COMPUTER MATCHING AGREEMENT
BETWEEN
U.S. DEPARTMENT OF VETERANS AFFAIRS (VA)
AND
THE U. S. DEPARTMENT OF EDUCATION (ED)
FEDERAL STUDENT AID (FSA)

I. **Purpose**

This Computer Matching Agreement (CMA) sets forth the terms, safeguards, and procedures under which the Department of Veterans Affairs (VA) will identify data on Veterans whom VA has designated as (1) having a service-connected disability rating that is 100% disabling, or (2) being totally disabled based on an individual unemployability rating as described in 38 CFR § 3.4(b) and 38 CFR § 3.340 to the Department of Education (ED), Federal Student Aid (FSA). ED will use the VA disability data to contact those borrowers who have Title IV Loan debt or service obligations under the Teacher Education Assistance for Higher Education (TEACH) Grant Program and inform those borrowers of ED’s total and permanent disability (TPD) discharge process for individuals who have a Title IV Loan debt or TEACH Grant service obligation.

This computer matching program will assist ED in its obligation to ensure that borrowers of Title IV Loans or TEACH Grant service obligations more efficiently and effectively apply for TPD discharge of their Title IV Loans or TEACH Grant service obligations. ED will proactively send notices to borrowers whom VA has designated as (1) having a service-connected disability rating that is 100% disabling, or (2) being totally disabled based on an individual unemployability rating, informing them that they may qualify for TPD discharge. The notices also will inform these borrowers that ED will accept VA data matched information in lieu of the borrower’s submission of a VA Statement with the borrower’s TPD loan discharge application, thereby making it easier for these borrowers to submit a TPD loan discharge application to ED.

II. **Legal Authority**

This CMA is executed in compliance with the Privacy Act of 1974, as amended by the Computer Matching and Privacy Protection Act of 1988 and the Computer Matching Privacy Protections Amendments of 1990 (Privacy Act) (5 U.S.C. § 552a), and the regulations and guidance promulgated thereunder.

VA’s legal authority to enter into this CMA and to disclose information under this CMA is described in the Privacy Act, 5 U.S.C § 552a(a)(8) and in accordance with 5 U.S.C. § 552a(b)(3).

ED’s legal authority to enter into this CMA is sections 420N(c), 437(a), and 455(a)(1) of the HEA (20 U.S.C. §§ 1070g-2(c), 1087(a), and 1087e(a)(1)), the regulations.
promulgated pursuant to that section (34 CFR §§ 682.402(c), 685.213, and 686.42(b)), and the Privacy Act (5 U.S.C. § 552a(a)(8)).

III. Definitions

A. “Borrower” means a person who has had a loan disbursed and is fully responsible to pay the loan and interest back to the loan holder under applicable student loan programs administered under the authority of Title IV of the HEA (20 U.S.C. 1070, et seq.) or who have a Title IV Loan written off due to default. For purpose of this Agreement, the term “borrower” also includes an individual who is responsible for completing a service obligation in exchange for having received a TEACH Grant under the TEACH Grant Program authorized under Title IV of the HEA, Part A, Subpart 9 (20 U.S.C. § 1070g et seq.).

B. “Contractor and/or Agent” means a third-party entity in a contractual or similar relationship with ED or VA pursuant to which the third-party entity acts on the respective agency's behalf to administer, or assist in administering, the program described in this CMA.


D. For purposes of this Agreement, “Title IV Loan” also includes a Title IV Loan written off due to default and a TEACH Grant under the TEACH Grant Program authorized under Title IV of the HEA, Part A, Subpart 9 (20 U.S.C. § 1070g et seq.).

IV. Responsibilities of the Parties

A. ED’s Responsibilities:

1. ED will match the file received from VA with ED’s records on borrowers of Title IV loans, as contained in ED’s system of records entitled “National Student Loan Data System (NSLDS)” (18-11-06), last published in the Federal Register in full on June 28, 2013 (78 FR 38963-38969) and last updated on April 2, 2014 (79 FR 18534-18536).

