



U.S. Department of Education
Office of Inspector General

Federal Student Aid's Use of Pandemic Assistance Student Aid Administration Funds

August 1, 2023
ED-OIG/F21DC0081

ED OIG Oversight of Coronavirus Response Funds

FLASH REPORT



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**UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL**

Audit Services

August 1, 2023

TO: Richard Cordray
Chief Operating Officer
Federal Student Aid

FROM: Bryon Gordon /s/
Assistant Inspector General for Audit

SUBJECT: Final Flash Report, "Federal Student Aid's Use of Pandemic Assistance Student Aid Administration Funds," Control Number ED-OIG/F21DC0081

Attached is the subject final flash report that consolidates the results of our review of Federal Student Aid's use of pandemic assistance student aid administration funds. We have provided an electronic copy to your audit liaison officer. We received your comments responding to our draft report.

We appreciate your cooperation during this review. If you have any questions, please contact Michele Weaver-Dugan, Regional Inspector General for Audit, Internal Operations/Philadelphia Audit Team at (202) 245-6941 or Michele.Weaver-Dugan@ed.gov.

Attachment

Purpose

The purpose of this flash report is to share with Federal Student Aid (FSA), a principal office of the U.S. Department of Education (Department), our observations of its use of student aid administration funds authorized by coronavirus response and relief laws.

Background

In response to the coronavirus pandemic, three major coronavirus response and relief laws were enacted in fiscal years 2020 and 2021: the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), in March 2020; the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), in December 2020; and the American Rescue Plan Act of 2021 (ARP), in March 2021. The pandemic relief legislation enabled FSA to provide various flexibilities to help students through the pandemic, which included the temporary suspension of nearly all Federal student loan payments, collections, and accrual of interest on most Federal student loans.

To support its efforts in providing relief to student loan borrowers as a result of the coronavirus pandemic, FSA was provided with \$161.1 million under these three major coronavirus response and relief laws to prevent, prepare for, and respond to coronavirus, domestically or internationally:

- The CARES Act provided FSA with \$40 million in student administration funds with funds remaining available through September 30, 2021.
- CRRSAA provided an additional \$30 million in student administration funds with funds remaining available through September 30, 2022.
- ARP provided an additional \$91.1 million in student aid administration funds with funds remaining available through September 30, 2023.¹

Student aid administration funds are used to administer the Federal student financial assistance programs, authorized under Title IV of the Higher Education Act of 1965, as amended, which provide grants, loans, and Federal work study funds to help students and families pay for the cost of postsecondary education. The student aid administration account provides funding to administer the student aid lifecycle, including educating students and families about the process for obtaining Federal aid and repaying Federal student loans, processing student financial aid applications,

¹ On June 3, 2023, as a result of the enactment of the Fiscal Responsibility Act of 2023, unobligated balances of ARP student aid administration funds were permanently rescinded.

disbursing Direct Loan, Pell grant, and Federal work study funds, and managing the FSA loan portfolio.

The Budget Group, located within the Finance Directorate of FSA and consisting of the Budget Formulation, Budget Execution, and Budget Operations Divisions, formulates and executes the FSA administrative budget, assists with the development of business unit budget initiatives, and supports business units in the management of FSA administrative funds for current year operations.

According to FSA officials and staff, uses for the pandemic assistance student aid administration funds were identified based on the needs of FSA business units. Requests for funds were approved by the former chief operating officer, former deputy chief operating officer, and former chief financial officer prior to being allocated by the Budget Group for the CARES Act.² FSA updated how the funds would be used based on actual expenditures and when new announcements or extensions of the student loan repayment pauses were made by the Administration. For CRRSAA and ARP, the Business Operations Change Management Board, a group consisting of business unit representatives, identified FSA's needs and developed requests to be sent to the FSA Finance Directorate.³ The Finance Directorate then assessed the requests to determine whether the needs were pandemic-related and whether pandemic assistance student aid administration funds could be used to support those needs.

What We Did

The objective of our review was to determine FSA's progress on spending student aid administration funds authorized by coronavirus response and relief laws, including how those funds have been used to date and FSA's plans for using remaining funds.

