Considerations

- Common editing rules will be created by FSA and required for GAs. Currently, there is no common editing process between the thirty-six GAs, allowing loans to pass through different editing routines before they are reported to FSA. Creating common edits among all GAs will ensure greater reporting consistency.
- GAs and lenders will be required to report at a greater frequency. While there are currently timing issues, these issues are not necessarily due to the fact that GAs are reporting the detail data instead of lenders. FSA could change requirements to obtain the data from the GAs more timely.
- A common and unique loan ID will be part of the Target State. The ID will allow for easier transfer and matching of data.
- The Target State will require lenders to tie underlying loans to consolidated loans by using the unique loan IDs.
- All financial partners will be required to submit data electronically to the FSA Gateway.
- The FSA Gateway will provide a standardized means and uniform approach for trading partners to interface with FSA. Future analysis should explore information concerning Meteor and the potential for the FSA Gateway to incorporate a “fetch” strategy for FFEL data.
- GAs will continue to provide the services of guarantees, oversight and audits, claims processing, default aversion, and the servicing of defaulted loans.



2.3.2.2 Pros

- Changes required for FSA and trading partners (GAs, lenders, and servicers) will be less for this option than for Option A, where lenders report the FFEL details. However, both options will have required technology changes.
- GAs will bridge the gap between the loan identifiers in the lenders'/servicers' systems and the loan identifiers in the CDA. The GAs will filter loan information and match loan data.
- Interfaces and feeds will remain consolidated because information will be coming in from only thirty-six GAs, as opposed to today's hundred or more lenders/servicers.

2.3.2.3 Cons

- FFEL detail data will be reported to FSA after it has gone through edits and filtering. FSA will have no assurance that it is receiving consistent data from all of the GAs. Even if common edits are required for the GAs, FSA will have the burden of ensuring the GAs follow those edits. Currently, some loan updates never reach NSLDS because of GA loan edits and the data feed process.
- The concept of this option is inefficient. Even if the reporting requirements are changed, some GAs will be unable to meet these requirements due to their current system constraints. There will be an increased cost to the GAs to update their systems and processes to meet FSA requirements.
- This option may not allow FSA to establish reasonability/payment thresholds for lenders based on the lender data being sent by the GA and the quality and timeliness issues that option presents. The Office of Management and Budget (OMB) wants FSA to have the ability to substantiate or even calculate the payments for financial partners.

2.3.3 Back-end Option A Analysis

Based on the definition of Back-end Option A (reference Section 2.2.2.3 Back-end Option A: FFEL Total Reporting ESF processes and stores data in CDA), FSA business owners and SMEs developed the following considerations, pros, and cons:

2.3.3.1 Considerations

- FFEL business processing is largely external to FSA (e.g., FSA does not directly handle the origination and disbursement of FFEL loans).
- The back-end options allow for either lenders or GAs to submit the FFEL details (i.e., Back-end Option A can be matched with either Front-end Option A or Front-end Option B).
- The creation of the Common Edits ESF will provide FSA with a common set edits that will be used on loans that are reported on to FSA.
- The FSA Gateway will provide a standardized means and uniform approach for trading partners to interface with FSA. Upon receiving data from the trading partners, the FSA Gateway will distribute the data to the appropriate BCAs and ESFs.



2.3.3.2 *Pros*

- The FFEL Total Reporting ESF as a single point of processing will ensure standardization of the edit checks for FFEL data. This is achieved through both the Common Edits and Total Reporting ESFs. Using Common Edits and Total FFEL Reporting ESFs in tandem allows for accurate FFEL data to be loaded into the CDA.
- Having a single ESF which processes FFEL data will facilitate a standardized definition of FFEL data fields and will simplify the process of making future updates to the edits.
- The Common Edits ESF can perform the FAFSA match and assign the common loan ID.

2.3.3.3 *Cons*

- FFEL origination and disbursement records are not processed through O&D and this may complicate the process for FSA establishing a common method for assigning loan IDs to all loan types (i.e., FFEL, DL, and Perkins). However, the Common Edits ESF may be the proper solution to assign the common loan ID.

2.3.4 Back-end Option B Analysis

Based on the definition of the Back-end Option B (reference Section 2.2.2.4 Back-end Option B: Multiple BCAs & FFEL Servicing Reporting ESF process and store data in CDA), FSA business owners and SMEs developed the following considerations, pros, and cons:

2.3.4.1 *Considerations*

- FFEL disbursements are created by the lender/servicer and will be reported to FSA through the O&D BCA. Thus, O&D will not be the disbursing mechanism for FFEL.
- The only FFEL data that will go through O&D is newly disbursed loan information. All servicing data will go through the FFEL Servicing Reporting Shared Function.
- The back-end options allow for either lenders or GAs to submit the FFEL loan details (i.e., Back-end Option B can be matched with either Front-end Option A or Front-end Option B).
- The FSA Gateway will provide a standardized means and uniform approach for trading partners to interface with FSA. Upon receiving data from the trading partners, the FSA Gateway will distribute the data to the appropriate BCAs and ESFs.

2.3.4.2 *Pros*

- If the FFEL detail data is processed by O&D before it is stored in the CDA, this could potentially facilitate the ability to create common loan ID for FFEL loans.
- If O&D processes FFEL data, FSA could establish greater oversight of FFEL disbursements such as matching all of the borrowers to the CDA to ensure they have completed a FAFSA.
- By processing FFEL data in the same BCAs as other aid, common edits for all aid types will be more easily managed.



2.3.4.3 Cons

- There is a lack of common edits amongst loans; DL and FFEL edits will be different because O&D is not the actual disbursement mechanism for FFEL.
- Responsibility of FFEL data is spread out between BCAs. It may be difficult to determine which BCA should be able to update the FFEL master copy in the CDA and when it should be updated.

2.3.5 Final Recommendation

The following sections provide the FSA business owners' recommendations for FFEL Reporting in the Target State. These recommendations are based on the outcomes of reviewing the Current State background, defining business objectives, and analyzing multiple target state options. The recommendations focus on the flow of FFEL data, not the subsequent processing of that data.

As previously noted, this recommendation should be further analyzed as part of future requirement and design efforts. While these sections present recommendations in the future tense (e.g., "FSA will..."), the actual implementation of the recommendations may be contingent upon resource availability, legislative and regulatory changes, additional partner feedback, and a number of other future factors.

2.3.5.1 Non Option Specific Recommendations

The business owners and SMEs identified some improvements that are recommended regardless of the selected option for FFEL Reporting. In the Target State it is recommended that FSA will establish, monitor, and more strictly enforce standards for edits and submission requirements, such as frequency and timing, from trading partners. A common loan ID will be created to facilitate the seamless communication of a loan throughout FSA and the community. Lenders and GAs will also use the common loan ID to identify underlying loans when communicating about a FFEL consolidated loan.

From a technology perspective, all partners will have to follow the lead of FSA with regards to updating their systems. All partners will be required to submit data electronically to the FSA Gateway. The FSA Gateway will provide a standardized means and uniform approach for trading partners to interface with FSA. FSA will need to further consider enhanced technology standards and methods such as XML and a "fetch" strategy where data is captured on an as-needed basis.

2.3.5.2 Recommended Option Definition

As depicted in Figure 14: FFEL Reporting Recommended Option: Current Loan Holder Reports FFEL Details & FFEL Data Initially Processed by ESFs, the recommended option is a combination of Front-end Option A and Back-end Option A.

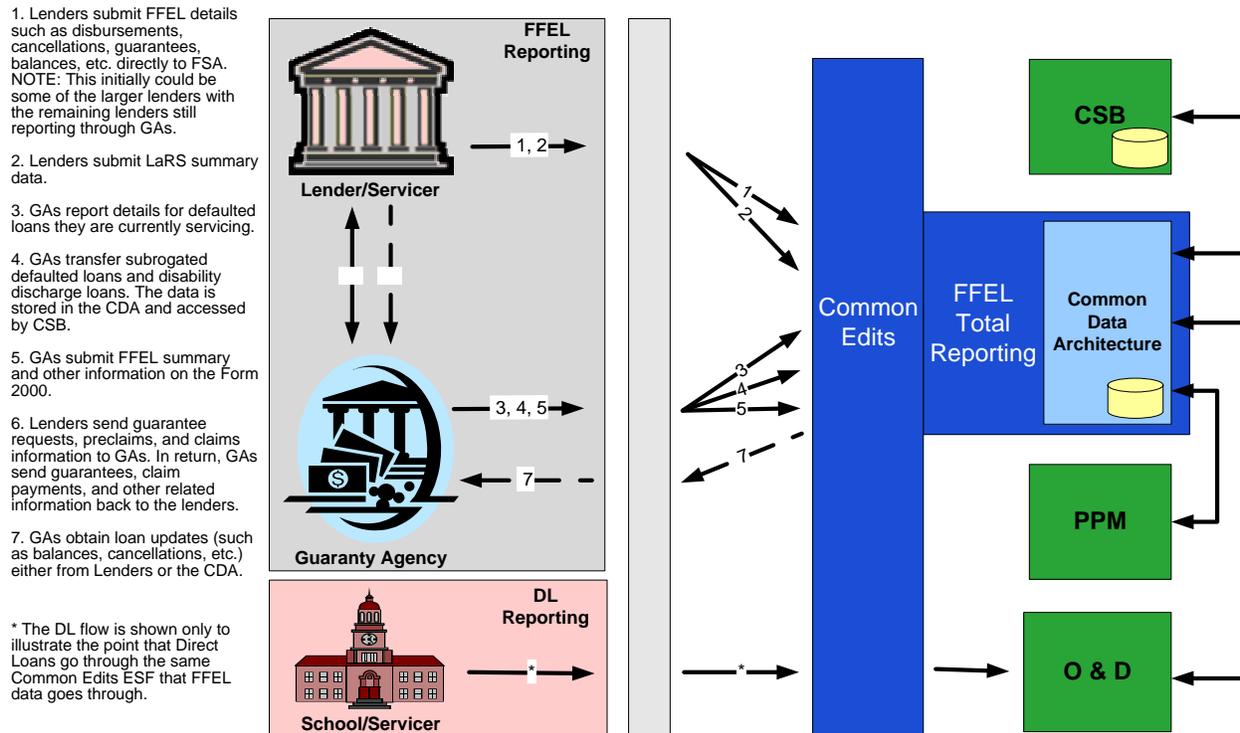


Figure 14: FFEL Reporting Recommended Option: Current Loan Holder Reports FFEL Details & FFEL Data Initially Processed by ESFs