2. ED will use the information obtained from VA only for purposes set forth in this CMA, which is to contact borrowers of Title IV loans that match with the VA per this Agreement who show that they owe a balance on a Title IV Loan, to inform those borrowers of ED’s TPD process and use the information obtained from VA as documentation that the borrower qualifies for a TPD discharge.
3. ED, as the recipient agency, will provide the appropriate Congressional committees and the Office of Information and Regulatory Affairs (OIRA) within Office of Management and Budget (OMB) with notice of this computer-matching program and will publish the required notice of a computer matching program in the Federal Register.

B. VA’s Responsibilities:

VA will disclose to ED, on a quarterly basis, the name (first middle and last), date of birth (DOB), and Social Security Number (SSN) of all individuals who are in receipt of VA disability compensation benefits with a VA determination that they have a 100% disabling service-connected disability rating or that they are totally disabled based on an individual unemployability rating, along with the VA disability determination date for each individual.

V. Justification and Anticipated Results

A. Justification:

The HEA and implementing regulations require the Secretary of Education to discharge Title IV loans for borrowers who can demonstrate that they meet the statutory definition of having a TPD. Under ED’s regulations implementing this statutory provision, to establish their eligibility for a TPD loan discharge, borrowers may document that VA has designated them as in receipt of VA disability compensation benefits based on a determination that they have a 100% disabling service-connected disability or that they are totally disabled based on an individual unemployability rating. Sharing information from VA for Federal student loan borrowers will streamline the process for determining eligibility for this discharge, and for identifying and contacting borrowers who are eligible for the discharge, but have not applied to receive it. Computer matching is believed to be the most efficient and comprehensive method of exchanging and processing this information.

ED anticipates that the matching program under this CMA will reduce the time and administrative resources needed to review, and approve applications for a TPD discharge. In addition, ED anticipates that the matching program will support outreach efforts to borrowers who are eligible for the discharge, but have not applied to receive it. This outreach has the potential both to better fulfill the statutory intent of releasing TPD borrowers from their obligation to repay their Title IV Loans and to reduce ED’s administrative costs by eliminating the need for ongoing loan servicing and collection efforts for these borrowers, who are often delinquent or in default due to their conditions. This method has been determined to be the most accurate and efficient means of accomplishing these purposes. Veterans in receipt of Social Security Administration (SSA) benefits may benefit from the match as their SSA benefits will not be subject to offset to repay Title IV loans once those loans are discharged.
B. Anticipated Results:

The match with VA will streamline the discharge approval process, easing the burden on borrowers who otherwise would need to formally document their TPD eligibility. While we do not expect this change will have a significant impact on ED’s operational costs for the TPD discharge application process, it will lessen the burden on disabled veteran borrowers substantially. The match will allow ED to identify borrowers who are potentially eligible for a TPD discharge, but who might be unaware of their status. This information will enable more borrowers to take advantage of this statutory discharge. The specific estimate of the savings that will result from this matching program is reflected in Attachment A, the Cost Benefit Analysis.

Neither VA nor ED will charge the other for participation in this agreement. Each agency will be responsible for its own development, operations, and maintenance costs.

VI. Description of Matched Records

A. Systems of Records:

VA will use the system of records identified as “BIRLS--VA” (38VA21), first published at 49 FR 38095 (August 26, 1975), routine use 21, as added by 66 FR 30049-30050 (June 4, 2001), which is the published system notice that added routine use 21 to this system of records notice. VA has determined that this system of records contains appropriate routine use disclosure authority and that the use is compatible with the purpose for which the information is collected.

ED will maintain information for those borrowers obtained and matched from VA in its system of records entitled “National Student Loan Data System (NSLDS) (18-11-06)”, as last published in the Federal Register in full on June 28, 2013 (78 FR 38963-38969) and last updated on April 2, 2014 (79 FR 18534-18536).