To accomplish our objective, we reviewed relevant laws, criteria, and guidance related to the use and tracking of pandemic assistance student aid administration funds. We held discussions with FSA staff to obtain an understanding of FSA's budget process and oversight for pandemic assistance student aid administration funds. We also reviewed

² The FSA officials and staff we spoke with noted that they were not present when FSA identified what areas to spend CARES Act student aid administration funds on, and that the individuals involved are no longer with the Department. As a result, we were provided with their understanding of the process for the CARES Act.

³ The Finance Directorate supports FSA strategic objectives and ensures compliance with Federal financial requirements. The Finance Directorate is comprised of the Financial Management Group, Budget Group, and Financial Management Systems Group.

documents provided by FSA to determine how FSA has used or plans to use the pandemic assistance student aid administration funds. In addition, we corresponded with FSA staff from select business units that received pandemic assistance student aid administration funding to obtain additional insight into the business units' specific uses of these funds.

What We Found

We found that as of November 30, 2022, FSA obligated⁴ nearly 100 percent of the \$161.1 million in appropriations it received for pandemic assistance student aid administration funds from the three major coronavirus response and relief laws. Nine FSA business⁵ units obligated approximately \$157.8 million (98 percent) of the total pandemic assistance student aid administration funds, with one business unit, the Next Gen FSA Program Office,⁶ accounting for 78 percent of the obligations.

The pandemic assistance student aid administration funds were used for personnel compensation and benefits, information technology systems and services contracts, and contractual services contracts.⁷ As of November 30, 2022, FSA had approximately \$3.2 million remaining in unobligated ARP funds. As of April 4, 2023, specific plans for how those funds will be used were still under development.⁸

⁴ An obligation is a legally binding agreement that will result in outlays (e.g., to pay for goods, products, services), immediately or in the future.

⁵ Since the enactment of the CARES Act, two of the nine business units have become legacy business units due to a reorganization.

⁶ The Department approved the creation of the Next Gen FSA Program Office in January 2020, which was expected to sunset on or about September 30, 2022. It is responsible for the management of all aspects of the Next Gen FSA program and will transition Next Gen FSA elements to permanent organizational units within FSA as they become operational. The goal of the Next Gen FSA program or initiative is to modernize FSA's technology, processes, and operations to improve student, parent, and borrower experiences and outcomes, as well as those of student aid partners.

⁷ Contractual services contracts exclude advisory and assistance contracts.

⁸ According to the Department's Office of Budget Service, FSA had \$2,085 (less than 1 percent) of its ARP student aid administration funds permanently rescinded as a result of the Fiscal Responsibility Act of 2023.

Progress on Spending Pandemic Assistance Student Aid Administration Funds

We found that FSA obligated nearly 100 percent of its pandemic assistance student aid administration funds. As of November 30, 2022, of the \$161.1 million in total pandemic assistance student aid administration funds appropriated, FSA obligated approximately \$157.8 million (98 percent), committed⁹ \$171,000 (less than 1 percent), and allowed approximately \$58,000¹⁰ (less than 1 percent) to lapse.

FSA obligated approximately 99.9 percent of the \$40 million in CARES Act student aid administration funds it was appropriated prior to the funds expiring on September 30, 2021. FSA was able to obligate the entire \$30 million in CRRSAA student aid administration funds it was appropriated prior to the funding expiring on September 30, 2022. As of November 30, 2022, FSA obligated approximately \$87.9 million (96 percent) of its ARP student aid administration funds and had approximately \$3.2 million in unobligated ARP funds. See Table 1.

Table 1. Status of Pandemic Assistance Student Aid Administration Funds

Fund	Appropriation	Obligated Funds as of 11/30/22	Percentage of Appropriation	Unobligated Funds as of 11/30/22	Percentage of Appropriation
CARES Act	\$40,000,000	\$39,942,082	99.9%	\$57,918	0.1%
CRRSAA	\$30,000,000	\$30,000,000	100%	\$0	0%
ARP	\$91,130,000	\$87,901,867	96%	\$3,228,133	4%
TOTAL	\$161,130,000	\$157,843,950	98%	\$3,286,051	2%

⁹ Committed funds are amounts that have been earmarked in anticipation of a legal obligation and are not considered part of a fund's available balance.

¹⁰ According to FSA Budget staff, the lapsed funds resulted from what was left in personnel funds after all pay for fiscal year 2020 was applied and any pay accruals were reversed, and the deobligation of a requisition in fiscal year 2022 that was for borrower outreach related to return to student loan repayment.

