

**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 (Agreement or CMA) sets forth the terms, safeguards, and procedures under which the U.S. Department of Veterans Affairs (VA) will identify data on Veterans who 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 U.S. Department of Education (ED), Federal Student Aid (FSA). ED will use the VA disability data to contact those Borrowers (as defined herein) who have Title IV Loans (as defined herein) or who have debt or service obligations under the Teacher Education Assistance for College and 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 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 who 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 ED will discharge the Borrower's Title IV Loans or TEACH Grant service obligations no earlier than 61 days from the date that ED sends the notification to the Borrower, unless the Borrower chooses to have their loans discharged earlier or chooses to opt out of the TPD discharge within 60 days from the date that ED sends the notification to the Borrower. The notices also inform these Borrowers that ED has accepted VA data matched information in lieu of the Borrower's submission of a VA Statement with the Borrower's TPD loan discharge application, thereby simplifying the TPD discharge process for Borrowers.

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 subsection (a)(8) of the Privacy Act, 5 U.S.C § 552a(a)(8) and is in accordance with 5 U.S.C. § 552a(b)(3).

ED's legal authority to enter into this Agreement and to disclose information under this Agreement is sections 420N(c), 437(a)(1), 455(a)(1), and 464(c)(1)(F)(ii & iii) of the Higher Education Act of 1965, as amended (HEA) (20 U.S.C. §§ 1070g-2(c), 1087(a)(1), 1087e(a)(1), and 1087dd(c)(1)(F)(ii & iii)), the regulations promulgated pursuant to those sections (34 CFR 674.61(b), 682.402(c) 685.213, and 686.42(b)), and the Privacy Act (5 U.S.C. §§ 552a(a)(8) and (b)(1)).

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 purposes 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 matching program described in this CMA.
- C. "Title IV Loan" means a loan made under Title IV of the HEA for the Federal Perkins Loan Program (20 U.S.C. § 1087aa *et seq.*), the William D. Ford Federal Direct Loan Program (20 U.S.C. § 1087a *et seq.*), the Federal Family Education Loan (FFEL) Program (20 U.S.C. § 1071 *et seq.*), or the Federal Insured Student Loan (FISL) Program (20 U.S.C. § 1071 *et seq.*).
- 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).
- 2. ED will disclose from its NSLDS system of records to its Total and Permanent Disability (TPD) system, which is covered by the system of records entitled "Common Services for Borrowers (CSB)" (18-11-16), the name, date of birth (DOB), Social Security number (SSN), Unemployability Determination Date, and/or 100% Rating Determination Date of Borrowers who match the file

received from VA in order for ED to contact the Borrowers to inform them of their eligibility for a TPD discharge and to discharge their Title IV Loans.

3. ED will use the information obtained from VA only for the purposes set forth in this CMA, which are to contact Borrowers of Title IV Loans whose records match with the VA file exchanged per this CMA who show that they owe a balance on a Title IV Loan, have had any loans under Title IV of the HEA written off due to default, or are responsible for completing a service obligation in exchange for having received a TEACH Grant under the TEACH Grant Program 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.
4. 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 matching program and will publish the required notice of a 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), DOB, and 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 Borrowers will streamline the process for determining eligibility for the TPD discharge, and for identifying and contacting Borrowers who are eligible for the TPD 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.

The matching program under this CMA has reduced the time and administrative resources needed to review and approve applications for a TPD discharge. In

addition, ED anticipates that by continuing the matching program the results 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 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 has streamlined the TPD discharge approval process, easing the burden on Borrowers who otherwise would need to formally document their TPD eligibility. The match allows ED to simplify and streamline the discharge process for the borrower and ED loan servicers. The match allows 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 the costs of 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 disclose to ED information from the system of records identified as "Compensation, Pension, Education, and Vocational Rehabilitation and Employment Records – VA (58VA21/22/28)," last updated on February 14, 2019 (84 Fed. Reg. 4138). VA has determined that routine use 39 in this system of records provides appropriate Privacy Act disclosure authority and that routine use 39 is compatible with the purpose for which the information is collected.

