



Highlights of [GAO-03-241](#), a report to the Secretary of Education

# FEDERAL STUDENT AID

## Progress in Integrating Pell Grant and Direct Loan Systems and Processes, but Critical Work Remains

### Why GAO Did This Study

To address system problems and other long-standing management weaknesses, in 1998, the Congress created a discrete unit within the Department of Education, the Office of Federal Student Aid (FSA). This office subsequently adopted a new approach to systems integration using middleware (a type of software that can allow an application to access data residing in different databases) and Extensible Markup Language (XML)—a flexible, nonproprietary set of standards that is intended to make it easier to identify, integrate, and process information widely dispersed among systems and organizations.

FSA's first use of this approach is the Common Origination and Disbursement (COD) process for the Direct Loan, Pell Grant, and campus-based programs. GAO initiated a follow-up review to assess FSA's progress in implementing this process.

### What GAO Recommends

Among GAO's recommendations is that the Secretary of Education direct the Chief Operating Officer, FSA, to establish a process to capture and disseminate lessons learned to schools.

In commenting on a draft of this report, FSA provided updated information and technical comments. GAO modified the report to address this new information, as appropriate.

[www.gao.gov/cgi-bin/getrpt?GAO-03-241](http://www.gao.gov/cgi-bin/getrpt?GAO-03-241).

To view the full report, including the scope and methodology, click on the link above. For more information, contact David A. Powner at (202) 512-9286 or [pownerd@gao.gov](mailto:pownerd@gao.gov).

### What GAO Found

FSA has made progress in implementing the COD process. Specifically, it has implemented

- a new information technology infrastructure that uses middleware to enable data exchange among disparate systems;
- the initial version of the basic COD system, which replaces two existing systems and is being used by schools participating in the Pell Grant and Direct Loan programs;
- middleware into existing systems to support the COD process; and
- a common record based on XML that schools can use to submit student financial data for the Pell Grant and Direct Loan programs.

However, the implementation of the COD process is behind schedule, and its ultimate success hinges on FSA's completing critical work, including addressing serious postimplementation operational problems, and having thousands of postsecondary schools implement the common record. Further, there are important elements to managing any information technology investment that FSA has not yet completed:

- *Determining whether expected benefits are being achieved.* As illustrated below, FSA has only some of the metrics, baseline data, and tracking processes necessary to determine whether it is achieving all expected benefits.
- *Tracking lessons learned.* FSA has relied on an ad hoc approach for gathering and disseminating lessons learned related to schools' implementation of the common record. To address this issue, FSA plans to include lessons learned as part of an update to its school testing guide. However, this does not replace the need for an ongoing mechanism to capture and disseminate lessons learned, without which schools may encounter problems that could have been avoided or mitigated.

**Status of the Office of Federal Student Aid Tracking of Actual Benefits of the COD System**

Expected benefit	Metrics defined?	Baseline data available?	Benefits tracked?
Reduced cost	Yes	Yes	Yes <sup>a</sup>
Increased customer satisfaction	Partially <sup>b</sup>	Partially	No
Increased employee satisfaction	N/A <sup>c</sup>	N/A	N/A
Increased financial integrity	Partially <sup>d</sup>	Partially	Partially
Integration and modernization of legacy systems	Yes	Yes	Yes

<sup>a</sup>In providing comments on a draft of this report, FSA stated that it has begun tracking this expected benefit and provided supporting documentation, which we did not validate.

<sup>b</sup>FSA stated that at this time, it did not have approval from the Department of Education to perform the surveys that it had planned to use to validate this benefit. However, FSA stated that it is trying to identify alternative metrics to measure customer satisfaction improvements due to COD.

<sup>c</sup>Not applicable; although this was identified in the COD business case as an expected benefit, in commenting on a draft of this report, FSA stated that it is no longer using this as a COD benefit.

<sup>d</sup>Not all metrics for this expected benefit have been defined.

Source: GAO analysis on the basis of FSA documentation.