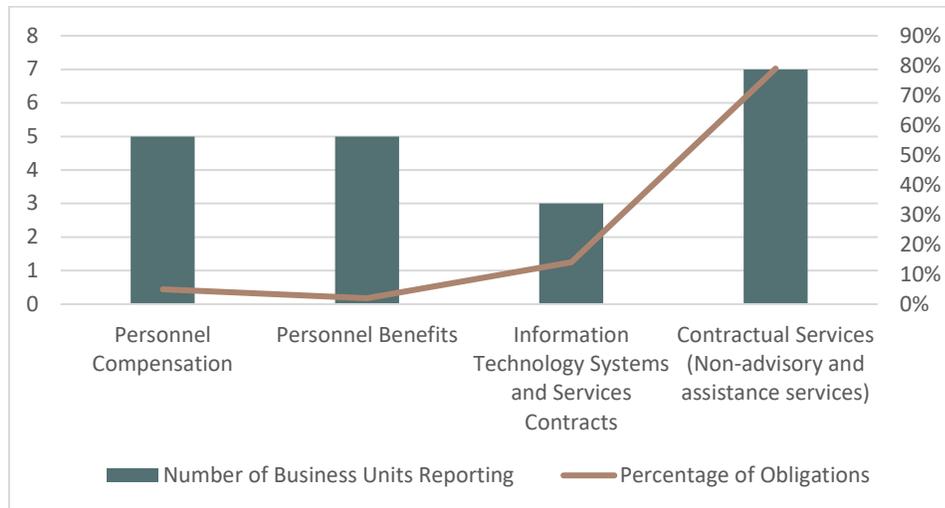
Uses of Pandemic Assistance Student Aid Administration Funds

We found that out of the approximately \$157.8 million obligated in student aid administration funds as of November 30, 2022, nine FSA business units obligated approximately \$11.0 million (7 percent) for personnel uses and \$146.8 million (93 percent) for non-personnel uses.

Specifically, of the \$157.8 million obligated as of November 30, 2022, \$124.5 million (79 percent) was for contractual services excluding advisory and assistance contracts, \$22.3 million (14 percent) was for information technology systems and services contracts, \$8.3 million (5 percent) was for personnel compensation, and \$2.7 million (2 percent) was for personnel benefits.

Out of the nine business units, five (56 percent) reported obligating funds for personnel compensation and benefits, three (33 percent) reported obligating funds for information technology systems and services contracts, and seven (78 percent) reported obligating funds for contractual services excluding advisory and assistance contracts. Contractual services excluding advisory and assistance contracts made up the largest amount of student aid administration funds. See the figure below for a breakdown of the number of business units and percentage of obligations reported by spending category.

Figure. Funds Obligated Reported by Spending Category and Business Unit



Actual Uses of Funds

To obtain additional insight into specific uses of student aid administration funds, we corresponded with executive officers from the five business units that reported using funds for personnel compensation and benefits. The five business units are the Office of Partner Participation and Oversight; the Office of Student Experience and Aid Delivery;

the Strategic Communications Directorate; the Office of Strategy, Innovation, and Transformation; and the Office of Strategic Measures and Outcomes.

We also reviewed a nonstatistical, judgmental sample consisting of the two business units that obligated the most student aid administration funds for non-personnel uses to determine how the funds were used. The two business units, the Next Gen FSA Program Office and Business Operations,¹¹ accounted for 96 percent of the non-personnel funds obligated as of November 30, 2022. See [Appendix A](#).

Personnel Costs

Approximately \$3.6 million (9 percent) of the CARES Act student aid administration funds and \$7.4 million (25 percent) of the CRRSAA student aid administration funds were used to support a total of 87.1 full-time equivalents (FTE).¹² No ARP funding was used for personnel costs. The FTEs consisted of both temporary employees that were specifically hired to assist with coronavirus activities as well as permanent employees that were completing work related to coronavirus activities that had a portion of their pay charged to CRRSAA funds.

