COMPUTER MATCHING AGREEMENT BETWEEN
THE DEPARTMENT OF EDUCATION
AND
THE DEPARTMENT OF VETERANS AFFAIRS

I. INTRODUCTION

The parties to this Computer Matching Agreement (CMA), the United States Department of Education (ED) and the United States Department of Veterans Affairs (VA), enter into this CMA to carry out a computer match in accordance with the Privacy Act of 1974, as amended by both the Computer Matching and Privacy Protection Act of 1988 and the Computer Matching and Privacy Protection Amendments of 1990 (Privacy Act) (5 U.S.C. § 552a), the Office of Management and Budget (OMB) 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)), and OMB Circular No. A-130, Appendix I (65 FR 77677 (December 12, 2000)). This CMA covers the match of ED’s Privacy Act system of records, entitled “Federal Student Aid Application File” (18-11-01), and VA’s Privacy Act system of records, entitled “Veterans and Beneficiaries Identification Records Location Subsystem—VA” (38VA21) (BIRLS). Persons who apply for assistance under the programs authorized under title IV of the Higher Education Act of 1965 (HEA), as amended, (20 U.S.C. § 1070 et seq.) (title IV, HEA Programs), are considered independent students if they are Veterans. The purpose of this matching program is to verify the assertion made by applicants for Federal student financial assistance under title IV of the Higher Education Act of 1965, as amended (HEA), (20 U.S.C. § 1070 et seq.) that they are Veterans.

II. PURPOSE AND AUTHORITY

In order to receive assistance under the title IV, HEA Programs, an applicant must apply using the Free Application for Federal Student Aid (FAFSA) form so that ED can calculate the applicant’s “expected family contribution.” For that purpose, an applicant is considered either a “dependent” or “independent” student. The data collected from the FAFSA is stored and processed in an ED system called the Central Processing System (CPS). A “Veteran,” as defined in section 480(c)(1) of the HEA (20 U.S.C. §1087vv(c)(1)), is considered an “independent student” under the definition of that term in section 480(d)(1)(D) of the HEA (20 U.S.C. §1087vv(d)(1)(D)). For a dependent student, an expected family contribution is the amount the student and the student's parents can reasonably be expected to contribute towards the student's postsecondary educational costs. For an independent student, an expected family contribution is the amount the student and the student's spouse can reasonably be expected to contribute toward those costs.

Computerized access to BIRLS enables ED to confirm an applicant’s assertion of Veteran status on FAFSAs for assistance under title IV, HEA Programs.

VA has the authority to assist ED to achieve effective services among ED programs and activities affecting Veterans and their dependents under 38 U.S.C. §523.
III. JUSTIFICATION AND EXPECTED RESULTS

An audit report issued by ED's Office of Inspector General (OIG) in January 1997 concluded that numerous title IV, HEA Program recipients were falsely claiming Veteran status. As a result, they qualified as independent students and thus obtained access to title IV, HEA Program assistance. In conducting its study, OIG confirmed Veteran status claims made by applicants on the FAFSA with VA.

As a result of this computer matching program, ED expects to eliminate the ability of applicants to incorrectly claim Veteran status, thereby preventing improper payments to applicants who are not Veterans. Matching computer records during application processing is the most efficient and expeditious means of obtaining the information needed to verify Veteran status.

ED has conducted a Cost/Benefit Analysis (CBA) on information relevant to this matching program. This analysis indicated that the estimated cost to ED and VA is $255,434. The benefits derived from conducting this match are estimated to be approximately $4,164,631 per year. The detailed CBA is provided in Attachment 1. However, it may be more appropriate to express the primary benefits of this matching program in terms of reliable applicant dependency status, timely service to the public, and prevention of title IV, HEA Program funds from being disbursed improperly.

IV. RECORDS DESCRIPTION

A. Records that will be matched:

(1) Federal Student Aid Application File (18-11-01) (data is stored and processed in the ED CPS system); and

(2) BIRLS - VA (38VA21).