ED will maintain information obtained from VA in the system of records identified as "National Student Loan Data System (NSLDS) (18-11-06)," as last published in the Federal Register in full on September 9, 2019 (84 Fed. Reg. 47265). ED will also maintain information obtained from VA in the system of records identified as "Common Services for Borrowers (CSB) (18-11-16)," as last published in the Federal Register in full on September 2, 2016 (81 Fed. Reg. 60683). The NSLDS and CSB systems of records notices may be updated during the effective period of this Agreement, as required by the Privacy Act.

ED will notify, in writing, those Borrowers for whom ED matches a Borrower from the VA disability data 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 Unemployability 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 unique 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 in 2018 and 2019, the edit pass rate was 96.74 percent. For all NSLDS data providers who reported in both 2017 and 2018, the combined edit pass rate was 97.67 percent. These passage rates are based on the NSLDS 2019 Annual Data Quality Report, Version 1.0, dated April 14, 2020 and NSLDS 2018 Annual Data Quality Report, Version 0.1 Draft, dated March 28, 2019, published by NSLDS.

VIII. Procedures for Individualized Notice

ED will publish in the Federal Register a notice describing the matching program, as required by the Privacy Act. ED will ensure that, each applicant for, or recipient of, applicable Title IV program assistance is provided with individualized notice that information provided on his or her application is subject to verification through matching programs. ED will send all Borrowers who match the VA data an acknowledgement or letter informing them that their information matched.

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, and ED will discharge the Borrowers Title IV Loans no earlier than 61 days after ED has notified a Borrower, unless the Borrower chooses to have their Title IV Loans discharged earlier or chooses to opt out of the TPD discharge, thereby simplifying the TPD discharge process for the Borrower.

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

ED will retain all records with identifiable information received from the VA data file(s) that are matched under this Agreement in accordance with the requirements of ED Records Schedule 051, "FSA National Student Loan Data System (NSLDS)" (DAA-0441-2017-0004) (ED 051) and ED Records Schedule 075, "FSA Loan Servicing, Consolidation, and Collections Records" (N1-441-09-016) (ED 075). (ED is in the process of reviewing and proposing amendments to its records schedules, including ED 051 and ED 075, for the National Archives and Records Administration's consideration, as applicable.)

XI. Records Usage, Duplication, and Redislosure 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 Contractor's and/or Agent's 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/or 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 such information, location where the work with such information is performed, description of the work that is performed with such 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 TPD discharge 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

VA and ED will comply with the requirements of the Federal Information Security Management Act (FISMA), 44 U.S.C. Chapter 35, Subchapter II, as amended by the Federal Information Security Modernization Act of 2014 (Pub. L. 113-283); related OMB circulars and memoranda, such as Circular A-130, *Managing Information as a Strategic*

Resource (July 28, 2016); and Memorandum M-17-12 *Preparing for and Responding to a Breach of Personally Identifiable Information* (January 3, 2017); National Institute of Standards and Technology (NIST) directives; and the Federal Acquisition Regulations, including any applicable amendments published after the effective date of this Agreement. 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 after the effective date of this Agreement.

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/or Agents.

A. Loss Reporting

If either VA or ED experiences an incident involving the loss or breach of PII provided by VA or ED under the terms of this Agreement, they will follow the incident reporting guidelines issued by OMB. In the event of a reportable incident under OMB guidance involving PII, the agency experiencing the incident is responsible for following its established procedures, including notification to the proper organizations (e.g., United States Computer Emergency Readiness Team and the agency's privacy office). In addition, the agency experiencing the incident (e.g., electronic or paper) will notify the other agency's Systems Security Contact named in this Agreement. If ED is unable to speak with the VA Systems Security Contact within one hour or if for some other reason notifying the VA Systems Security Contact is not practicable (e.g., it is outside of the normal business hours), ED will call VA's National Network Service Center toll free at 1-877-697-4889.

If VA is unable to speak with ED Systems Security Contact within one hour, VA will promptly notify the following FSA contacts in the order listed, until a successful notification has been made: National Student Loan Data System Owner's Primary Representative or National Student Loan Data System Information System Security Officer (ISSO).

EDCIRC: EDSOC@ed.gov or (202) 245-6550.

B. Breach Notification

VA and ED will follow PII breach notification policies and related procedures issued by OMB. If the agency that experienced the breach determines that the risk of harm requires notification to affected individuals or other remedies, that agency will carry out these remedies without cost to the other agency.