Five business units accounted for 100 percent of the approximately \$11.0 million in personnel costs obligated:

- **Office of Student Experience and Aid Delivery, \$4.6 million obligation, 43.3 FTEs.** FTEs consisted of 26 temporary employees and 22 permanent employees. Personnel processed and adjudicated background investigations to onboard contractor personnel who directly supported CARES Act activities, assisted with communications campaigns related to the pandemic, identified and handled customer complaints stemming from pandemic-related policies and CARES Act relief, provided data analysis on CARES Act related servicing data, worked with servicers to rectify issues and ensure servicers were in compliance with contractual standards and requirements, and developed necessary reporting mechanisms that will be used to monitor loan portfolio health and the status of borrowers when return to repayment occurs.
- **Office of Partner Participation and Oversight, \$5.4 million obligation, 37.9 FTEs.** FTEs consisted of 17 temporary employees and 40 permanent

¹¹ Business Operations is one of the two FSA business units that no longer exists due to a reorganization referenced in [footnote 5](#). The other legacy business unit is the Technology Office.

¹² Our review covered a time period of more than 1 year; as a result, a single employee can equate to more than one FTE.

employees. Personnel worked on policy guidance, inquiries, and development of various pandemic waivers and relief; reviewed a backlog of audited financial statement reviews resulting from delayed submissions by institutions of higher education due to coronavirus related school closings; trained and supervised the individuals reviewing the backlog of audited financial statement reviews; provided support to schools and systems related to the implementation of pandemic-related policies; and provided oversight and monitoring over activities related to the CARES Act and other pandemic-related policies such as the pause on collections, refund of interest, refund of payments, and transfer of defaulted loans to the Department.

- **Strategic Communications Directorate, \$490,000 obligation, 3.8 FTEs.** FTEs consisted of two temporary employees that supported transitioning aspects of FSA's enterprise governance to a virtual or digital footprint due to the coronavirus pandemic and FSA's transition to a geographically dispersed workforce. Activities included developing mechanisms to centrally gather and standardize a compilation of preparation documents and materials for senior leaders and stakeholders, developing a virtual mechanism for FSA's Chief Operating Officer to formally document decisions, and establishing a strategic framework with metrics to gauge team effectiveness as the enterprise governance structure transitioned to a virtual environment.
- **Office of Strategy, Innovation, and Transformation, \$322,000 obligation, 1.6 FTEs.** FTEs consisted of one temporary employee that assisted with data efforts regarding the pandemic and its effect on students, borrowers, and the Federal student loan portfolio.
- **Office of Strategic Measures and Outcomes, \$174,000 obligation, 0.5 FTEs.** FTEs consisted of four permanent employees that completed work related to coronavirus activities and had a portion of their pay charged to CRRSAA funds. These individuals worked on internal and external data requests pertaining to the CARES Act, the development of return to repayment reports and related contingency planning and assessments, and the development of other periodic pandemic-related reports.

Based on our review, the 87.1 FTEs under the 5 business units worked on coronavirus activities.

Non-Personnel Costs

As of November 30, 2022, approximately \$146.8 million in non-personnel pandemic assistance student aid funds was obligated: \$36.3 million (91 percent) of CARES Act funds, \$22.6 million (75 percent) of the CRRSAA funds, and \$87.9 million (96 percent) of

ARP funds. The funds were obligated across 29 contracts to 21 vendors, 12 of which were FSA loan servicers.¹³

The two business units accounted for 83 percent and 13 percent, respectively, of the non-personnel funds obligated as of November 30, 2022:

- **Next Gen FSA Program Office, \$122.3 million obligation.** Funds were used for activities related to administrative forbearance,¹⁴ loan forgiveness and discharge, return to repayment, servicing system modifications, data reporting related to the return to repayment, borrowers' reinstatement of auto-debit payment, temporary changes to the Income-Driven Repayment application, borrower outreach, and information technology services.

Servicers used funds for e-correspondence, mailings, mandatory communications regarding the end of the administrative forbearance, engaging with at-risk borrowers, and other customer service capabilities. In addition, funds were used to expand hours of operation for service call centers and add additional customer service representatives to address significant increases to contact center volume.

For these additional customer service representatives to be able to support customers, funds were used to purchase data storage and software licenses for the customer relationship management tool used to interact with customers. Additional information technology purchases included web capacity expansion, web traffic management, and an increase in FSA's system processing capacity to meet increased customer interaction volume related to debt relief.