The application match involves the automated transmission of selected Federal Student Aid applicant records via an overnight batch process which occurs between VA and ED via a Connect:Direct transfer through a secure Virtual Private Network (VPN) tunnel from Connect:Direct secure server. Files come to Connect:Direct secure server from the mainframe and are sent securely to VA. Return files from VA come back to Connect:Direct secure server and are sent back to the mainframe. This process between Connect:Direct secure server and the mainframe uses Tectia Secure File Transfer Protocol (SFTP), a secure protocol in accordance with the Federal Information Processing Standards (FIPS) Publication 197 standard at a minimum of the 128 Advanced Encryption Standard (AES) level File Transfer Secure (FTS) supplied leased line from the ED Central Processing Virtual Data Center to the VA Austin Automation Center, located in Austin, Texas. ED provides the name, Social Security number, and date of birth of each applicant who indicates Veteran status. VA compares these data elements against the name, Social Security number, and date of birth of Veterans. As a result of the match, VA assigns one of four values to the applicant records: (1) Veteran status confirmed; (2) record found on database, but not a qualifying Veteran; (3) record not found on database; or
(4) record found on database, but applicant on active duty. VA then transmits applicant records back to ED on the FTS-leased line from the VA Austin Automation Center. An applicant whose Veteran status is not confirmed will receive notice from ED on actions the applicant can take to resolve the possible conflict as described in Section VI (Verification Procedures) of this CMA.

B. Data elements used in the matching program:

(1) Federal Student Aid Application File (18-11-01) (processed by the ED CPS) elements matched:

(a) First Name;

(b) Last Name;

(c) Date of Birth; and

(d) Social Security number.

(2) BIRLS-VA (38VA21) elements matched:

(a) First Name;

(b) Last Name;

(c) Date of Birth; and

(d) Social Security number.

VA will record a match if the Social Security number matches and there is a match with the applicant’s last name or date of birth or both of these elements.

(3) ED will use the system of records identified as 18-11-01, entitled “Federal Student Aid Application File”, most recently published at 76 FR 46774-46781 (August 3, 2011). A copy of the published system of records notice is provided in Attachment 2.

(4) 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). A copy of the published system notice adding routine use 21 to this system notice is provided in Attachment 3.

(5) Both systems of records contain an appropriate routine use provision permitting the disclosure and exchange of information pursuant to subsection (b)(3) of the Privacy Act, 5 U.S.C. § 552a(b)(3). The routine use provisions are compatible with the purpose for
which the information was collected and also reflect that the disclosures are subject to computer matching. For VA, it is routine use 21 and 29. For ED, it is routine use 14.

(6) Duration of the Program: Eighteen months--commencing on the effective date specified in Section XIV of this CMA. This agreement may be extended for up to one (1) additional year by the signatories or their successors if the Data Integrity Boards (DIBs) of both agencies approve the extension within three months of the expiration date of this CMA. The DIBs may authorize an extension of this CMA only if (1) the program will be conducted without change, and (2) the agencies provide written certification to each agency’s DIB that the program has been conducted in compliance with this CMA. The agencies understand that any new agreement must be reviewed and approved by the DIB of each agency.

C. Number of records: Average of 5,221 queries per month for the applicant match.

V. NOTICE PROCEDURES

ED agrees to provide each applicant for benefits a notice of its intention to verify the applicant's eligibility for Title IV, HEA assistance at the time of application by including notice of ED’s intent to engage in computer matching in the FAFSA. ED agrees to provide general notice of this computer matching program in the Federal Register.