ED will notify in writing those borrowers for whom ED receives a response from VA of the positive results of the match in accordance with Article VIII of this CMA.

B. Specified Data Elements:

VA will transmit to ED a file including the name (last, middle and first), DOB, SSN, most recent Un-employability Determination Date and/or the most recent 100% Rating Determination Date for each veteran in receipt of VA disability compensation benefits based on either of these two types of VA determinations.

C. Number of Records and Frequency Involved:
VA projects that it will send to ED on a quarterly basis, 1,000,000 individual identifiers for those individuals in receipt of VA disability compensation benefits based on a determination that they have a 100% disabling service-connected disability or that they are totally disabled based on an individual unemployability rating.

VII. **Accuracy Assessments**

The disclosure of the corporate record disability data from VA’s database is 99 percent accurate. The VA compensation data is virtually 100 percent accurate at the time the data is created.

NSLDS is a large repository of student grant and loan information. The data reported to NSLDS comes from multiple entities including other FSA systems, schools, guaranty agencies, and Federal loan servicers. Before data is loaded to NSLDS, it must go through a series of edit validations to ensure the data reported meets the published reporting requirements. For all NSLDS data providers who reported for both 2015 and 2016, the combined edit pass rate was 96.87 percent. The “passage” rates are based on the NSLDS 2016 Annual Data Quality Report, Version 1.0, dated May 17, 2017 published by NSLDS.

VIII. **Procedures for Individualized Notice**

ED will publish in the Federal Register a notice describing the computer matching program, as required by the Privacy Act. ED will also submit notice of the matching program to the OIRA within OMB and to appropriate Congressional committees, as required by the Privacy Act and implementing OMB guidance. ED will ensure that each applicant for, or recipient of, applicable Title IV, HEA program assistance will be provided with an individual notice that information provided on his or her application is subject to verification through computer matching programs. For all Veterans identified by VA as having been in receipt of VA disability compensation benefits based on a determination that they have a 100% disabling service-connected disability or that they are totally disabled based on an individual unemployability rating and whose records match records in ED’s NSLDS that show that they owe a Title IV Loan, ED will send an acknowledgement or letter informing them that their information matched and provide them with instructions on how to request a TPD discharge of their Title IV loan.

Not all borrowers of Title IV loans apply for, or are in receipt of VA program benefits. VA will notify all individuals who apply for, or are in receipt of VA program benefits that VA will conduct computer matching. VA will provide subsequent direct notice of computer matching to VA program beneficiaries via annual cost of living notices.

IX. **Verification Procedure and Opportunity to Contest**
After VA transmits to ED the files of the Veterans whom VA has designated as in receipt of VA disability compensation benefits based on a determination that they have a 100% disabling service-connected disability rating or that they are totally disabled based on an individual unemployability rating and ED matches the VA’s files with ED’s records in NSLDS, ED will contact borrowers of Title IV loans and inform them of ED’s TPD discharge process.

ED will accept VA’s determination that they have a 100% disabling service-connected disability or that they are totally disabled based on an individual unemployability rating designation in lieu of a VA Statement, simplifying the process for the borrowers, as then they only must submit the signed TPD discharge application.

ED cannot discharge a Title IV loan, which may have tax consequences for the borrower, until/unless the borrower officially requests the discharge by completing a TPD discharge application.

If VA does not identify a borrower as in receipt of VA disability compensation benefits based on a determination that the borrower has a 100% disabling service-connected disability or that the borrower is totally disabled based on an individual unemployability rating, the borrower still will have the option to submit a TPD discharge application and provide the required physician’s certification in order to determine his or her eligibility for a TPD discharge.