- **Business Operations, \$18.4 million obligation.** Funds were used for a variety of activities that supported FSA's pandemic relief actions such as the temporary suspension of nearly all Federal student loan payments, collections, and accrual of interest on most Federal student loans. Activities included providing outreach and communications to student loan borrowers and employers through mailings, conducting a multi-channel communications campaign informing and engaging borrowers on what steps to take once administrative forbearance

¹³ One of the loan servicers terminated its Federal student loan servicing contract with FSA around October 22, 2020.

¹⁴ As used in this report, administrative forbearance refers to the pause on loan payments and 0 percent interest rate that FSA automatically applied to eligible student loans starting March 13, 2020, in response to the coronavirus pandemic.

ends, and purchasing licenses for digital engagement tools to assist in engaging with borrowers who are currently in administrative forbearance. In addition, funds were used to incorporate pandemic-related system enhancements and updates to the Common Origination and Disbursement system and Debt Management and Collections System.¹⁵

Based on our review, we determined that the Next Gen FSA Program Office and Business Operations obligations were used for coronavirus activities.¹⁶

Planned Uses of Funds

As of November 30, 2022, FSA had approximately \$3.2 million in unobligated ARP funds; approximately \$2.7 million (83 percent) of those funds had not yet been allotted¹⁷ to FSA, while \$171,000 (5 percent) has been committed for non-personnel uses, and \$393,000 (12 percent) is part of the ARP student aid administration fund's available balance.¹⁸ According to the former deputy chief financial officer of the Finance Directorate and acting director of the FSA Budget Group (former deputy chief financial officer and acting director),¹⁹ FSA plans to obligate the remaining ARP funds in fiscal year 2023. The former deputy chief financial officer and acting director stated that they anticipate the funds will be used for student loan servicer activities and outreach and communication with student loan borrowers in relation to the return to student loan

¹⁵ The Common Origination and Disbursement system is designed to support origination, disbursement, and reporting for Direct Loan, Pell Grant, and the Teacher Education Assistance for College and Higher Education Grant programs. The Debt Management and Collections System houses all FSA held defaulted debt. The system tracks all debts, interest accruals, and payments at the loan level; can associate all loans to a specific borrower; and sends out bills and correspondence as needed.

¹⁶ Based on the information we were provided by FSA, we were unable to determine whether five Next Gen FSA Program Office requisition line items, accounting for approximately \$186,700, were pandemic-related. We considered this amount to be insignificant as it accounted for less than 1 percent of the Next Gen FSA Program Office non-personnel obligations.

¹⁷ An allotment is an authorization by either the agency head or another authorized employee to their subordinates to incur obligations within a specified amount. The amount allotted by an agency cannot exceed the amount apportioned by the Office of Management and Budget.

¹⁸ An available balance is the total amount of allotted funding still available for spending minus commitments and obligations.

¹⁹ The former deputy chief financial officer of the Finance Directorate and acting director of the FSA Budget Group left their position with FSA in May 2023, after the completion of our fieldwork.

repayment. The former deputy chief financial officer and acting director stated that the chief operating officer and FSA finance director will have the final approval on all spending decisions.

As of April 4, 2023, specific plans for how those funds will be used were still under development.²⁰

FSA's Oversight of Pandemic Assistance Student Aid Administration Funds

According to FSA officials, the Budget Group routinely monitors the status of student aid administration funds for the coronavirus response and relief laws. The former deputy chief financial officer and acting director stated that as part of its oversight, the Budget Group runs periodic reports to determine the available balance of the student aid administration funds to be obligated for future contracts or services and to check emerging requests for the funds. The director of the Budget Execution Division clarified that the Education Central Automated Processing System (EDCAPS) status of funds reports²¹ are run several times a week and COGNOS reports²² are run daily. The former deputy chief financial officer and acting director commented that these reports help determine the actual expenditures and the remaining student aid administration funds, and that the data gathered from the reports is used to communicate with the business units about how they plan to use remaining funds before they expire. As the funding period approaches its expiration, the Budget Group looks at how the funds have been spent and whether they can repurpose funds for other needs. The acting chief financial officer of FSA also noted that the team meets with the chief operating officer weekly to discuss the available fund balances, the expected uses of the funds, and the timeframes for the uses of the available funds.

²⁰ See [footnote 8](#).