VI. VERIFICATION PROCEDURES

ED may not suspend, terminate, reduce, or make a final denial of any financial assistance or payment under Title IV of the HEA to an individual, or take other adverse action against such individual as a result of information produced by this matching program until an institution participating in a program under Title IV of the HEA has asked the applicant to produce evidence of Veteran status or allows the applicant to file as a dependent student. Under the matching program, individual applicant records are matched at the time ED processes applications for Title IV, HEA Program assistance. ED will only send the records of applicants who reported that they are Veterans to VA for matching with the BIRLS System. As a result of an unsuccessful match (VA values 2, 3, or 4), ED notifies the applicant and the applicant’s educational institution that VA has not confirmed the applicant’s Veteran status via the application output document that is sent both to the institution and the applicant. If VA cannot confirm Veteran status, the applicant must provide proof of Veteran status to the institution if that is the sole reason the student qualified for independent status. For an applicant whose Veteran status is questioned, but he or she qualified as an independent student under criteria other than Veteran status, no further action is required of the applicant.
Important features of this match are the volume and speed of the system. The system is designed to yield match results from applicant data in a short time frame so that applicants have information available to make informed decisions about the title IV, HEA program assistance available at the institutions where they applied. In fact, the match is so efficient that up to 1,747 applications per day have been processed in peak months. The applicant is determined to be the best source of information on the validity of notice results. Consequently, ED’s notification process is highly automated and requires compressed verification procedures because it is not possible to intervene until after the output document (the Student Aid Report (SAR)/Institutional Student Information Record - (ISIR)) is issued and challenged by the student. Individual applicants are required personally to resolve match discrepancies. Indeed, the OMB guidelines anticipate such a situation when they state: “It would be of dubious utility to apply the verification requirements equally to all matches and argue that a match that results in an adverse consequence of the loss of, for example, a tuition assistance payment should receive the same due process procedures as one that results in the loss of an Aid to Families with Dependent Children (AFDC) payment or Food Stamp eligibility...” 54 FR 25818, 25827 (June 19, 1989).

Furthermore, under the Privacy Act, ED may not suspend, terminate, reduce, or make a final denial of title IV, HEA Program assistance or take other adverse action against an individual as a result of the information produced by this matching program until, in pertinent part: (1) the individual receives a notice from ED containing a statement of ED’s findings and informing the individual of the opportunity to contest such findings, and (2) the subsequent expiration of the 30-day notice period. To ensure that these requirements are met, when Veteran status is not confirmed as a result of this matching program, ED will: (1) provide a SAR to the student (and will issue an ISIR to the institution, which subsequently also may choose to provide notice to the student of the results of the match) and will provide the student with a minimum of 30 days after the presentation of the SAR to contest the match, and (2) not take any adverse action against an individual as a result of the information produced by this matching program until the expiration of at least 30 days from the presentation of the SAR. The SAR will instruct the student to submit additional verifying information to document his or her Veteran status to the institution. The results of this match do not preclude the applicant from receiving title IV, HEA Program assistance. The applicant must correct his or her FAFSA information, provide parental data, or document that he or she is a Veteran as defined in the HEA. The institution will assist the applicant in making any necessary corrections to receive financial assistance at the postsecondary educational institution that he or she is attending. The applicant is the person who is best able to produce documents to verify Veteran status, by, for example, submitting a copy of the Certificate of Release or Discharge from Active Duty (DD Form 214). He or she may also contact the VA Regional Office or branch of service in which he or she served to obtain confirmation of Veteran status. The institution will inform the student whether he or she is considered a Veteran for purposes of title IV, HEA Program assistance after considering any additional information provided by the student.

VII. DISPOSITION OF MATCHED ITEMS

A. ED will retain all identifiable records received from the VA data file(s) with identifying information for 15 years after final repayment or audit of student financial obligation, or after student record information is transferred to alternate
record keeping system (e.g., loan servicing system), whichever is sooner in accordance with the requirements of the Department of Education Comprehensive Records Retention and Disposition Schedule, 072 FSA Application, Origination, and Disbursement Records. At the conclusion of the mandatory retention period, these records will be destroyed. This procedure is consistent with legal retention requirements established by ED in conjunction with the National Archives and Records Administration.

B. VA will use only those records of Federal student aid applicants that are identified as Veterans. Input records transmitted by ED to VA are only retained by VA until the next business day’s input file is received by VA from ED, at which time the prior ED file is eliminated from the VA system.

C. The institution will retain sufficient identifiable data to support its action to disburse or deny benefits in accordance with the record retention requirements of 34 CFR 668.24 and with the requirements found in each of the title IV, HEA Program regulations.

VIII. SECURITY AND PRIVACY SAFEGUARDS

VA and ED will comply with the requirements of the Federal Information Security Management Act of 2002, Pub. L. 107-347, as amended by the Federal Information Security Modernization Act of 2014, Pub. L. 113-283 (FISMA); related OMB circulars and memoranda, such as Circular No. A-130, Management of Federal Information Resources (December 12, 2000), and Memorandum M-06-16, Protection of Sensitive Agency Information (June 23, 2006); 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.