X. Procedures for Retention and Timely Destruction of Identifiable Records

A. ED will retain records received from VA data file(s) that matched ED’s NSLDS with identifiable information for 15 years after final repayment or discharge, or audit of student financial obligation, in accordance with the requirements of ED’s Comprehensive Records Retention and Disposition Schedule, 072 FSA Application, Origination, and Disbursement Records. At the conclusion of the mandatory retention period, ED will destroy these records by electronic purging. This procedure is consistent with legal retention requirements established by ED in conjunction with the National Archives and Records Administration.

B. ED will not retain records from VA that do match ED’s NSLDS and will immediately purge those records.

XI. Records Usage, Duplication, and Redisclosure Restrictions

A. ED agrees to the following limitations on the access to, disclosure of, and use of identifying information provided by VA:

1. The information provided by VA will be used within ED only to the extent necessary to achieve the purpose of notifying borrowers of eligibility for disability discharge and as documentation of eligibility for that discharge as stated
herein and will not be used to extract information concerning individuals therein for any purpose not specified in this CMA.

2. ED acknowledges that its positive verification of an SSN, name, and DOB only establishes that the submitted information matches the information contained in ED’s records. The verification does not, however, authenticate the identity of the individual or conclusively prove that the individual submitting the information is who he or she claims to be.

3. ED will not use the VA files to extract information about non-matched individuals for any purpose.

4. ED will, in its contractual relationship with each contractor and/or agent, obtain the contractors’ and/or agents’ written agreement that it will abide by all of the use and disclosure restrictions and security requirements in this CMA.

5. ED will identify and provide to VA, upon request, a current list of contractors’ and agents’ employees who will have access to the information ED obtains through this CMA. This list will contain the following items: name of contracting firm, list of the contractors’ and/or agents’ employees who will have access to the information, location where the work with the information is performed, description of the work that is performed with the information, and contract period (including renewals and extensions). ED will certify, via a written communication on ED letterhead, to VA that these contractors and/or agents are acting on behalf of ED to administer or assist in administering the FSA programs. ED agrees that its contractors and/or agents will, upon request, provide a list of employees who no longer have access to the information under this CMA.

6. ED employees and contractors and/or agents under contract with ED who access, disclose, or use the information obtained pursuant to this CMA in a manner or for a purpose not authorized by this CMA may be subject to civil and criminal sanctions contained in applicable Federal statutes.

B. VA agrees that the information produced by the match may be used by ED for necessary follow-up actions essential to the TPD process, as well as when required by law, including to support criminal investigations or prosecutions based on applications which may arise in this connection. All disclosures will be made consistent with the Privacy Act and applicable Privacy Act guidelines.

XII. **Security Procedures**

Review, Reporting and Publication under the Privacy Act”, and Memorandum 06-16, “Protection of Sensitive Agency Information” (June 23, 2006), OMB Memorandum 08-05, and all subsequent related memoranda; the Privacy Act; National Institute of Standards and Technology (NIST) directives; and the Federal Acquisition Regulations (FAR), including any applicable amendments published after the effective date of this CMA. These laws, directives, and regulations include requirements for safeguarding Federal information systems and personally identifiable information (PII) used in Federal agency business processes, as well as related reporting requirements. Both agencies recognize and will implement the laws, regulations, NIST standards, and OMB directives including those published subsequent to the effective date of this CMA.

FISMA requirements apply to all Federal contractors, organizations, or entities that possess or use Federal information, or that operate, use, or have access to Federal information systems on behalf of an agency. Both agencies are responsible for oversight and compliance of their contractors and agents.

Specific security requirements include, but are not limited to, the following:

Data must be protected at the Moderate system certification criticality level according to Federal Information Processing Standards (FIPS) Publication 199, Standards for Security Categorization of Federal Information and Information Systems.

All VA and FSA systems involved in this data exchange have completed the security authorization process within the last three years, using the required NIST guidance, and have an Authorization to Operate (ATO) with the appropriate signatures.

Electronic files are encrypted using the FIPS 140-2 standard and are interoperable with ED’s personal identity verification logical access control card (PIV LAC) for Government Employees and support contractors authorized to have an HSPD-12 card (HSPD-12 = Homeland Security Presidential Directive #12).