²¹ EDCAPS is the Department's core financial system. EDCAPS status of funds reports provide a higher-level view of the pandemic assistance student aid administration funds appropriated, including allotments, calculated budget amounts, fund commitments, paid and unpaid obligations, and available funds.

²² The COGNOS application is the Department's reporting solution for financial systems that may be used for reporting from the EDCAPS systems. COGNOS reports reflect the general ledger and list commitments that have been obligated, paid and unpaid obligations, and the FSA business units that obligated the funds.

FSA Comments

We provided a draft of this report to FSA for comment. FSA stated that prior to the enactment of the Fiscal Responsibility Act of 2023 it had plans in place to use the remaining ARP funds to support the end of the pandemic-related pause in repayments. The full text of FSA's response is included at the end of the report.

Scope and Methodology

We reviewed the laws, criteria, and guidance related to the use and tracking of student aid administration funds, including Office of Management and Budget guidance on tracking and accounting for disaster and emergency funding and Department-provided guidance on its account classification structure. We held discussions with FSA staff to obtain an understanding of FSA's budget process and oversight for pandemic assistance student aid administration funds. In addition, we reviewed reports provided by FSA detailing the status of the student aid administration funds and how the funds have been spent, as well as internal documents FSA used to track employees that were associated with coronavirus activities.

To obtain additional insight into specific uses of student aid administration funds and whether the activities were related to the coronavirus pandemic, we corresponded with executive officers from the five FSA business units that reported using funds for personnel compensation and benefits. We also selected a nonstatistical, judgmental sample consisting of the two FSA business units that obligated the most pandemic assistance student aid administration funds for non-personnel uses to determine how the funds were used.

We performed the work for this review from September 2022 through May 2023.

Sampling Methodology

We identified a population of business units that obligated pandemic assistance student aid administration funds for non-personnel uses from COGNOS reports provided by FSA. From this population, we selected a nonstatistical, judgmental sample consisting of the two business units that had the most obligations for non-personnel uses of the pandemic assistance student aid administration funding.

Since we selected these business units judgmentally, results described in this report may not be representative of the population and should not be projected.

Use of Computer-Processed Data

Use of computer-processed data was limited to identifying the obligated and unobligated amounts of student aid administration funds under the CARES Act, CRRSAA,

and ARP, and how the funds were used. We obtained copies of financial budget execution documents from FSA including EDCAPS status of funds reports and COGNOS reports of commitments that have been obligated.

To assess the reliability of the data, we compared the data to supporting documentation we received as part of our review. For the two business units that obligated the most student aid administration funds for non-personnel uses, we compared the descriptions and obligated amounts in the COGNOS reports to the requisition files. For the five business units that obligated funds for personnel compensation and benefits, we compared data to supporting documentation such as CARES Act and CRRSAA benefit trackers that we received from the FSA Budget Group and the business units. In addition, we concluded that the data contained in the EDCAPS reports was sufficiently reliable as EDCAPS is the Department's core financial system and provides funds management functions including budget formulation, budget execution, and funds control.

To verify the completeness of the data, we reconciled the amount of obligated and unobligated funds in the EDCAPS status of funds reports with Department of Treasury appropriation warrants for the CARES Act, CRRSAA, and ARP, and found that they accounted for the total amount of student aid administration funds FSA received under the coronavirus response and relief laws.²³ We also verified the completeness of the COGNOS reports by comparing the total obligations with the obligated amounts listed in the EDCAPS status of funds reports. While we identified some differences, we determined that they were immaterial and did not affect the overall findings of our review.

As a result, we determined that the computer-processed data provided by FSA was reliable for the purposes of our review.

Compliance with Standards

We prepared this flash report in alignment with OIG's quality control standards and the Council of Inspectors General for Integrity and Efficiency's (CIGIE) "Quality Standards for Federal Offices of Inspector General," which require that we conduct our work with integrity, objectivity, and independence. We believe that the information obtained provides a reasonable basis for the conclusions contained in this report.

²³ The EDCAPS status of funds reports reconciled to the Department of Treasury appropriation warrants after accounting for the unallotted ARP funds that were not reflected on the EDCAPS report as of November 30, 2022.