A. Incident Reporting

Both parties agree to report incidents in accordance with NIST Special Publication 800-53, Rev. 4, and other applicable reporting requirements.

Upon detection of an incident related to this agreement, 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 groups in the order listed, until a successful notification has been made: Central Processing System Owner’s Primary Representative or Central Processing System 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 Austin Service Desk at 888-326-6780 or 512-326-6780, or VA’s Network Security Operations Center (NSOC) at 800-877-4328 (vasoc@va.gov).

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

If either VA or ED experiences a loss of PII provided by VA or ED under the terms of this CMA, they will also comply with the PII breach reporting and security requirements as required by OMB M-06-19, Reporting Incidents Involving Personally Identifiable Information and Incorporating the Cost for Security into IT Investments. ED and VA also agree to notify the 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 States 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 or remediation or both is appropriate, the agency that experienced the incident will be responsible for providing such notice or remediation or both without cost to the other agency.

B. Breach Notification and Remediation

VA and ED will follow PII breach notification policies and related procedures as required by OMB M-07-16, Safeguarding Against and Responding to the Breach of Personally Identifiable Information (May 22, 2007). 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 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, 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 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. 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 Policy 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 CMA. VA and ED will comply with these guidelines and any subsequent revisions.

G. Onsite Inspection

VA and ED have the right to monitor the other agency’s compliance with FISMA and OMB M-06-16 requirements. Both agencies have the right to make onsite inspections for auditing compliance, if necessary, for the duration or any extension of this CMA.

IX. RECORDS TRANSMISSION SCHEDULING

ED’s contractor will send to the VA a file each workday (Monday through Friday). Transmission of the file to VA should be completed by 2 a.m. daily. VA personnel will be notified if the transmission of the file will be delayed and will be given an approximate transmission time.

VA will process the file and return the data to ED as soon as possible, but no later than 4 p.m. the same workday.
Because Federal holidays may not always coincide with the non-Federal holidays of the ED contractor, the ED contractor will not submit a file of records for processing on Federal or non-Federal contractor holidays. The records for those days will be combined with the records for the following day’s processing. The contractor holiday schedule will be provided to VA prior to the beginning of the calendar year.

The ED contractor will contact VA immediately if the transmission of the file to VA is delayed for any reason. Contact names and job titles of people at the VA processing center who are knowledgeable with the VA and ED data match will be supplied to ED and kept current (see Section XV, VA Contacts). If VA does not receive the file by 8 a.m., VA will not be responsible for processing the file by the 4 p.m. cut off the same day. VA will contact ED immediately if the processing of the file is delayed for any reason. Contact names and job titles of people at the ED’s processing center who are knowledgeable with the VA and ED data match will be supplied to VA and kept current (see Section XV, ED Contacts). This will ensure 24-hour-per-day coverage in case problems with the data transfer occur.

X. RECORDS USE, DUPLICATION AND REDISCLOSURE RESTRICTIONS

ED and VA agree that any information that ED receives from VA or VA receives from ED pursuant to this CMA will only be used, as necessary, to verify the compliance statements of applicants for benefits under the title IV, HEA Programs. The information may also be re-disclosed to support investigations or prosecutions based on fraudulent applications, which may arise in this connection, and may also be re-disclosed as required by law.

XI. TERMINATION AND MODIFICATION OF CMA

Either party may terminate the CMA upon written notice to the other party. The termination shall be effective 90 days after the date of such notice, or at a later date specified in the notice, so long as such later date does not exceed either the original or the extended completion date of the match. This CMA may be terminated at any time with the consent of both parties.

If either agency does not want to continue this CMA, it must notify the other of its intention not to renew at least 90 days before the end of the then current period.

This CMA may be amended at any time by a written modification to this CMA which satisfies both parties, is approved by the DIB of each party, and, if necessary because the amendment would cause a substantial alteration to the matching program, after a Matching Notice has properly been published in the Federal Register, with copies of the Matching Notice and the amended CMA, along with the Altered Matching Program Report, having been provided to the Congress and to OMB at least 40 days before its implementation.