VA and ED information systems reside behind a Trusted Internet Connection (TIC).

A. Incident Reporting:

Upon detection of a security incident or PII breach related to this CMA, the agency experiencing the incident will promptly notify the other agency’s System Security Contact(s) named in this CMA. VA will promptly notify the following FSA contacts in the order listed, until a successful notification has been made: NSLDS Owner’s Primary Representative or NSLDS Information System Security Officer (ISSO).

If the agency experiencing the incident is unable to speak with the other agency’s System Security Contact within one hour or if for some reason contacting the System...
Security Contact is not practicable (e.g., outside of normal business hours), then the following contact information shall be used:

VA:
- VA Network Security Operations Center (VA NSOC) at 1-855-673-4357 or email VANSOC@va.gov

ED/FSA:
- EDCIRC: EDSOC@ed.gov: 202-245-6550

If ED experiences a loss of PII under the terms of this CMA, ED will also comply with the PII breach reporting and security requirements as required by OMB Memorandum 17-12, “Preparing for and Responding to a Breach of Personally Identifiable Information.” (Jan. 3, 2017) ED also will notify the VA security contact(s) named in this CMA as soon as possible, but no later than one hour after the discovery of a breach involving PII. The agency that experienced the incident will be responsible for following its established procedures, including notifying the proper organizations (e.g., United State Computer Emergency Readiness Team (US-CERT), the ISSOs, and other contacts listed in this document), conducting a breach and risk analysis, and making a determination of the need for notice and/or remediation to individuals affected by the loss. If the agency’s analysis indicates that an individual notice and/or remediation is appropriate, the agency that experienced the incident will be responsible for providing such notice and/or remediation without cost to the other agency.

B. Administrative Safeguards:

ED will restrict access to the data matched and to any data created by the match to only those authorized employees and officials who need it to perform their official duties in connection with the uses of the data authorized in this CMA. Further, ED will advise all personnel who have access to the data matched and to any data created by the match of the confidential nature of the data, the safeguards required to protect the data, and the civil and criminal sanctions for noncompliance contained in the applicable Federal laws. ED users or designated contractors will be subject to monitoring and auditing. It is the responsibility of ED to ensure user access is removed timely when a user has departed or duties have changed such that the user no longer requires access to the system.

C. Physical Safeguards:

ED will store the data matched and any data created by the match in an area that is physically and technologically secure from access by unauthorized persons at all times. Only authorized personnel will transport the data matched and any data created by the match. ED will establish appropriate safeguards for such data, as determined by a risk-based assessment of the circumstances involved.
D. Technical Safeguards:

ED will process the data matched and any data created by the match under the immediate supervision and control of authorized personnel in a manner that will protect the confidentiality of the data, so that unauthorized persons cannot retrieve any data by computer, remote terminal, or other means. Systems personnel must enter personal identification numbers when accessing data on the agencies’ systems. ED will strictly limit authorization to those electronic data areas where the matched data is stored to what is necessary for the authorized analyst to perform his or her official duties.

E. Onsite Inspection:

In lieu of onsite inspection, FSA will allow VA to review the relevant FSA ATO package at a secure FSA facility.

XIII. Comptroller General Access

The Government Accountability Office (Comptroller General) may have access to all ED and VA records, as necessary, in order to verify compliance with this CMA.

XIV. Reimbursement

Each agency will be responsible for its own development, operations, and maintenance costs. There will be no reimbursement between agencies.