Appendix A. Pandemic Assistance Student Aid Administration Obligations by Business Unit

Table 2. Distribution of Personnel and Non-personnel Obligations by FSA Business Unit²⁴

(Dollar amounts are rounded to the nearest whole dollar and percentages are rounded to the nearest whole percentage.)

Business Unit	Personnel Obligations	Percentage of Personnel Obligations	Non-personnel Obligations	Percentage of Non-personnel Obligations	Total Obligations	Percentage of Obligated Funds
Next Gen FSA Program Office	\$0	0%	\$122,324,910	83%	\$122,324,910	78%
Business Operations	\$0	0%	\$18,437,956	13%	\$18,437,956	12%
Office of Student Experience and Aid Delivery	\$4,633,685	42%	\$1,883,797	1%	\$6,517,482	4%
Office of Partner Participation and Oversight	\$5,379,880	49%	\$619,301	<1%	\$5,999,181	4%
Enterprise Technology Directorate	\$0	0%	\$3,375,871	2%	\$3,375,871	2%
Strategic Communications Directorate	\$489,793	4%	\$0	0%	\$489,793	<1%
Office of Strategy, Innovation, and Transformation	\$322,200	3%	\$45,282	<1%	\$367,482	<1%
Office of Strategic Measures and Outcomes	\$174,187	2%	\$0	0%	\$174,187	<1%
Technology Office	\$0	0%	\$101,885	<1%	\$101,885	<1%
TOTAL	\$10,999,746	100%	\$146,789,002	100%	\$157,788,748	-

²⁴ Information provided in Table 2 was compiled from COGNOS reports since business unit level information is not available in EDCAPS status of funds reports. The total obligations calculated from the COGNOS reports differed from the total obligations calculated from the EDCAPS reports as reflected in Table 1. However, we determined that the differences were immaterial and that they did not affect the overall findings of our review.

Appendix B. Acronyms and Abbreviations

ARP	American Rescue Plan Act of 2021
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CRRSAA	Coronavirus Response and Relief Supplemental Appropriations Act, 2021
Department	U.S. Department of Education
EDCAPS	Education Central Automated Processing System
FSA	Federal Student Aid
FTE	full-time equivalent

FSA Comments



July 13, 2023

TO: Michele Weaver-Dugan
Regional Inspector General for Audit, Internal Operations
Philadelphia Audit Region
Office of Inspector General
U. S. Department of Education

Mr. Jeffrey Nekrasz, Director Student Financial Assistance Advisory and Assistance
Office of Inspector General
U.S. Department of Education

FROM: Richard Cordray
Chief Operating Officer
Federal Student Aid

(b) (6)

SUBJECT: Draft Audit Report, “Federal Student Aid’s Use of Pandemic Assistance Student Aid Administration Funds”, Control Number ED-OIG/ F21DC0081

Dear Ms. Weaver-Dugan:

Thank you for the opportunity to review and comment on the statements and recommendations made in the Office of Inspector General (“OIG”) Draft Report, *Federal Student Aid’s Use of Pandemic Assistance Student Aid Administration Funds* (F21DC0081), dated July 6, 2023.

The pandemic created unprecedented challenges to the smooth and effective management of the Federal student aid programs. Millions of students, parents, and school administrators relied on Federal Student Aid for support as they depended on the uninterrupted flow of student grant and loan funds, while over 30 million borrowers needed clear communication and prompt action to help manage their debt in the face of economic uncertainty and disruption. The administrative funding provided through the Coronavirus Aid, Relief, and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA), and American Rescue Plan Act of 2021 (ARP) was instrumental in supporting our efforts to provide this vitally needed assistance. As you describe in your report, we took our responsibility as stewards of taxpayer funds seriously in planning for, spending, and documenting the use of these funds.

OIG did not present any recommendations in the Draft Report. As you note, the Fiscal Responsibility Act of 2023 permanently rescinded unobligated balances of ARP student aid administration funds. As a result, no additional Student Aid Administration funding from the pandemic assistance legislation is

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available for obligation. Prior to the enactment of the Fiscal Responsibility Act, FSA had plans in place for the use of remaining ARP balances to support the end of the pandemic-related pause in repayments and was prepared to use those funds under the same controls and reporting processes discussed in your report.

Thank you for the opportunity to respond to this OIG draft report. We appreciate the time and the effort auditing this issue, as well as the opportunity to comment.