XII. RECORDS ACCURACY ASSESSMENT

The personal identification data contained in the system of records being used in this matching program (Social Security number, name, and date of birth) is provided to ED by applicants for
title IV, HEA Program assistance, and therefore, a high degree of accuracy in the information is achieved. Because identifier information in ED’s Federal Student Aid Application File is derived from information personally reported by the applicant, it is estimated that the identifier information is at least 95 percent accurate. VA estimates, based on previous matching experience, that the accuracy of data matched within their systems to be at least 99 percent accurate.

ED and VA have reviewed the records subject to this CMA and they conclude that the records are being maintained to a standard of accuracy that will reasonably assure fairness in any eligibility determination made on the basis of this record.

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. EFFECTIVE DATE

The matching program will be effective on the latest of the following three dates: A) June 30, 2016; B) 30 days from the date ED publishes a Computer Matching Notice in the Federal Register as required by 5 U.S.C. § 552a(c)(12); or, C) 40 days from the date that ED transmits the report of the matching program, as required by 5 U.S.C. § 552a(r), to OMB, the U.S. House Committee on Oversight and Government Reform, and the U.S. Senate Committee on Homeland Security and Governmental Affairs, unless OMB waives 10 or fewer days of the 40-day review period for compelling reasons, in which case 30 days plus whatever number of days that OMB did not waive from the date of ED’s transmittal of the matching program report.

XV. PERSONS TO CONTACT

ED Contacts:

Computer Security Issues

Linda Wilbanks, FSA Chief Information Security Officer
U.S. Department of Education
Federal Student Aid
Technology Office
830 First Street, NE
Washington, DC 20202-5454
Telephone: (202) 377-3396
Fax: (202) 275-0492
E-mail: Linda.Wilbanks@ed.gov

Systems Security Issues

Yolanda Hutcherson, System Owner’s Primary Representative
Business Technical Lead, Central Processing System (CPS)
U.S. Department of Education
Federal Student Aid, Business Operations
830 First Street, NE
UCP-41D2
Washington, DC 20202
Telephone: (202) 377-3594
E-mail: Yolanda.Hutcherson@ed.gov

Nina Colón, Information System Security Officer (ISSO)
Central Processing System (CPS)
U.S. Department of Education
Federal Student Aid, Customer Experience Group
830 First Street, NE
UCP-63C5
Washington, DC 20202
Telephone: (202) 377-3384
E-mail: Nina.Colon@ed.gov

Robert Murphy, Alternative Information System Security Officer
Central Processing System (CPS)
U.S. Department of Education
Federal Student Aid, Customer Experience Group
830 First Street, NE
UCP-52C4
Washington, DC 20202
Telephone: (202) 377-3736
E-mail: Robert.Murphy@ed.gov

**Business Contact**

Marya Dennis, Management and Program Analyst
Application Processing
U.S. Department of Education
Federal Student Aid Program Operations Channel
830 First Street, NE
Washington, DC 20202-5454
Telephone: (202) 377-3385
Fax: (202) 275-0492
E-mail: Marya.Dennis@ed.gov

VA Contacts:

**Computer Security Issues**
Shelia Farmer, Central Area Network ISO
Department of Veterans Affairs
125 South Main Street
Muskogee, OK 74401
Telephone: (918) 781-7515
E-mail: shelia.farmer@va.gov

**Systems Security Issues**
Marsha Cilino, IT Specialist (Application Software)
Department of Veteran’s Affairs
1615 Woodward Street
Austin, TX 78772
Telephone: (512) 326-6336
E-mail: Marsha.Cilino@va.gov

**Business Contact**
Eric Robinson, Procedures Analyst (212C)
Compensation Service
Department of Veterans Affairs
810 Vermont Ave, NW
Washington, DC 20420
Telephone: (202) 443-6016
Fax: (202) 275-5661
E-mail: Eric.Robinson3@va.gov
XVI. SIGNATURES

1. U.S. Department of Veterans Affairs

The undersigned is an official of VA and is authorized to represent his/her Agency for purposes of this CMA.