XV. Duration and Modification of the Agreement

A. Effective Date:

1) The effective date of this CMA and the date when the match may begin shall be whichever date is the latest of the following three dates: (1) the date of the last signatory to this CMA as set forth in Article XVII, below; (2) at the expiration of the 30-day public comment period following ED’s publication of notice of this matching program in the Federal Register, as required by 5 U.S.C. § 552a(e)(12) and OMB Circular No. A-108, assuming that ED receives no public comments or receives public comments but makes no changes to the notice as a result of the public comments, or 30 days from the date on which ED publishes a revised matching notice in the Federal Register, assuming that ED receives public comments and revises the matching notice as a result of public comments; or (3) at the expiration of the 60-day period following ED’s transmittal of a report concerning the matching program to OMB and to the appropriate Congressional Committees, along with a copy of this Agreement, unless, as required by 5 U.S.C. §§ 552a(o)(2)(A)(i), (B), and (r) and OMB Circular No. A-108, unless OMB waives any days of the 60-day review period for compelling reasons, in which
case 60 days minus the number of days waived by OMB from the date of ED’s transmittal of the report of the matching program.

2) On the effective date of this CMA, VA and ED agree that this CMA supersedes any previous agreement and that any previous agreements are terminated

B. Duration:

This CMA will be in effect for an initial period of 18 months unless it is renewed for an additional 12 months, as set forth in paragraph C, below.

C. Renewal:

The Data Integrity Boards (DIBs) of ED and VA may, within three months prior to the expiration of this CMA, renew this Agreement for a period not to exceed 12 months if:

1. The matching program will continue to be conducted without change; and
2. FSA and VA certify to their respective DIBs that they have conducted the matching program in compliance with this Agreement.

If either party does not want to renew this Agreement, then it should provide written notification to the other party of its intention not to renew the Agreement at least 90 days before the expiration of the CMA.

D. Modification:

The parties may modify this CMA at any time by a written modification, agreed to by both parties and approved by the DIB of each agency.

E. Termination:

The parties may terminate this CMA at any time with the written consent of both parties. Either party may unilaterally terminate this CMA upon written notice to the other party, in which case the termination will be effective 90 days after the date of the notice, or later if so specified in the notice. In no event, however, may the termination of the CMA allow the CMA to extend beyond the time periods listed in paragraphs B and C, above.

If this Agreement is cancelled by either party, no reimbursement of costs incurred prior to cancellation will be owed to or reimbursed by either party. VA or ED may make an immediate, unilateral suspension of the data flow of this Agreement if either party:

1. Determines that there has been an unauthorized use or disclosure of information;
2. Determines that there has been a violation of or failure to follow the terms of this CMA; or

3. If VA has reason to believe that ED has breached the terms of this CMA for security of data. If so, VA agrees that they will immediately notify ED as to the basis of the belief and the intent to unilaterally suspend this CMA. The notice provided will ensure that the two agencies discuss the suspected violation, thereby preventing an unintended denial of Federal benefits to applicants based solely upon a belief of a violation or failure to abide by the terms of the CMA. If VA suspends the Agreement in accordance with this section, there will be an indefinite suspension of the CMA until a definite determination has been made regarding whether there has been a breach.

XVI. Persons to Contact

A. VA Contacts:

Matching Agreement Issues

Eric Robinson
Lead Program Analyst
Compensation Service
810 Vermont Ave N.W.
Washington, DC 20420
Email: Eric.Robinson3@va.gov
Telephone: (202) 443-6016

Computer Systems Issues

Scott Fagan
Senior Business Applications Analyst
Compensation Service
810 Vermont Ave. N.W.
Washington, DC 20420
Email: Scott.Fagan@va.gov
Telephone: (402) 420-4233

Systems Security Issues

Yancy McPherson, Information System Security Officer (ISSO)
District 2, Southern Territory
Service Operations – Enterprise Security Operations
6437 Garners Ferry Road
Columbia, SC 29209
Email: Yancy.McPherson@va.gov
Telephone: (803) 647-2339
B. ED Contacts:

**Program and Matching Agreement Contact**

Brenda Seidel, Management and Program Analyst  
System Integration Division  
U.S. Department of Education  
Federal Student Aid  
830 First Street, NE  
Washington, DC 20202-5454  
Telephone: (202) 377-3982  
Email: Brenda.Seidel@ed.gov