C. Administrative Safeguards

VA and ED will restrict access to the data matched and to any data created by the match to only those users (e.g. employees, contractors, etc.) who need it to perform their official duties in connection with the uses of the data authorized in this Agreement. Further, VA and 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.

D. Physical Safeguards

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

E. Technical Safeguards

VA and 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. VA and ED will strictly limit authorization to those electronic data areas necessary for the authorized analyst to perform his or her official duties.

F. Application of Policies and Procedures

VA and ED will adopt policies and procedures to ensure that each agency uses the information contained in their respective records or obtained from each other solely as provided in this Agreement. VA and ED will comply with these guidelines and any subsequent revisions.

G. Security Assessments

The NIST Special Publication 800-37, as revised, encourages agencies to accept each other's security assessments to reuse information system resources and/or to accept each other's assessed security posture to share information. NIST 800-37 further encourages that this type of reciprocity is best achieved when agencies are transparent and make available sufficient evidence regarding the security state of an information system so that an authorizing official from another organization can use that evidence to make credible, risk-based decisions regarding the operation and use of that system or the information it processes, stores, or transmits. Consistent with that guidance, the parties agree to make available to each other upon request system security

evidence for the purpose of making risk-based decisions. Requests for this information may be made by either party at any time throughout the duration or any extension of this Agreement.

XIII. Comptroller General Access

The Government Accountability Office (Comptroller General) may have access to all ED and VA records, as necessary, 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:

The life of this Agreement is estimated to cover the 18-month period from May 9, 2021, through November 8, 2022. However, the effective date of this Agreement and the date when the match may begin shall be whichever date is the latest of the following three dates, which dates cannot run concurrently under OMB Circular No. A-108: (1) the date of the last signatory to this Agreement as set forth in Article XVIII, below; (2) 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 OMB waives any of this 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; or (3) at the expiration of the 30-day public comment period following ED's publication of notice of this matching program in the Federal Register, assuming that ED receives no public comments or receives public comments but makes no changes to the Matching 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.

B. Duration:

This Agreement will be in effect for an initial period of 18 months.

C. Renewal:

The Data Integrity Boards (DIBs) of ED and VA may, within three months prior to the expiration of this Agreement, 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 continue this program, it must notify the other party of its intention not to continue at least 90 days before the expiration of the Agreement.

D. Modification:

The parties may modify this Agreement 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 Agreement at any time with the consent of both parties. Either party may unilaterally terminate this Agreement upon written notice to the other party, in which case the termination will be effective 90 days after the date of the notice, or at a later date if so, specified in the notice.

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 Agreement; or
3. Has reason to believe that the other party has breached the terms of this Agreement for security of data. If so, the parties agree that they will immediately notify the party believed to have breached the terms for security as to the basis of the belief and the intent to unilaterally suspend this Agreement. 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 Agreement. If either party suspends the Agreement in accordance with this section, there will be an indefinite suspension of the Agreement until a definite determination has been made regarding whether there has been a breach.

XVI. Dispute Resolution

Disputes related to this Agreement shall be resolved in accordance with instructions provided in the Treasury Financial Manual (TFM) Volume I, Part 2, Chapter 4700, Appendix 6, *Intragovernmental Transaction Guide*.

XVII. Persons to Contact

A. VA Contacts:

Matching Agreement Issues

Tatia McBride
Program Analyst
Compensation Service
810 Vermont Ave., NW.
Washington, DC 20420
Email: Tatia.McBride@va.gov
Telephone: (202) 632-8927

Computer Systems Issues

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

Systems Security Issues

Tamer F. Ahmed
Information Systems Security Officer
Compensation Service
810 Vermont Ave., NW.
Washington, DC 20420
Email: Tamer.Ahmed@va.gov
Telephone: (202) 461-9306

B. ED Contacts:

Program and Matching Agreement Contact

Brenda Vigna, Division Chief
Program Contract Management Group
U.S. Department of Education
Federal Student Aid
830 First Street, NE.
Washington, DC 20202-5454
Telephone: (202) 377-3982
Email: Brenda.Vigna@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

Tammy Lucio, 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) 377-3492
Email: Tammy.Lucio@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) 377-4653
Email: Tammy.Morton@ed.gov

XVIII. Authorized Signatures

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

THE DEPARTMENT OF VETERANS AFFAIRS

BETH A. MURPHY Digitally signed by BETH A. MURPHY 302388
Date: 2021.02.24 16:05:23 -05'00'
302388

Beth Murphy
Director, Compensation Service
Department of Veterans Affairs

Date

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.