In the FFEL Reporting recommended option, the current holder of the FFEL loan will report FFEL details directly to FSA. A common loan ID will allow the loan holders to seamlessly communicate about a given FFEL loan. Lenders will submit details such as disbursements, cancellations, guarantees, and balances directly to FSA. When submitting updates for FFEL consolidations, the lenders will be required to submit the loan IDs of the underlying loans. GAs will report details for defaulted loans they are currently servicing and will send requests for subrogated defaulted loans and disability discharge loans. Although not depicted in the diagram because of the relatively small volume, disability discharge commercial servicers will be required to submit updates for loans they have received from CDDTS where the borrower was deemed ineligible for discharge.

Although the GA no longer is required to report the same FFEL details it currently provides, the other roles of the GA will not change. GAs will continue to provide the services of guarantees, oversight, audits, claims processing, default aversion, and servicing defaulted loans. GAs will determine the best method for obtaining lenders' loan specific information, either directly from the lenders or from FSA's CDA.

The financial partners will also continue to submit summary information to request payments from FSA. GAs will submit FFEL summary data and other information on Form 2000, and lenders will submit FFEL summary on LaRs. Because this recommendation focuses on the flow



of FFEL data and not the subsequent processing of the data, future decisions will be required to determine the data, processes, and other requirements to substantiate or provide thresholds for partner payments.

All trading partners will be required to report FFEL data to FSA electronically. The FSA Gateway will provide a consolidated, modernized mechanism for the trading partners to meet this reporting requirement. Once data has reached the FSA Gateway, it will run through the Common Edits ESF before it is processed by the FFEL Total Reporting ESF. The Common Edits ESF will ensure a level of consistency across the enterprise regardless of aid type. Once the data has been processed it will be stored in the CDA. The BCAs will access the data they need from the CDA. CSB will access FFEL data on subrogated defaulted loans and disability discharge loans. PPM will access FFEL data in the CDA to create invoices for financial partners.

The transition to direct lender reporting may be a phased approach. Some of the larger lenders, holding as much as 80% of the FFEL portfolio, could be transitioned first. The remaining lenders would continue to report through the GAs until they are in position to implement the technical and process changes required to report directly to FSA.

2.3.5.3 Recommended Option Outcomes

This recommendation offers a number of improvements to the FFEL Reporting process. One of the most important improvements is the increase in consistency of FFEL data that FSA will receive. GA edits on lenders' FFEL details are currently inconsistent and hinder FSA's ability to accurately and completely reflect the same information as the lenders. By receiving loan details directly from the lenders, FSA will be able to establish centralized, standardized edits. These centralized edits will be more efficient than FSA trying to establish, maintain, and oversee a set of standard edits for thirty-six GAs.

Another improvement will be increased timeliness of the FFEL data. A direct feed to FSA from the lenders inherently enables improved timeliness of receiving FFEL details. Although improved timing requirements could also be established in the current environment, FSA would have the difficulty of monitoring both the source of the data (lenders) and the "middleman" (GAs).

An important aspect of FSA's Target State is to make business easier and more efficient for trading partners. Lenders will only have to report to one place, the FSA Gateway, rather than sending loan information to as many as thirty-six GAs. GAs could also simplify their collection of data by going to the CDA rather than collecting from numerous lenders.

The improvements in data accuracy and timing will translate into improvements in a number of FSA processes and will allow FSA to meet its objectives for FFEL Reporting. FSA will be better able to establish reasonability and thresholds for partner payments. Analytics, performance metrics, budget modeling, and other key functions will be more accurate. The FFEL improvements may also facilitate the default aversion and collections processes. The following table provides a complete list of the FFEL Reporting business objectives and a description of



Data Strategy 2.0
Data Framework
Data Strategy Target Vision
FFEL and Student Enrollment Data Flow Option Analysis

how the recommendation will meet the objectives.

Business Objective	How Final Recommendation Meets Business Objective
Receive accurate FFEL Data in a timely and efficient manner.	<p>FFEL data will be more accurate because the information is coming from the primary source. In the Current State the lender data is sent to GAs and edited by GAs before it is reported to FSA. This editing process, which varies among GAs, leads to some loans not being reported to FSA that were reported to the GAs by the lenders. In the final recommendation, data is received from the primary source, not secondary, and is edited by FSA. This will ensure more accurate FFEL data for FSA.</p> <p>The frequency and timeliness of FFEL data reported to FSA will increase because current loan holders will be submitting data directly to FSA. Lenders will submit FFEL detail data directly to FSA, cutting out the time it takes to send data to a GA, have the GA edit it, and then send it to FSA. With direct feeds from lenders to FSA, the frequency could potentially increase up to daily.</p>
Collect data needed to substantiate partners' payments and receivables.	By requiring additional FFEL details and by improving the timing and accuracy of the FFEL data, FSA will be better able to substantiate partner payments and implement thresholds.
Provide GAs, lenders, schools, and FSA with an "Integrated Student View" and enable borrowers to view their complete, accurate financial aid history.	The FFEL Total Reporting ESF ensures all FFEL updates from financial partners flow into the CDA. With this data in the CDA, FSA will be able to provide customers with an "Integrated Student View," which includes the student's latest FFEL information. The Common Loan ID will also assist this process.
Facilitate Ombudsman Case Tracking.	The office of the Ombudsman will no longer need to access multiple systems when researching FFEL data. The CDA will provide a single source of FFEL information and the FFEL Total Reporting ESF will ensure the latest partner updates are included in the CDA.
Provide data needed to correctly calculate CDR.	With direct lender reporting, FSA can better ensure that they have the same data as the source. Additionally, the Common Edits ESF will provide a consistency of data regardless of aid type. These functional improvements will give all trading partners a more accurate and consistent CDR.
Ensure accurate calculation of performance metrics (e.g., lifetime default rate).	Similar to CDRs, other performance metrics will benefit from the improved accuracy of FFEL data and the consistency of data across aid types.
Allow FSA enterprise analytics to be based off of accurate FFEL details.	Increased data quality and timeliness will facilitate accurate analysis.



Data Strategy 2.0
Data Framework
Data Strategy Target Vision
FFEL and Student Enrollment Data Flow Option Analysis

Business Objective	How Final Recommendation Meets Business Objective
Support Department financial statements.	Accurate details from lenders and GAs will better support FSA financial statements.
Enable monitoring of trading partner compliance.	The FFEL Total Reporting ESF provides a single conduit and point of processing for FFEL data. FSA will be able to set flags and triggers which facilitate a more comprehensive oversight of trading partners.
Enable student eligibility monitoring.	By requiring Conditional Disability commercial servicers to provide updates for loans they are current servicing, students that again become eligible for Title IV aid will now be able to be identified. The CDA and the FFEL Total Reporting ESF will allow for a seamless transition of a FFEL borrower from a lender to a GA in the case of a default and then from a GA to FSA in the case of subrogation. This improved communication about the borrower will ensure FSA is able to accurately monitor the student's eligibility.
Streamline the subrogation process; make the transition of defaulted loans to CSB "seamless."	FFEL information is no longer sent to multiple FSA systems. With the use of better technology, such as an XML formatted interface, the financial partners will send updates about a loan throughout the Financial Aid Life Cycle and of the updates will be stored in the CDA. The loan CSB pulls from the CDA for subrogation will be the same loan record originally established in the CDA during the Origination and Disbursement Life Cycle phase.
Provide a consolidated reporting mechanism for trading partners.	Lenders will report to the FSA Gateway rather than supplying up to thirty-six GAs with FFEL detail information. GAs have the option of receiving data from the CDA as a single source, rather than from each lender.
Potentially facilitate default aversion.	Lenders and GAs will have access to the comprehensive data stored in the CDA. FSA and the trading partners will be able to develop reports and identify trends that facilitate default aversion.
Ensure proper data is used for credit reform and budget modeling.	Accurate and up to date information stored in CDA will be available to ESFs and BCAs at anytime.

Table 8: Mapping of FFEL Reporting Improvements to Business Objectives



3 Student Enrollment Reporting Data Flow

3.1 Current State Background

3.1.1 Data Strategy Current State Background

The completion of the Data Strategy 1.0 effort resulted in a shared understanding of the data flows within the FSA enterprise. However, there were data flows that lacked complete understanding and documentation. Student Enrollment Reporting was one of the flows that required further analysis as part of the Data Strategy 2.0 effort. The first step in this analysis was to develop a thorough description of the As-Is process and data flows. A clearer understanding and precise documentation of the Current State of Student Enrollment Reporting provided the background knowledge necessary to facilitate the visioning and creation of a Target State recommendation.

The Student Enrollment Reporting function, formerly referred to as the Student Status Confirmation Report (SSCR), is stipulated by the Higher Education Act of 1965. Its role is to verify and track the enrollment status of DL and FFEL borrowers. This information is used for various reasons, the most important being to determine when a borrower should move into repayment.

