

**THOUGHTS ON MULTI-YEAR/MULTI-PROJECT APPROACH**  
**JUNE 4, 2002**

**MULTI-YEAR PROJECT APPROACH**

**Fiscal Year 2002**

**1) Project 1A: Pell – IRS Study: Program Data Project**

- a) Gather Information on Loan Errors
- b) Identify the following requirements to implement in a timely manner:
  - i) Timeline
  - ii) Human resources
  - iii) Monetary resources
- c) Establish a baseline error rate
- d) Identify the anticipated savings attainable and the ability to duplicate the savings.
- e) Incorporate selected BP results
- f) Adopt a linear regression model of analysis for AY2003/2004 that:
  - i) Uses two linear reduction equations to identify:
    - (1) Applicants with a high likelihood of error.
    - (2) Applicants with large magnitude of error.
  - ii) Combines results from the two above named equations to identify applicants with both a high likelihood of errors and errors that are large in size.

**2) Project 1B: Pell – IRS Study: Best Practices Project**

- a) Interview people to determine the best practices at:
  - i) Schools
  - ii) Financial institutions
  - iii) Other government agencies
- b) Research literature to identify writings about best practices.
- c) Write summary documents for:
  - i) Baseline description for Award Year 2002/2003
  - ii) Practices identified during the Best Practices (BP) study
  - iii) Benchmarks identified during the BP study for use in assessing results.

- d) Use a Symposium of experts to validate the following aspects of the BP study
  - i) Methodology
  - ii) Data collected
  - iii) Results obtained.
- e) Develop a multi-year schedule for introducing Best Practice changes into the verification – prevention and detection process.
- f) Incorporate BP identified for AY02/03 into the process.
- g) Utilize BP's identified for AY02/03 to run analyses on AY01/02.

### **3) Project 2: Pell Study on Stable EFC**

- a) Conclude this study.
- b) Prepare a summary report of the findings of this study.
- c) Propose changes in the submission of FAFSA forms based on this study.

## **Fiscal Year 2003**

### **1) Project 1A: Pell – IRS Study: Program Data Project**

- a) Perform a full match to IRS using two linear reduction equations that:
  - i) Implements full IRS match for AY2003/2004.
  - ii) Provides after-the-fact IRS fraud match (savings in FY2003 award error).
  - iii) Incorporates BP's identified for AY2003/2004 into the process.
- b) Perform additional analyses on individuals selected by the system for 2 or more consecutive years.
- c) Compare the error rates and populations for years 1 and 2.
- d) Identify new criteria and better focus existing criteria for identifying over awards.
- e) Gather information on loan error

### **2) Project 1B: Pell – IRS Study: Best Practices Project**

- a) Incorporate observations and recommendations from the Symposium into final Best Practices report.
- b) Utilize Focus Groups to identify desired changes in the:
  - i) FAFSA form.
  - ii) Process of validation.

### **3) Project 2: Pell Study on Stable EFC**

- a) Examine the logistical and process challenges of modifying the frequency of FAFSA submissions by a sub-group of applicants.
- b) Prepare a business case for changing the logistics and process for modifying the frequency of FAFSA submissions for a sub-group of applicants.

### **4) Projects 3 and 4 - Develop a business case that contains the following information:**

- a) Project description
- b) Project purpose
- c) Project scope
  - i) What it is
  - ii) What it is not
- d) Timeline to include:
  - i) Start date.
  - ii) End date
  - iii) Achievement milestones
- e) The technologies and resources used
- f) Impact of the project on:
  - i) Business areas and external groups
  - ii) Systems
  - iii) Business processes
- g) Recommended next steps
- h) Total cost of project
- i) Implementation strategy to include:
  - i) Schedule and
  - ii) Milestones

## **Fiscal Year 2004 forward**

### **1) Project 1A: Pell – IRS Study: Program Data Project**

- a) Incorporate new criteria from prior analyses.
- b) Perform additional analyses on individuals selected by the system multiple years.
- c) Identify new criteria and better focus existing criteria for identifying over awards.
- d) Compare error rates & populations for the current year and year just past awards.
- e) More source data matches.

f) Fraud identification.

**2) Projects 3 and 4 – obtain resources for and begin work on these two projects.**

## **MULTI-PROJECT APPROACH**

### **1) Project 1: Pell – IRS Study**

- a) This project was created to identify ways to reduce award errors in the Pell grant program in accordance with the strategic goals of both the Department and SFA.
- b) The current goal of this project is to drive a reduction in the amount of over-awards in the Pell grant program. The outcome of the research will be program recommendations to improve the verification system and to implement other informational checkpoints in the grant process that will reduce over awards.
- c) This project is divided into two (2) tracks: 1) Program Data and 2) Best Practices.
- d) The final product will unite the two tracks in a presentation of the strongest possible improvements to the Pell award process for consideration by senior leadership.
- e) This project is currently underway with a completion date for the first phase of work being September 30, 2002.
- f) **The Program Data** track is a quantitative evaluation of the remaining discrepancies between the IRS calculation of “correct” Pell award amounts and the actual amounts disbursed. This track reviews and analyzes the existing data associated with the Pell grant program and determines trends in the data and sets a baseline level of over and underawards that can be used as a starting point for future efforts to measure the effectiveness of actions to reduce the level of over and underawards.
- g) **The Best Practices** track uses literature research and in-depth interviews to establish and analyze a series of “best practices” in the field of income and personal information verification and identify which of these Best Practices might be applicable to reducing overawards in the Pell Grant program.

### **2) Project 2 – Pell Study on Stable EFC**

- a) The purpose of this project is to identify the characteristics of students and their families that are most likely to have a stable Expected Family Contribution (EFC) for 2 or more years.
- b) The results of this project will be incorporated into recommendations to the senior leadership at FSA to pursue legislative changes in the frequency with which students whose families fit certain criteria must file the FAFSA form.

### **3) Project 3 – Utilize other databases**

- a) During the initial stages of the Best Practices track of the Pell – IRS study project it was determined that a number of other agencies have reduced overawards by performing data matches between their program database and one or more third party databases.

- b) The purpose of this project is to investigate other databases from which to pull data that can be used to perform analyses on FSA's target population and to use this information to determine:
  - i) The types of information that can be pulled from these databases, the probable steps required to pull the identified data elements, and the steps required to make this data available to FSA.
  - ii) The potential impact of using these other databases on reducing the time and energy and/or the dollar amount of overawards in the Pell program.
- c) Other databases identified thus far from the Best Practices research include the:
  - i) National Directory of New Hires<sup>1</sup>
  - ii) Commercially available credit data.

#### **4) Project 4 – Apply Pell results to Title IV loans**

- a) The purpose of this project is to utilize the results from the initial Pell – IRS study to identify and recommend changes in the other Title IV programs. This project will endeavor to accomplish this goal by:
  - i) Identifying aspects of the Pell Best Practice changes that apply to other Title IV programs.
  - ii) Developing a first cut project plan to convert Pell program Best Practices to the subsidized loan program.
- b) It is anticipated that this project will begin after the initial Pell – IRS project has been concluded.

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<sup>1</sup>Allows verification of income & general eligibility in close to real time. Database is created from information that employers report to states within 21 days of a hire or rehire.