Joseph S. Digitally signed by Joseph S. Stenaka 3386367
Date: 2021.03.23 13:05:06 -04'00'
Stenaka 3386367

Joseph Stenaka
Chair Data Integrity Board
Department of Veterans Affairs

Date

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

U.S. DEPARTMENT OF EDUCATION

Mark A. Brown
Chief Operating Officer
Federal Student Aid
U.S. Department of Education

Date

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.

Kevin Herms
Senior Agency Official for Privacy
Chair, Data Integrity Board
U.S. Department of Education

Date

VA STAFF COSTS	Hours/Year	Rate	Total
Admin Staff	5	51	\$255
TOTAL			\$255

TOTAL ED AND VA STAFF COSTS \$18,899

III. TOTAL ADMINISTRATIVE COSTS OF VA and ED COMBINED: \$19,251

B. BENEFITS

Under the student loan programs authorized under Title IV of the Higher Education Act of 1965, as amended (HEA), borrowers are eligible to have their loans discharged if they are determined to be totally and permanently disabled. The matching program with VA has streamlined the 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. For the period of January 2019 through January 2020, ED discharged 26,825 borrowers with 128,634 loans totaling more than \$913,575,676.00 under all VA TPD processes. From the total VA TPD discharges processed 87%, or 23,338 borrowers with 111,912 loans totaling more than \$794,810,838, were discharged because of the match with VA.

In addition, the matching program allows ED to identify borrowers who are eligible for a TPD discharge but are unaware of their status. This information is used to inform outreach efforts that have led to an increased awareness of the TPD discharge process and enabled more borrowers to take advantage of TPD. ED projects the match will continue to result in roughly the same number of borrowers, 23,400 matched, receiving a TPD discharge based on their VA disability status in 2020. This will result in a projected discharge costs of \$794,810,838. Because borrowers qualifying for a TPD discharge are highly unlikely to have sufficient income to successfully repay their loans, in virtually all cases the 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 amounts discharged via VA 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 are not being made and cannot reasonably be expected to be made. Under ED contracts as of September 2019, Title IV Loan servicers receive \$2.85 a month for a borrower in repayment and current, even if that borrower is making a \$0 payment under an IDR plan. Under the contract in place in September 2019, the vendor operating the Debt Management and Collection System receives \$0.96 a month for each defaulted borrower maintained on the system, regardless of whether payments are being made. ED projects the number of discharges per month will remain at a consistent 2019 average of 1,945 borrowers per month or roughly 23,000 annually. We split the 23,000 borrowers between the servicing systems, 95% or 21,850 borrowers, and the collection systems, 5%

or 1,150 borrowers. If we discharged these loans in 2020, it would reduce future servicing costs by \$7,472,700 (\$2.85 times 120 months times 21,850 borrowers) and reduce debt collection costs by \$132,480 (\$.96 times 120 months times 1,150 borrowers). The total avoided servicing and/or collection cost of \$7,605,180 over ten years, or \$760,518 of avoided costs per year, outweighs the administrative costs of the matching program, including the cost of the quarterly match with VA. This amount would change if the match is more or less successful than projected in the number of TPD discharges, or if the future terms of the servicing and collection contracts differ from those reflected in this analysis.

C. COST-BENEFIT RATIO

For the purposes of the cost-benefit ratio, the benefit calculation is limited to the estimated servicing and collection costs avoided because of the match (\$7,605,180 divided by 10 years or \$760,518 per year).

$$\begin{array}{rcl} \text{TOTAL ANNUAL COSTS} & = & \underline{\$19,251} \\ \text{AVERAGE ANNUAL BENEFITS} & = & \$760,518 \end{array}$$

$$\text{Cost-Benefit Ratio for ED} = 0.025$$