Student Enrollment Reporting is currently a function within NSLDS that consists of three steps: Request, Response, and Distribution. In the Request step, NSLDS creates a roster file and makes it available for schools or servicers to complete. The list of students on the roster file is based off of information NSLDS receives from GAs and DLSS through their loan level reporting. (Note: More information concerning FFEL Reporting may be found in Section 2 FFEL Reporting Data Flow). Schools are required to update their student borrowers' enrollment status during the school year through NSLDS. In the Response step, schools update borrowers' enrollment status information and deliver it online or through a batch job to NSLDS. In many cases, the Student Enrollment Reporting process is performed by servicers on behalf of the schools, while GAs complete this task for foreign schools that do not have direct access to NSLDS. In the Distribution step, NSLDS provides GAs with FFEL borrowers' status data and DLSS with Direct Loan borrowers' status data. After receiving updates for FFEL borrowers, GAs forward these updates to lenders and servicers.

To supplement the process of collecting enrollment information via rosters, FSA has also developed an additional model for collecting DL enrollment updates. DLSS provides the Clearinghouse with a list of DL borrowers for which it requires enrollment status. Upon receipt, the Clearinghouse updates the list and manages the file. The file is then sent to NSLDS containing the latest enrollment information. NSLDS provides these updates as part of its distribution of enrollment data to DLSS. Once DLSS receives the new enrollment status report, it updates the borrowers' records in the system.

The following diagram highlights the systems and entities that participate in the Student



Enrollment Reporting process.

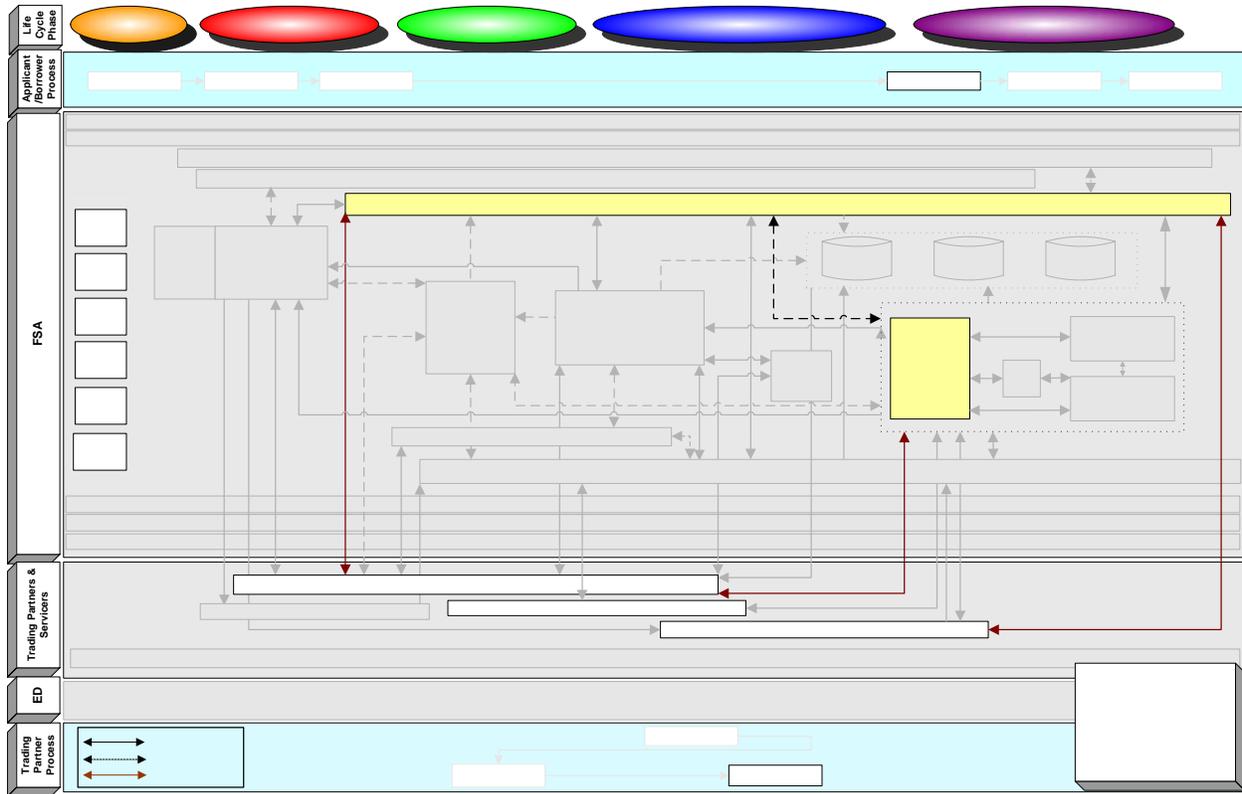


Figure 15: Student Enrollment Reporting Current State High-Level Business View

The following sections explain the Student Enrollment Reporting process during the Oversight and Repayment phases. In addition, the tables describe the various information interchanges at the borrower process and trading partner process levels, highlighting the sender and receiver, data type, transfer method, exchange frequency, and data transferred.

Technology Enablers

EAI
Enterprise Application Integration

ITA
Integrated Technical Architecture

FAFSA

CPS



3.1.1.1 *Institution Participation: Oversight*

Transfer From	Transfer To	File Type	Transfer Method	Frequency	Data Transferred
NSLDS	Schools	Flat File or Web Form	SAIG, NSLDS Financial Aid Partners (FAP) Site	5x Per Year	Roster File
Schools	NSLDS	Flat File or Web Form	SAIG or Web Interface	5x Per Year	Student Enrollment Reporting Submittal File
NSLDS	Clearinghouse	Flat File	Tape	Weekly	Roster File
Clearinghouse	NSLDS	Flat File	Tape	Weekly	Student Enrollment Reporting Submittal File

Table 9: Student Enrollment Reporting Oversight Data Flow

After creating a roster file, NSLDS posts it online via SAIG or the NSLDS FAP site. The school or servicer updates the file and sends it back to NSLDS, which in turn processes the file. The update may either be done online or through a batch job. If errors are detected, NSLDS returns the file to the school or servicer through SAIG or the NSLDS FAP site. If there are no errors, NSLDS sends the status change information to GAs or DLSS. NSLDS also sends late notification letters to schools that do not respond on time.



3.1.1.2 Servicing: Repayment

Transfer From	Transfer To	File Type	Transfer Method	Frequency	Data Transferred
DLSS	Clearinghouse	Flat File	FTP	Monthly	List of DL Borrowers
Clearinghouse	NSLDS	Flat File (Tape)	Mail	Weekly	DL Borrower Status
NSDLS	DLSS	Flat File	Enterprise Application Integration (EAI)	Daily	Student Enrollment Status Updates
NSLDS	GA	Flat File (Electronic or Tape)	SAIG or Mail	Weekly	Student Enrollment Status Updates

Table 10: Student Enrollment Reporting Repayment Data Flow

Once NSLDS processes the enrollment status updates, it routes the information to either the GAs or DLSS. GAs receive updated enrollment status information from NSLDS on a weekly basis. Upon receipt, GAs update their system with the data and send it to FFEL lenders and servicers, which in turn process the changes and send new FFEL borrower information to NSLDS. NSLDS forwards Direct Loan status information to DLSS daily. The list of DL borrowers is then sent to the National Student Clearinghouse, where DL borrower enrollment information for participating schools is managed.

3.1.2 Current State Process Flow

The data flows identified in the previous section are the result of numerous process steps. The following process flow provides a view of the Financial Aid Life Cycle stage in which FSA is receiving data, and the background steps that must be taken before FSA receives the data. The diagram below highlights both the Roster and Direct Loan models of collecting enrollment information. The stars on the process flow diagram illustrate the resulting data flows between FSA and its trading partners. These data flows can be found in Appendix G: Student Enrollment Reporting Current State Data Flows.