Mark M Bilosz
193821

Mark Bilosz, Acting Director
Compensation Service
Veterans Benefits Administration

David R. McLennan
Pension & Fiduciary Service
Veterans Benefits Administration

2. U.S. Department of Veterans Affairs, Data Integrity Board Review/Approval

This matching program is limited to identification. There is a high degree of confidence that the information provided by both agencies is accurate. Because of this high degree of confidence and the applicant’s ability to contest an eligibility determination by document production or statement from a VA regional office, the VA DIB hereby grants a waiver of the independent verification requirement. The ED and VA DIBs will review and approve this CMA prior to the implementation of this matching program. Disapproval by the DIB may be appealed in accordance with the provisions of the Privacy Act.

As chairperson of the DIB, I hereby certify Board approval of this CMA between ED and VA.

LaShaunne G. David 567193
LaVerne H. Council
Chair, Data Integrity Board
U.S. Department of Veterans Affairs

Digitally signed by LaShaunne G. david 567193
DN: c=us, o=national, ou=people, cn=LaShaunne G. david 567193
Date: 2016.05.30 15:52:32-04'00

Digitally signed by Mark M Bilosz, 193821
DN: c=us, o=veterans, ou=people, cn=Mark M Bilosz 193821
Date: 2016.05.30 15:52:34-04'00

The undersigned is an official of ED and is authorized to represent his/her Agency for purposes of this CMA.

James W. Runcie  
Chief Operating Officer  
Federal Student Aid  
U.S. Department of Education


This matching program is limited to identification. There is a high degree of confidence that the information provided by both agencies is accurate. Because of this high degree of confidence and the applicant’s ability to contest an eligibility determination by document production or statement from a VA regional office, the ED DIB hereby grants a waiver of the independent verification requirement. The ED and VA DIBs will review and approve this CMA prior to the implementation of this matching program. Disapproval by the DIB may be appealed in accordance with the provisions of the Privacy Act.

As chairperson of the DIB, I hereby certify Board approval of this CMA between ED and VA.

Andrew Jackson  
Assistant Secretary for Management  
Chair, Data Integrity Board  
U.S. Department of Education

Date
2014-2015 Cost/Benefit Analysis
For the Computer Data Match Between
the U.S. Department of Education
and
the U.S. Department of Veterans Affairs

Background:

The U.S. Department of Education (ED) confirms veteran status claims made by students on the Free Application for Federal Student Aid (FAFSA) through a data match with the U.S. Department of Veterans Affairs (VA). Status as a veteran automatically qualifies an applicant as an independent student, which could result in initial or increased eligibility for aid under Title IV of the Higher Education Act of 1965, as amended (HEA), for which the applicant would otherwise not qualify. To determine a number of applicants who lose eligibility for aid because of the VA match process, the Department of Education evaluated the results of the match process for the 18-month period of the 2014-2015 processing cycle and found that 2,915 individuals lost their eligibility for Pell Grants based on losing their independent veteran status.

I. U.S. Department of Veterans Affairs (VA) Costs

The following are the annual VA costs associated with the applicant record match as calculated by ED.

- Computer system processing costs for the 18-month processing cycle: $26.94 per month x 18 months = $484.92.

- Administrative staff cost based on the salary of a GS-13, step 5, DC region, for 5 staff hours: $49.32 x 5 = $246.60.

- Total VA system Cost = $732.

II. U.S. Department of Education Costs

ED will incur costs in a number of areas: the costs of ED’s Central Processing System (CPS) contractor to process the match records (creating the match files and receiving the results of the match from VA), the cost to ED of administering the match, and the cost of leasing telephone lines for transmitting the match data to and from VA via the Central Electronic System.

a. Central Processing Cost

For the 18-month 2014-2015 processing cycle, the CPS processed 20,561,929 records. The processing contractor already performs considerable activities in the normal processing of applications, and the addition of the requirement to send to and receive
records from VA for the match is a relatively small incremental cost to the overall per unit processing cost. Applicant records are passed through a series of edits which checks the FAFSA question “Are you a veteran of the U.S. Armed Forces.” ED’s total incremental cost of processing original application records for the VA match is $205,619.