**Computer Security Issues**

Dan Commons, FSA Chief Information Security Officer  
U.S. Department of Education  
Federal Student Aid  
Technology Office  
830 First Street, NE  
Washington, DC 20202  
Telephone: (202) 377-4240  
Email: Daniel.Commons@ed.gov

**Systems Security Issues**

Dev Nayak, System Owner’s Primary Representative  
Business Technical Lead, NSLDS  
U.S. Department of Education  
Federal Student Aid, Business Operations  
830 First Street, NE  
UCP-41D2  
Washington, DC 20202  
Telephone: (202) 377-4036  
Email: Dev.Nayak@ed.gov

Tammy Morton, ISSO  
NSLDS  
U.S. Department of Education  
Federal Student Aid, Business Operations  
830 First Street, NE  
UCP- 43B5  
Washington, DC 20202  
Telephone: (202) 377-4653Email: Tammy.Morton@ed.gov
XVII. **Authorized Signatures**

The signatories below warrant and represent that they have the competent authority on behalf of their respective agencies to enter into the obligations set forth in this CMA.

**THE DEPARTMENT OF VETERANS AFFAIRS**

![Signature: BETH A. MCCOY](image)

Beth Murphy  
Director, Compensation Service  
Department of Veterans Affairs

VA’s DIB has reviewed and approves this CMA. In accordance with OMB’s Final Guidance Interpreting the Provisions of Public Law 100-503, the Computer Matching and Privacy Protection Act of 1988,” 54 FR 25818 (June 19, 1989), the Board also has determined that it is appropriate to compress the due process steps of verification and notice and wait into a single step.

![Signature: LaShaunne G. david](image)

Camilo J. Sandoval  
Data Integrity Board  
Department of Veterans Affairs
The signatories below warrant and represent that they have the competent authority on behalf of their respective agencies to enter into the obligations set forth in this CMA.

**U.S. DEPARTMENT OF EDUCATION**

James Manning  
Acting Chief Operating Officer  
Federal Student Aid  
U.S. Department of Education

ED’s DIB has reviewed and approves this CMA. In accordance with OMB’s “Final Guidance Interpreting the Provisions of Public Law 100-503, the Computer Matching and Privacy Protection Act of 1988,” 54 FR 25818 (June 19, 1989), the Board also has determined that it is appropriate to compress the due process steps of verification and notice and wait into a single step.

Angela Arrington  
Acting Senior Agency Official for Privacy  
Chair, Data Integrity Board  
U.S. Department of Education
Attachment A: Cost Benefit Analysis

COST BENEFIT ANALYSIS – COMPUTER MATCHING PROGRAM

This Cost Benefit Analysis measures costs and benefits associated with matching Veterans Administration (VA) and the U.S. Department of Education (ED) records. Specifically, VA will submit to ED the names, dates of birth, Social Security numbers, VA disability determination date, for those Veterans who are in receipt of VA disability compensation benefits based on a determination that they have a 100% disabling service-connected disability rating or that they are totally disabled based on an individual unemployability rating. ED will then match the VA disability data with its records on ED’s NSLDS who owe a Title IV Loan. ED will use the VA disability data to identify and reach out to borrowers who could be eligible for a total and permanent disability (TPD) discharge, as well as to expedite the processing of TPD discharge applications.

Analytical Data and Assumptions

The costs of this computer matching program consist of processing costs at VA and ED to produce the match, and management, documentation, tracking activities, and certain fixed costs (supplies, phone, postage, etc.). It is assumed that one (1) analyst—listed as the Operational Subject Matter Expert (SME) in the table below—will spend approximately ten (10) percent of his/her time on work related to this computer matching program. This evaluation is based on other, similar matches performed during fiscal year (FY) 2017.