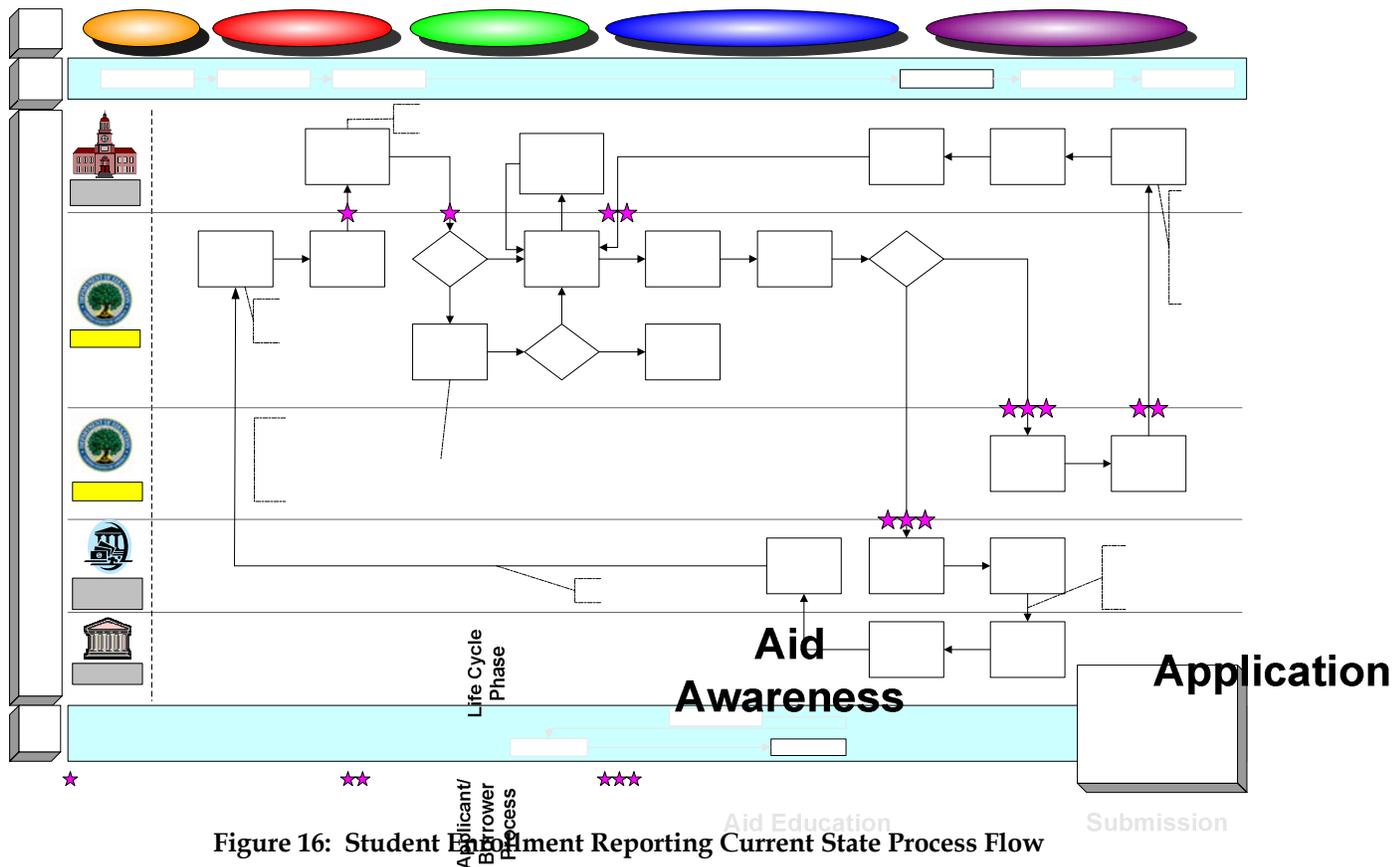


Figure 16: Student Enrollment Reporting Current State Process Flow

1.0 The process begins when NSLDS creates and posts a roster file online via SAIG or the FAP site.

2.0 NSLDS submits the roster file to the schools/servicers via SAIG or tape.

3.0 The institution or its servicer updates the file online or through a batch job using identifiers (e.g., Name, SSN, and Date of Birth). Schools mark students as 'F' (full-time), 'P' (part-time), 'L' (less than half-time), 'A' (leave of absence), 'G' (graduated), 'W' (withdrawn), 'D' (deceased), 'X' (never attended), or 'Z' (record not found). A borrower who graduates ('G') and has an outstanding loan stays on the enrollment roster for 180 days after the enrollment status effective date. The same event occurs for students who have withdrawn. Students who are deceased or whose records are not found are not listed on subsequent rosters.

4.0 If a school does not respond within thirty days, NSLDS sends a series of warning letters to the school.

- The first letter is sent thirty-four days after the roster file was initially sent to the school. The letter is sent to the school's Financial Aid Administrator (FA) and Registrar.
- The second letter is sent to the school's President or CEO, FA Administrator, and Registrar forty-eight days after the creation of the roster file.

NSLDS

1.0 Create Roster file & Post data on NSLDS FAP site

3.0 Update file (online or batch) and send to NSLDS

2.0 Submit Roster file to School/Service (via SAIG or tape)

Before creating the Roster, NSLDS looks at a borrower's academic status. The roster is comprised of identifiers (i.e. SSN, Name, DoB)



- The third letter is sent to the President or CEO, FA Administrator, and Registrar fifty-eight days after the creation of the roster file.

5.0 Failure to respond after the warnings may result in adverse actions. The issue may be reported to Case Management.

6.0 If the school responds after the warnings or within 30 days of FSA's enrollment status requests, NSLDS processes and creates Acknowledgement/Error records for the updates submitted online or through a batch job.

7.0 If errors are detected, the school/servicer corrects them and submits the corrections back to NSLDS within 10 days.

8.0 If no errors are found, NSLDS updates the records and maintains the Student Enrollment history.

9.0 NSLDS forwards Student Enrollment information to either a GA for FFEL borrowers or to DLSS for Direct Loan borrowers.

10.0 Student Enrollment records sent to DLSS are brought up to date in the DLSS system.

11.0 DLSS routes a list of DL borrowers to the Clearinghouse (Note: steps 11-14 illustrate the DL model for collecting enrollment information).

12.0 The Clearinghouse updates the DL borrower list.

13.0 The Clearinghouse oversees the DL borrower file.

14.0 The Clearinghouse sends the updated file to NSLDS with the latest Student Enrollment information.

15.0 Status information sent to GAs is updated in the GA system.

16.0 GAs route the new status to FFEL lenders.

17.0 FFEL lenders/servicers process and reflect changes in their systems.

18.0 FFEL lenders/servicers process and report FFEL details to the GAs (Note: Steps 18 and 19 are discussed in further detail as part of the FFEL Reporting analysis in Section 2 FFEL Reporting Data Flow).

19.0 GAs send new FFEL loan information to NSLDS.

3.1.3 Community Issues and Areas for Improvement

FSA held a meeting with trading partner representatives to analyze the current Student



Enrollment Reporting process. The Student Enrollment Reporting community provided feedback on how to improve the functionality in the Target State by discussing current issues and examining areas for improvement. This information was used with additional considerations and objectives to develop the final recommendation. The following sections highlight the current issues and areas for improvement recommended by the Student Enrollment Reporting community.

3.1.3.1 *Current State Issues*

- Lack of Single Source
- Data Quality Issues
 - Reporting inconsistencies
 - Insufficient codes and/or misuse of codes due to lack of common data dictionary/definitions
 - Lack of common industry business rules and edits
 - Data Timeliness
 - Timing of data flow
 - Data redundancy – Lack of synchronized data between schools, lenders, and servicers
 - Handling of corrections versus updates
- Reporting Compliance Issues
- Enhanced Oversight Required
- Student/Borrower Exceptions
 - Lack of student transfer information
 - Gap of attendance/Returning students
 - Attendance at multiple schools
- Foreign School Reporting

3.1.3.2 *Areas for Improvement*

- Report enrollment data through a single source
 - Review existing and piloted processes
- Define business rules, data dictionary/definitions, and training for data usage
- Provide schools with better enrollment reporting tools to enhance the accuracy and quality of the data reported
- Explore technology options to increase the frequency of data exchange
- Collect total enrollment data
- Enhance compliance and oversight

3.1.4 *Business Objectives*

The Student Enrollment Reporting working group sessions identified the key objectives for how Student Enrollment Reporting will be used in the Target State. These objectives are a result of required Current State processes and desired Target State functionality. These objectives were referenced when determining considerations, pros, and cons for options discussed in Section 3.2



Target State Visioning.

- Provide timely and accurate enrollment information to trading partners.
- Facilitate loan servicers (e.g., DLSS, lenders, etc.) to determine if and when a student should enter repayment or remain in repayment by providing a consolidated, standardized mechanism for identifying a student’s enrollment status.
- Provide customers with enrollment status as one of the elements in the “Integrated Student View.”
- Allow FSA enterprise analytics to be based off of accurate Student Enrollment information.
- Ensure accuracy of default prevention tool reports provided to trading partners (indirectly affects CDR).
- Possibly provide complete Title IV enrollment data by collecting for Campus Based/PELL borrower’s enrollment status.
- Collect all enrollment data, allowing for more robust analytics (e.g., time spent in school, graduation rates, withdrawal rates) and an efficient, streamlined Student Enrollment Reporting process.
- Provide full FSA Gateway access for enrollment reporting (e.g., foreign schools or schools that lose eligibility, but do not close).

3.2 Target State Visioning

3.2.1 Data Strategy Target State Background

As part of the Data Strategy 1.0 effort, the Student Enrollment Reporting functionality was mapped to an Enterprise Shared Function and to CSB. This mapping represented a translation of the Current State to the Target State where the Current State processes of sending rosters and using a contractor to collect all available Direct Loan enrollment data would continue. The functional matrix and the diagram below (highlighted in red) depict the Data Strategy’s initial mapping of Student Enrollment Reporting to the Target State.