<table>
<thead>
<tr>
<th>2014-2015 Application Records</th>
<th>20,561,929</th>
</tr>
</thead>
<tbody>
<tr>
<td>VA processing cost</td>
<td>× $0.01</td>
</tr>
<tr>
<td>Total cost of processing original records</td>
<td>$205,619</td>
</tr>
</tbody>
</table>

### b. ED Staff Cost

ED staff is involved in monitoring the match and evaluating its effectiveness. Several employees are involved, none on a full-time basis. For the purpose of this analysis, they are averaged into the level of effort required by one full-time employee at a GS-13, step-5 level which equates to $101,914 annually for 2014 and 102,932 annually for 2015 (Office of Personnel Management GS Schedule for Washington-Baltimore area). The level of effort required for the VA match is estimated to be approximately one-quarter person to perform the duties of the match. The staff time level of effort of ED administrative cost calculated for 18 months, January 1, 2014 through June 30, 2015 is $38,346 (($101,914 x .25 = $25,479) + ($102,932 x .25 = $12,767)). This salary level of effort is then increased by 28% to account for fringe benefits and overhead costs ($38,346 x 1.28% = $49,083).

### c. Total ED Match Costs

Total costs to ED are the sum of processing costs for the Title IV, HEA Program assistance application processor, the cost of leasing a telephone line and the cost of ED staff:

<table>
<thead>
<tr>
<th>Title IV Application Processor</th>
<th>$205,619</th>
</tr>
</thead>
<tbody>
<tr>
<td>ED Staff Time</td>
<td>+$49,083</td>
</tr>
<tr>
<td>Total</td>
<td>$254,702</td>
</tr>
</tbody>
</table>

### III. Total VA and ED Match Costs

Total of U.S. Department of Veterans Affairs’ cost and U.S. Department of Education’s cost is $255,433.

<table>
<thead>
<tr>
<th>VA Total Cost</th>
<th>$732</th>
</tr>
</thead>
<tbody>
<tr>
<td>ED Total Cost</td>
<td>+$254,702</td>
</tr>
<tr>
<td>Total</td>
<td>$255,434</td>
</tr>
</tbody>
</table>

### IV. Benefit Savings

This computer matching program will enable ED to prevent improper payments to those applicants who incorrectly qualify as independent based on a false claim of veteran
status, and who would otherwise receive the benefits administered under Title IV of the HEA. The data obtained from ED’s Office of Inspector General audit report, information from ED’s Title IV, HEA Program application processing system, and the 2011-12 National Postsecondary Student Aid Study (NPSAS 2011-12) formed the basis of this benefit estimate.

To determine the benefit savings from the VA computer match the following steps were performed:

**Step 1** – Total title IV student application records processed in the 2014-2015 award year equals 20,561,929;

**Step 2** – The number of records sent to the Department of Veterans Affairs equals 60,002;

**Step 3** – Estimated number of title IV applicants claiming veteran status who would be denied title IV aid as a result of the ED/VA match equals 2,915; and

**Step 4** – Estimated Federal Pell Grant per applicant equals $1,428.69 for independent veterans under 24 with no dependents (those with no clear basis for independent status outside of the VA match) including those who receive no grant; and

**Step 5** – Estimated Federal Pell Grant savings as a result of VA computer match equals $1,428.69 x 2,915 = $4,164,631.

In addition to savings within the Federal Pell Grant program, some savings are potentially available within the Federal student loan programs. In NPSAS 2011-12, the average subsidized loan for independent veteran borrowers under 24 with no dependents (the group most likely to lose independent status as a result of the VA match) is $1,060. Given subsidy rates for the Direct Loan program that make subsidized loans more expensive for the government, the government would likely benefit from a shift in volume from subsidized loans to unsubsidized loans if borrowers who lose independent status with no VA match have reduced subsidized loan eligibility when evaluated as a dependent and receive additional unsubsidized loans. The potential savings in the Direct Loan program are subject to borrower choice about accepting loans and other factors and have not been quantified for this analysis.
V. Cost/Benefit Ratio

The ratio of the total cost to total benefits is the sum of measurable costs divided by the sum of measurable benefits:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cost</td>
<td>$255,434</td>
</tr>
<tr>
<td>Total Benefits</td>
<td>$4,164,631</td>
</tr>
<tr>
<td>Cost to Benefit Ratio</td>
<td>0.0613</td>
</tr>
</tbody>
</table>

Omar Manker
Chief Financial Officer
Veterans Benefits Administration

Date: 20 May 16