ADMINISTRATIVE COSTS

I. FY 2017 VA PROCESSING COSTS (Computer systems processing costs for 12 month processing cycle - $29.36/month x 12 months) $352

II. FY 2017 ED STAFF COSTS: $17,912

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### VA STAFF COSTS

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**TOTAL ED AND VA STAFF COSTS** $18,167

### III. TOTAL ADMINISTRATIVE COSTS OF VA and ED COMBINED: $18,519

#### B. BENEFITS

Under the student financial aid programs authorized under Title IV of the HEA, borrowers are eligible to have their Title IV Loans discharged if they are determined to be totally and permanently disabled. Under the current process, ED approved 11,610 borrowers for 64,645 loans and a total discharge loan amount of $455,385,994 for TPD discharges based on a borrower’s VA disability status in 2017 year. The proposed match with VA will streamline ED’s discharge approval process, easing the burden on borrowers who otherwise need to formally document their eligibility through the provision of VA disability determinations or doctor’s certifications. While we do not expect this change will have a significant impact on ED’s operational costs for the TPD discharge application process, it will lessen the burden on disabled borrowers substantially, as the process for obtaining documentation materials to certify their eligibility from VA regional offices can be difficult and time-consuming.

In addition, the match will allow ED to identify borrowers who are potentially eligible for a TPD discharge, but unaware of their status. This information will be used to inform outreach efforts that will increase awareness of ED’s TPD discharge program and enable more borrowers to take advantage of this statutory discharge. In the absence of the VA data, we do not have a basis for estimating the size of the potentially eligible borrower population; if we assume a 15 percent increase over ED’s most recent annual TPD discharge data, the match would result in an additional 1,742 borrowers receiving a TPD discharge based on their VA disability status in 2018. The average discharge per borrower during 2017 was $39,224. Multiplying this figure by the estimated increase in the number of TPD discharges results in anticipated additional discharge costs of $68,308,596. Because borrowers qualifying for a TPD discharge are highly unlikely to have sufficient income to successfully repay their loans, in virtually all cases the additional loans discharged as a result of a match would otherwise either default or be forgiven under an income-driven repayment (IDR) plan. As a result, the additional amounts discharged via TPD do not represent new costs, but rather a shift of anticipated costs from one category to another.

In addition, a TPD discharge is preferable for the government to either a default or IDR-related forgiveness as it will eliminate years of servicing and/or collection costs on loans for which payments by the borrower are not being made and cannot reasonably be expected to be made. Under ED contracts as of September 2017 loan servicers receive $1.51 a month for a borrower in repayment and current, even if that borrower is making a $0 payment under an IDR. Under the contract in place in September 2017 the vendor operating the Debt Management and Collection System receives $0.97 a month for each defaulted borrower...
maintained in the System, regardless of whether payments are being made. If we assume the additional 1,742 borrowers estimated to receive TPD discharges are split evenly between the servicing and collection systems, and would remain active an average of 10 years, the standard budget scoring window, before being forgiven or written off as uncollectable, discharging these loans in 2018 would reduce future servicing costs by $157,825 ($1.51 times 120 months times 871 borrowers) and reduce debt collection costs by $101,384 ($ .97 times 120 months times 871 borrowers). The total avoided servicing and/or collection cost of $259,209 over ten years must be divided by 10 to obtain the annual avoided servicing and/or collection costs, which are $25,920. The annual benefit is slightly more than the average cost, however, the benefit received by the disable veterans by the simplification of the discharge process adds a significant non-monetary value. (This amount would change if the match is more or less successful than assumed in increasing the number of TPD discharges, or if the future terms of the servicing and collection contracts differ from those reflected in this analysis.)

COST/BENEFIT RATIO

For the purposes of the cost/benefit ratio, the benefit calculation is limited to the estimated servicing and collection costs avoided as a result of the match ($259,209 divided by 10 years or $25,920 per year).

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\text{TOTAL ANNUAL COSTS} = \$18,519 \\
\text{AVERAGE ANNUAL BENEFITS} = \$25,920
\]

Cost to Benefit Ratio for ED = .71