Business Capability Area (Green Box)	Enterprise Function Grouping	FSA Enterprise Functions	As-Is Mapping Key Internal System(s)
APP, CSB, Customers	Shared Functions	Collect and Distribute SSCR information	NSLDS
CSB	Service Loans	Maintain Borrower Enrollment & Loan Status	DLSS, NSLDS, CMDM

Table 11: Student Enrollment Reporting Data Strategy 1.0 Target State Mapping

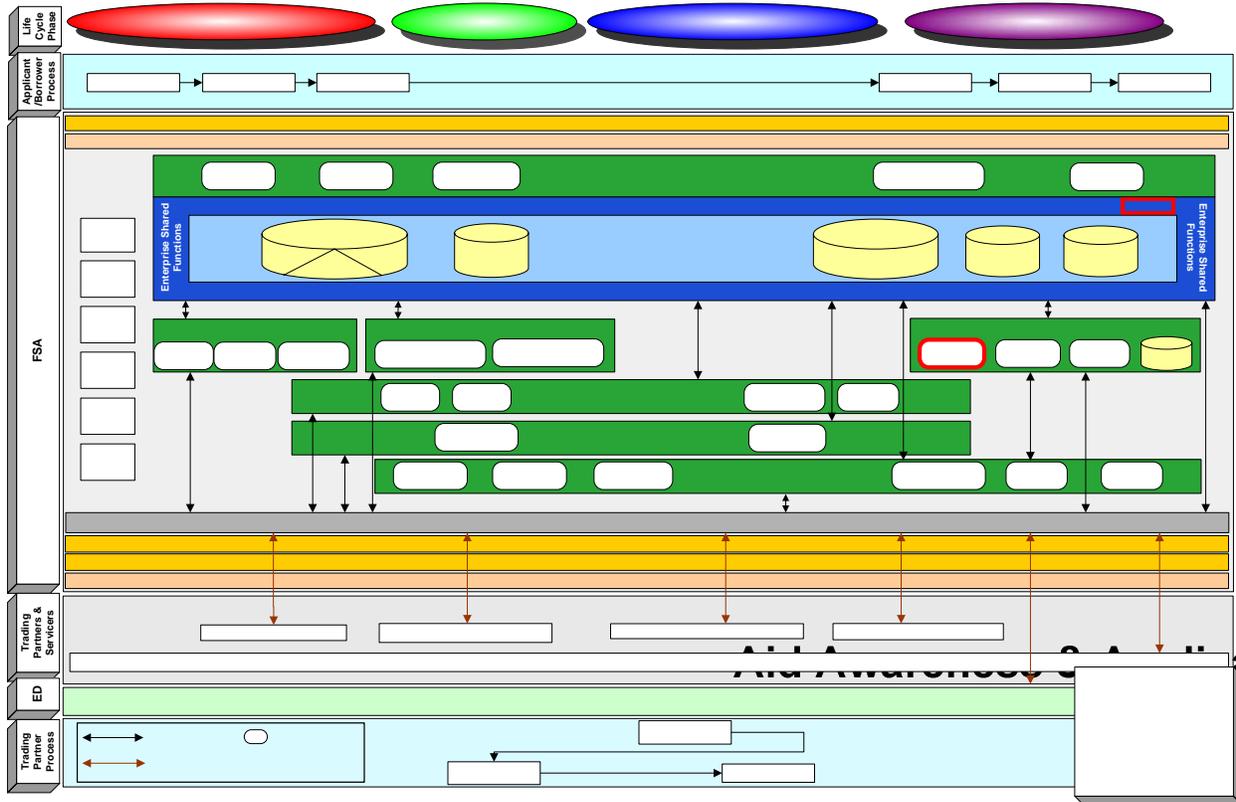


Figure 17: Student Enrollment Reporting Data Strategy 1.0 Target State High-Level Business View

Although the Data Strategy 1.0 effort provided a Target State mapping for the Student Enrollment data flows, a number of inefficiencies were also identified. The need to improve the capture of transfer students' enrollment information, consolidate the distribution of enrollment data to the lenders, and increase the levels of oversight were some of the key points noted. These considerations provided a basis from which to begin developing improved Target State options for enrollment reporting.

3.2.2 Functional Options

Working sessions were conducted with FSA business owners and SMEs to develop an initial set of enrollment reporting options. The diagrams and descriptions in this section represent the options after multiple iterations of refinement from the working group sessions.

Enablers

EAI
Enterprise Application Integration

ITA
Integrated Technical Architecture

VDC
Virtual Data Center

Case Tracking (Ombudsman)

Recom Policy C

Students

Transactions

Application

Aid Awareness

Establish Person Record

Aid Eligibility Determination



3.2.2.1 Option A: Combined Roster and Contractor Models with Added Lender Distribution

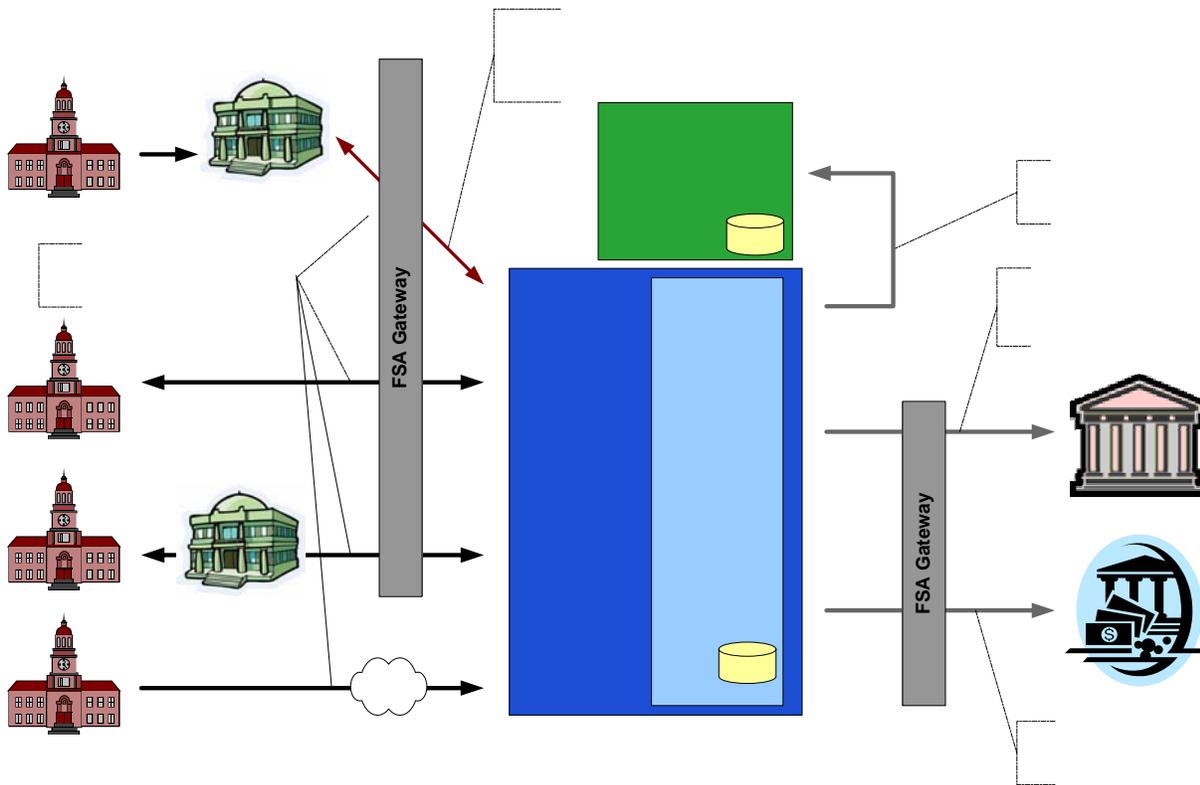


Figure 18: Student Enrollment Reporting Option A: Combined Roster and Contractor Models with Added Lender Distribution

Although this option initially was crafted as a translation of the Current State to the Target State, it was later refined to include enhancements which will help FSA meet its business objectives for enrollment reporting. Option A is still similar to the Current State in that the Student Enrollment Reporting ESF will serve the same role as NSLDS currently serves by distributing rosters, collecting enrollment updates, and distributing enrollment data to GAs. However, the two key enhancements within this option are: the addition of a direct feed of enrollment updates to lenders and the extended usage of the DL enrollment reporting model to include FFEL borrowers. The distribution of enrollment data directly to lenders has already been tested successfully in the NSLDS environment, and the working group determined that, regardless of the option selected, direct distribution to lenders should be provided.

Schools

Enrollment Servicers including servicers doing rosters and DL Contract

Schools/servicers' receive rosters and send enrollment updates to FSA where they are processed by the Student Enrollment Reporting ESF



3.2.2.2 Option B: Anticipated Conversion Date

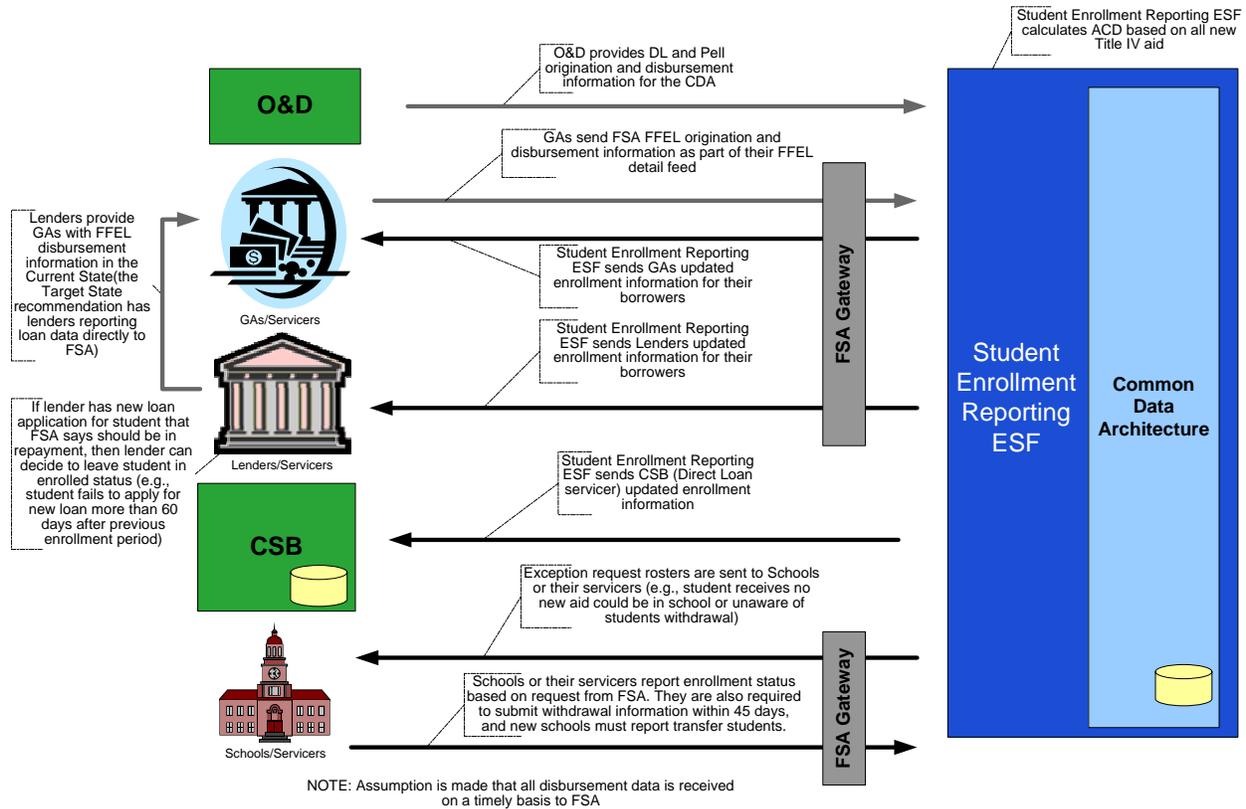


Figure 19: Student Enrollment Reporting Option B: Anticipated Conversion Date

Option B suggests that enrollment data will be calculated based on disbursements and other related financial aid updates. A borrower will be given an Anticipated Completion Date (ACD) calculated as the last period in which they received aid plus six months. The Student Enrollment Reporting ESF will determine the exception cases where requests will be sent to schools for enrollment updates.

Following research and analysis, the working group decided that option B was not a practical option. One of the concerns was the fact that there would be a notable increase in the number of appeals since the report is based on the ACD. In addition, option B does not report transfers and new loans disbursed at a new school. It also does not explain what happens to students who receive a loan their first year and obtain scholarships in subsequent years. This option may also be more difficult for FFEL borrowers as opposed to DL borrowers, it was agreed that the best option should work well for both the FFEL and the DL models.



3.2.2.3 Option C: Total Student Enrollment Reporting

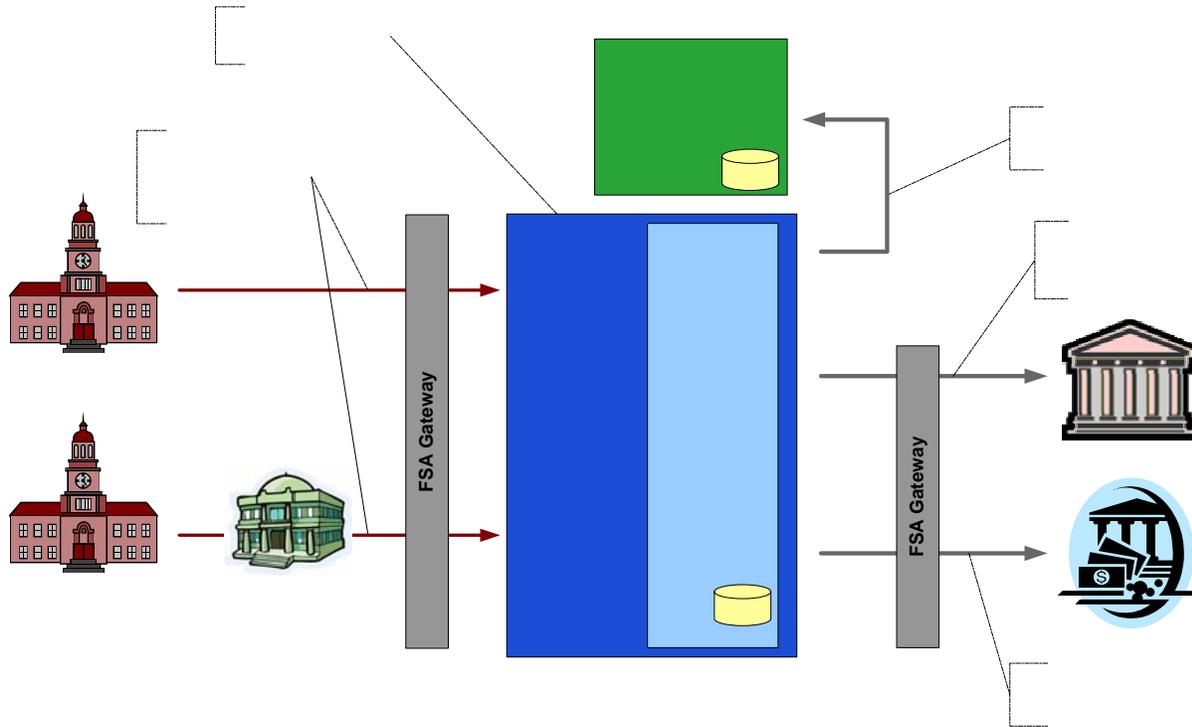


Figure 20: Student Enrollment Reporting Option C: Total Student Enrollment Reporting

Option C is unique in that it assumes that FSA will collect all Student Enrollment information (regardless of whether a student has received federal aid from the school). This option initially was drafted with an external contractor providing this service. However, through further discussion it was noted that although a contractor may be the one to actually perform the function, it should be illustrated as FSA receiving all enrollment data. Because schools will be required to report all enrollment data, rosters will no longer be generated. Similar to other options, this option will provide lenders with enrollment updates directly from FSA.

Schools send all enrollment information directly to FSA. They may use a servicer to complete this task.



3.2.2.4 Option D: End Recipient

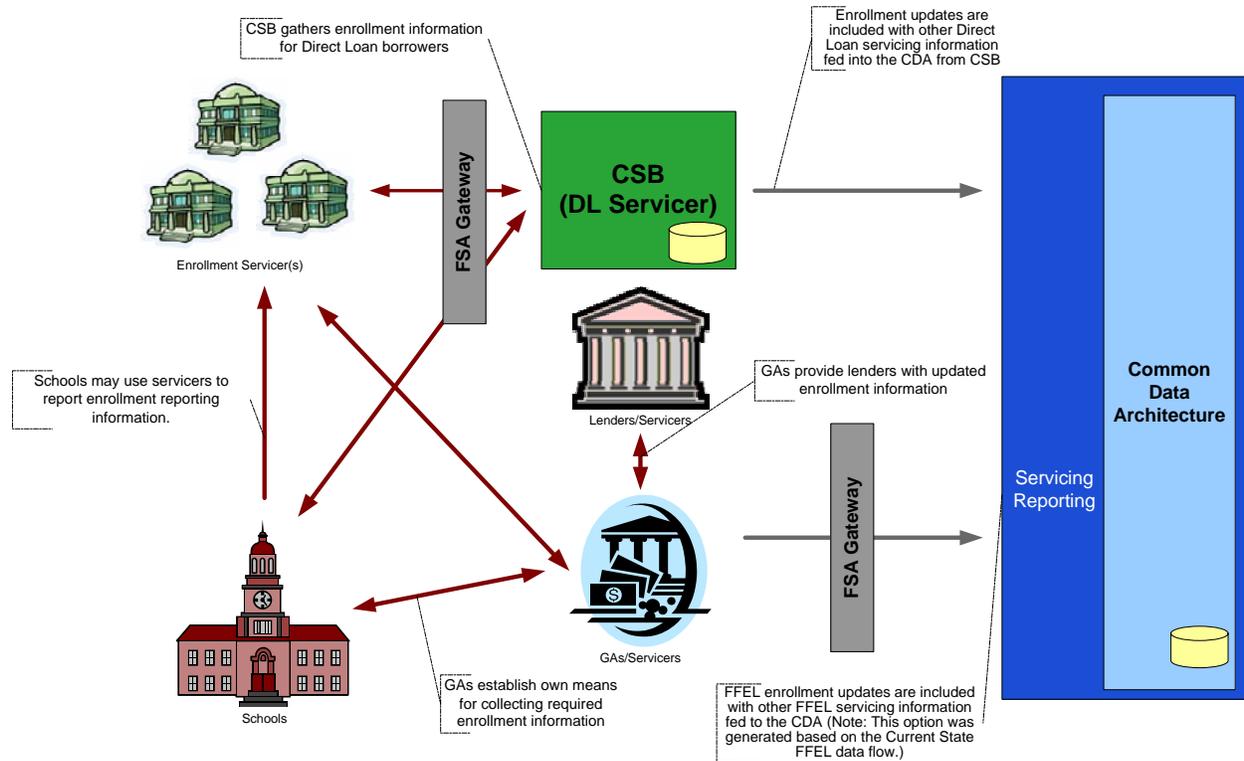


Figure 21: Student Enrollment Reporting Option D: End Recipient

In this option, FSA no longer serves as the distributor of enrollment data. The loan servicers work with the schools and their servicers to collect the required enrollment data. The enrollment updates are then reported to FSA as part of the loan servicers regular loan detail reporting.



3.2.2.5 Option E: IPEDS

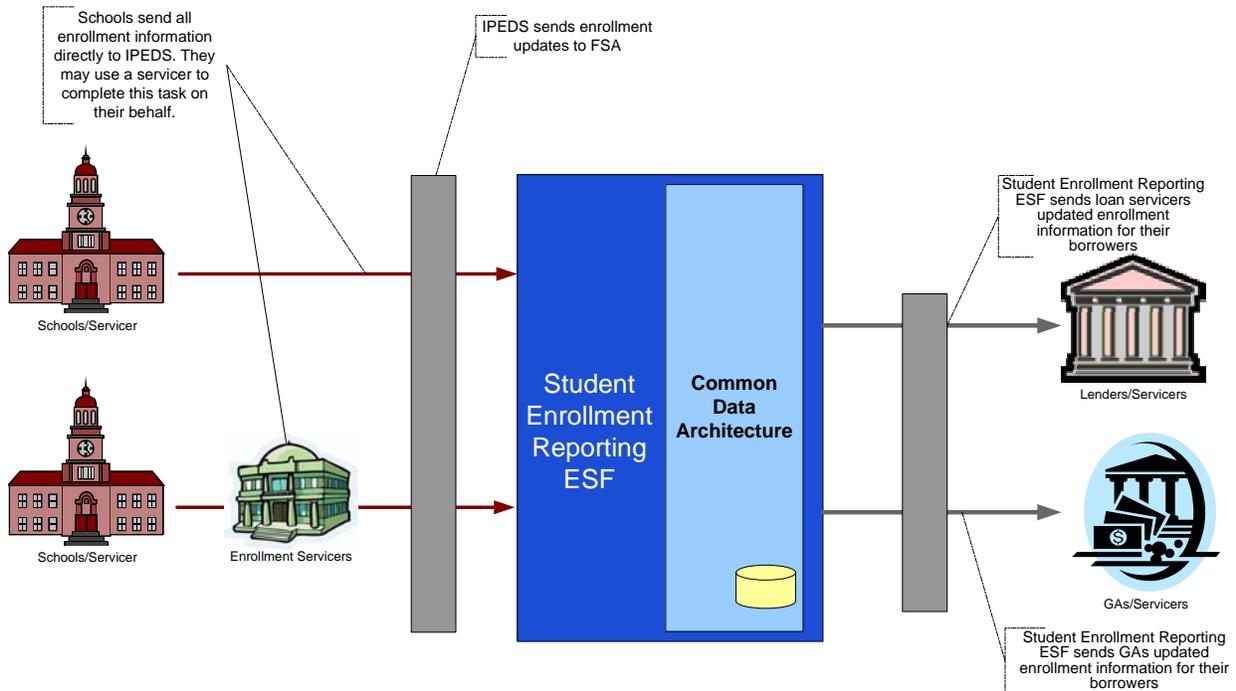


Figure 22: Student Enrollment Reporting Option E: IPEDS

This option suggests that all information will be submitted by schools/servicers to FSA through the Integrated Postsecondary Education Data System (IPEDS). Although FSA SMEs later determined that this option is not viable since IPEDS does not receive student level enrollment data, this option served as a catalyst for discussions of FSA receiving total enrollment data.

3.3 Analysis and Recommendation

After assessing the various options, some updates were made to each of the different models and a short list of options (Options A, C, and D) was selected for further analysis. The following sections contain the considerations, pros, and cons for each of the different options.

3.3.1 Option A: Combined Roster and Contractor Models with Added Lender Distribution

Based on the definition of Option A (reference Section 3.2.2.1 Option A: Combined Roster and Contractor Models with Added Lender Distribution), FSA business owners and SMEs developed the following considerations, pros, and cons:

3.3.1.1 Considerations

- Regulations and/or a Hold Harmless Letter will allow lenders to use FSA as the master source of enrollment information.



- Foreign schools will be given the ability to send enrollment updates directly to FSA. Until this change is made, FSA will continue to receive Student Enrollment updates from GAs for foreign schools that do not have access to FSA.
- Oversight of the schools reporting will be enhanced. Increased automation of compliance research will expedite the creation of warning letters. Emphasis will be placed on what is being sent, not just whether data is sent (currently if a school reports enrollment for at least one student, even if they have 1,000 students, no warning letter is sent).
- The Student Enrollment Reporting ESF will send a list of students for both DL and FFEL to an enrollment contractor (currently the model is used only for Direct Loans).
- No requirements changes for timing and data have been identified for collecting information from the schools and for distributing the information to the loan servicers and GAs.
- The functionality currently provided by EDExpress will continue to be available to schools.
- Lenders and GAs are currently requesting information directly from the Clearinghouse because the data from FSA is not always as complete and timely as needed.
- The FSA Gateway will provide the ideal technical data transfer method. The details of the FSA Gateway will have to be defined in future design projects.
- Lenders will be required to receive electronic notification of enrollment updates.

3.3.1.2 *Pros*

- Loan servicers do not have to collect information from the numerous Title IV schools. They have a consolidated mechanism available for identifying a student's enrollment status.
- Schools have flexibility in choosing how to submit information (use a servicer, FSA Gateway, online).
- GAs and Loan Servicers receive the same updated information from one source (FSA). Lenders no longer have to work with up to thirty-six GAs to receive information.
- Possibly fewer process changes required for FSA and trading partners when compared to the other options.
- By actively requesting/receiving enrollment updates, borrowers and other customers will be able to see enrollment status as an element in the "Integrated Student View."
- Data can be more accurate since lender receives it directly from FSA via the Student Enrollment Reporting ESF.
- Direct feed to lenders equals no real development cost to FSA (the functionality has already been developed and tested in a pilot).
- If a contracted servicer is more fully utilized (include FFEL in the current DL model), transfers will be readily identified.



3.3.1.3 Cons

- Although the enrollment data is consolidated, the mechanism for collecting the data from multiple sources is not fully standardized (continue to use both the DL and Roster models).
- Having multiple steps between school and lender means more time and more opportunity for data quality to decrease.
- Lenders must make changes to their systems to directly receive enrollment data from FSA.
- Based on rosters, servicers do not provide enrollment status if a student is actually at a school other than the given roster, even if the servicer has the information.
- Less flexibility: the process has a no-paper option for the lenders to receive enrollment data.
- If FSA chooses the Clearinghouse as a contractor, it will have a hard time working with the Clearinghouse in order to receive foreign school's enrollment status information.
- Transfer students are not covered.
- No standard mechanism for inflow of data
- Possible problem with distribution

3.3.2 Option C: Total Student Enrollment Reporting

Based on the definition of Option C (reference Section 3.2.2.3 Option C: Total Student Enrollment Reporting), FSA business owners and SMEs developed the following considerations, pros, and cons:

3.3.2.1 Considerations

- This option has a key assumption that FSA will be able to collect total Student Enrollment from all schools.
- There are no rosters sent to schools. The schools report enrollment information directly to FSA.
- The Student Enrollment Reporting ESF could be contracted out.
- Foreign schools are required to submit enrollment data in the same manner as all other schools, either directly to FSA or through an enrollment servicer.
- Student Enrollment Reporting must have oversight functionality to ensure compliance; late notifications should be sent by Student Enrollment Reporting ESF to schools.
- SSIM logic will be used to match enrollment updates to existing student information in the CDA.
- The use of RID as an additional identifier should be reviewed to assist with the match of enrollment information to the loan records in the CDA.
- Student privacy should be protected. Potentially discard enrollment information that is not needed.
- Regulations and/or a Hold Harmless Letter will allow lenders to use FSA as the master source of enrollment information.



3.3.2.2 *Pros*

- Provides a consolidated, standardized mechanism for both collecting and disbursing enrollment data.
- Enrollment status of transfer students is readily identified.
- Streamlined flow should allow the FFEL community to receive enrollment information without a request, potentially reducing costs for the financial partners.
- Eliminates FSA's cost of sending enrollment confirmation reports to numerous schools.
- Eliminates potential privacy act infringement by not sending a list of DL borrowers to a contractor (regardless of whether the contractor has information for the borrower).
- By collecting all enrollment updates, borrowers and other customers will be able to see enrollment status as an element in the "Integrated Student View."

3.3.2.3 *Cons*

- Collecting Non-Title IV enrollment information increases vulnerability of infringing on students' privacy.
- Small schools may have difficulty switching from rosters to this model.
- Requiring all partners to use electronic communications with FSA will add a cost to the trading partners that currently do not have these capabilities.
- Lenders will have an initial cost to change their systems to receive enrollment data directly from FSA.

3.3.3 Option D: End Recipient

Based on the definition of Option D (reference Section 3.2.2.4 Option D: End Recipient), FSA business owners and SMEs developed the following considerations, pros, and cons:

3.3.3.1 *Considerations*

- FSA discontinues its current role of providing enrollment reporting service for the community.
- "Hands-off" approach equates to difficulty in providing oversight and/or minimal oversight.
- CSB still needs to collect enrollment information for Direct Loans.
- GAs act as conduit for FFEL lenders.
- Both schools and GAs will need timeframe and standardization requirements. These requirements would need to be verified through audits and reviews.

3.3.3.2 *Pros*

- Lower cost to FSA.
- An enrollment field already exists on the FFEL Reporting file layout.



3.3.3.3 Cons

- Decreased customer service to loan servicers.
- Complete set of enrollment updates are not timely to FSA.
- Schools have to create a number of interfaces to GAs.
- GAs have to create a number of interfaces for various schools.
- Decreased oversight.

3.3.4 Final Recommendation

The following sections provide the FSA business owners' recommendations for Student Enrollment Reporting in the Target State. These recommendations are based on the outcomes of reviewing the Current State background, defining business objectives, and analyzing multiple Target State options. While these sections present recommendations in the future tense (e.g., "FSA will..."), the actual implementation of the recommendations may be contingent upon resource availability, legislative and regulatory changes, additional partner feedback, and a number of other future factors. As previously noted, this recommendation should be further analyzed based on the results of future requirement and design efforts.

3.3.4.1 Non Option Specific Recommendations

Some of the recommendations identified in the Student Enrollment Reporting data flow analysis were applicable regardless of the selected Target State option. FSA will develop a clearer definition of business rules for data usage. FSA will also provide documentation, training, a data dictionary, and definitions for the usage of enrollment reporting data. The Target State also needs a consolidated mechanism for distributing enrollment updates. It should be noted that because FSA currently does not meet the needs of the community, the community is moving towards using Total Enrollment Reporting Process (TERP) as a work-around tool for receiving consolidated enrollment updates.

While the options do not discuss specific technologies, FSA will need to develop technology solutions that meet the needs of the functional and business requirements. Once the technology is established, all partners should be given electronic access and be required to use this access.

3.3.4.2 Recommended Option Definition

A consensus was reached among the business owners and SMEs that Option C: Total Student Enrollment Reporting is the recommended option. This option has a critical assumption that FSA will be able to collect total Student Enrollment data from institutions (Note: an open topic remains if this should be all schools, or only those participating in Title IV programs). If this assumption does not hold true and FSA is prohibited from gathering all enrollment data, the working group agreed that Option A: Combined Roster and Contractor Models with Added Lender Distribution should be considered the best alternative.

The recommended option is illustrated in the following diagram.

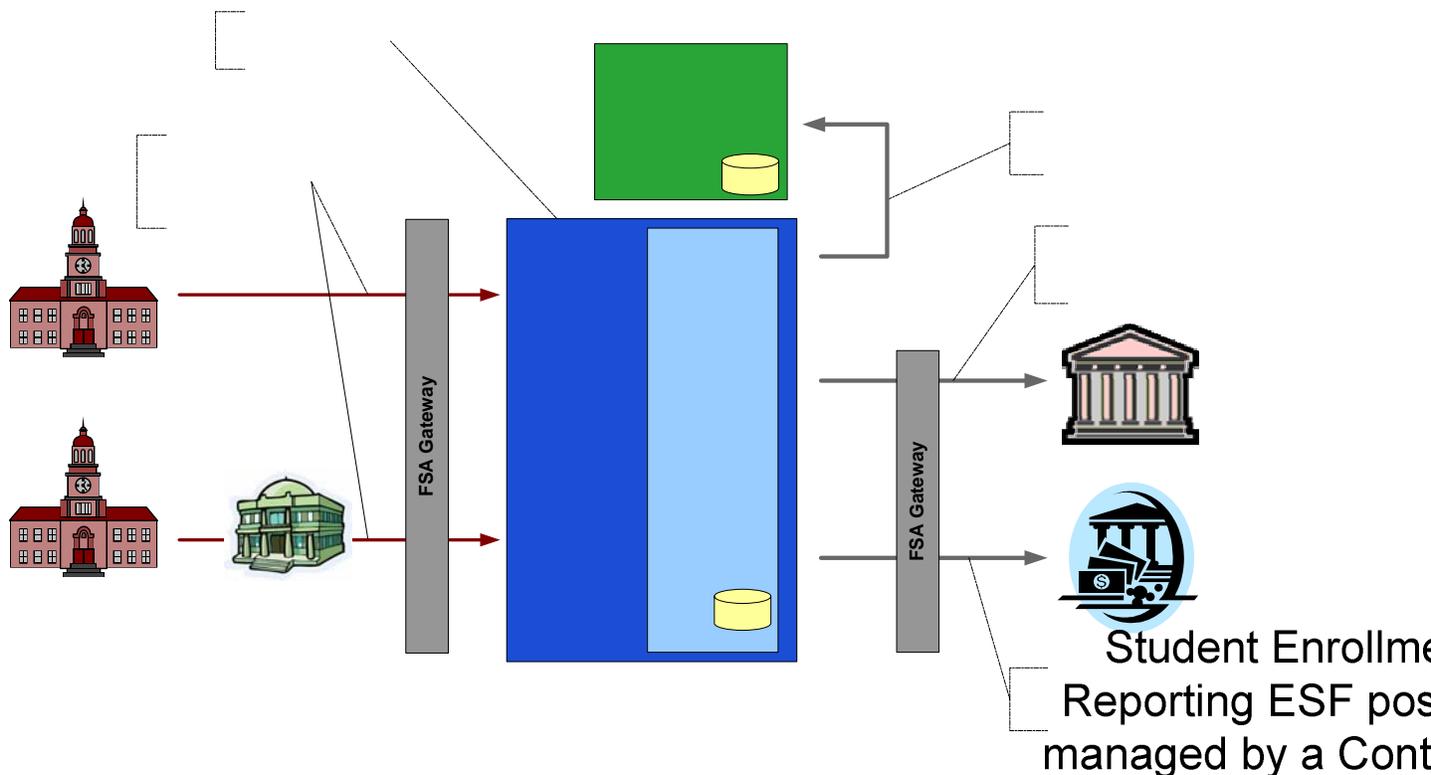


Figure 23: Student Enrollment Reporting Recommended Option: Total Student Enrollment Reporting

In the Total Student Enrollment Reporting model, rosters are no longer used. Schools or their servicers will report enrollment status data for all of their students directly to FSA on scheduled submission dates. While some foreign schools and schools that have lost their eligibility to participate in federal aid do not currently have access to submit data directly to FSA, they will be given this access and be required to submit updates in the same fashion as other schools. The schools or servicers will send the enrollment updates to FSA’s Student Enrollment Reporting ESF via the FSA Gateway. While the FSA Gateway’s design is still to be developed, some form of ED Express functionality will continue to be provided to the institutions.

Schools send all enrollment information directly to FSA. They may use a servicer to complete this task.

The Student Enrollment Reporting ESF will utilize SSIM logic to match the enrollment updates to the correct student. The ESF will also facilitate the oversight process by flagging schools that failed to report or reported data that appears to be incomplete or incorrect. The oversight details and requirements will need to be further developed as this recommendation begins to be implemented.

After processing, updating, and storing borrower records, the Student Enrollment Reporting ESF will send enrollment data for DL borrowers to CSB and FFEL borrowers to the relevant GAs and lenders. All borrowers will receive the data electronically via the FSA Gateway. While the lenders and GAs will continue to receive occasional external, ad hoc updates (e.g., a student calls and informs the partner that they are no longer enrolled in school), the data



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received from FSA will be considered the official enrollment status for students.

3.3.4.3 Recommended Option Outcomes

The recommended option provides a number of benefits to both FSA and the community of trading partners. By collecting total enrollment status, transfer students will no longer go unidentified and the enrollment status will be updated in a timely manner. The process will be streamlined and offer a consolidated method to collect and distribute enrollment reporting data. Lenders no longer will have to collect Student Enrollment data from up to thirty-six GAs and both GAs and lenders will no longer have to go to a number of external sources in an attempt to obtain the most current and accurate information.

The matrix below highlights each objective and offers how the recommended model meets each objective.

Business Objective	How Final Recommendation Meets Business Objective
Provide timely and accurate enrollment information to trading partners.	The Student Enrollment Reporting ESF will send enrollment updates directly to lenders. Lenders will no longer have to interface with up to thirty-six GAs to receive this information. Lenders will receive the data more timely and both lenders and GAs will benefit from reduced maintenance costs.
Facilitate loan servicers (e.g., DLSS, lenders, etc.) to determine if and when a student should enter repayment or remain in repayment by providing a consolidated, standardized mechanism for identifying a student's enrollment status.	In the recommended model, the enrollment reporting process will cover all enrollment data. The process as a whole will be streamlined and the method for reporting borrower status will be consistent. With schools reporting total enrollment, transfer students will readily be identified. CSB, lenders, and GAs will all receive enrollment information directly from the Student Enrollment Reporting ESF. The loan servicers will be able to easily monitor when to remove or place a student into repayment since the data they receive from FSA will be more accurate, timely, and complete.
Provide customers with enrollment status as one of the elements in the "Integrated Student View."	All enrollment updates will be stored in the CDA. Borrowers and other customers will be able to view enrollment status as an element in the "Integrated Student View."
Allow FSA enterprise analytics to be based off of accurate Student Enrollment information.	The oversight of the school Student Enrollment Reporting will be streamlined into one model (not the current process of having to oversee the roster and Direct Loan models). The Student Enrollment Reporting ESF will be able to set flags and triggers that identify concerns of inaccurate or incomplete data.
Ensure accuracy of default prevention tool reports provided to Partners (indirectly affects CDRs).	The streamlined process and the single source option ensure more accurate data is available to all participating entities, systems, and partners.
Possibly provide complete Title IV enrollment data by collecting for Campus Based/Pell borrower's enrollment status.	By collecting all enrollment data and using the SSIM to match the data to students with Campus Based Aid or Pell Grants, the CDA will have enrollment data tied to every student regardless of aid type.



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Business Objective	How Final Recommendation Meets Business Objective
Collect all enrollment data, allowing for more robust analytics (e.g., time spent in school, graduation rates, withdrawal rates, etc.) and an efficient, streamlined Student Enrollment Reporting process.	This objective is met since the main assumption is that under this model FSA collects all enrollment data. The process is simplified and allows FSA to analyze data more efficiently.
Provide full FSA Gateway access for enrollment reporting (e.g., schools that lose eligibility, but do not close).	The FSA Gateway will allow customers to view FSA as a single entity. Trading partners will not have to maintain multiple interfaces to each FSA system, but rather will connect to a common point making the internal workings of FSA transparent. Any future internal system modifications will not directly impact the transfer method with the trading partner. This will lower integration and maintenance costs for both FSA and its trading partners.

Table 12: Mapping of Student Enrollment Reporting Improvements to Business Objectives



Appendix A: Acronyms



Appendix B: FFEL and Student Enrollment Reporting Participants



Appendix C: FFEL Reporting Meeting Minutes



Appendix D: Student Enrollment Reporting Meeting Minutes



Appendix E: FFEL Reporting Current State Data Flows



Appendix F: FFEL Reporting Current State Process Flows



Appendix G: Student Enrollment Reporting Current State Data Flows



Appendix H: Student Enrollment Reporting Current State Process Flow



Appendix I: Student Enrollment Reporting Current State Statistics



Appendix J: Target State FFEL Data Flow Recommendation



Appendix K: Target State Student Enrollment Data Flow Recommendation



Appendix L: Updated Target State Function Matrix



Appendix M: Updated Target State Financial Aid Life Cycle