

changes in the form and to clarify information.

Copies of the information collection submission for OMB review may be accessed from the RegInfo.gov Web site at <http://www.reginfo.gov/public/do/PRAMain> or from the Department's Web site at <http://edicsweb.ed.gov>, by selecting the "Browse Pending Collections" link and by clicking on link number 4549. When you access the information collection, click on "Download Attachments" to view. Written requests for information should be addressed to U.S. Department of Education, 400 Maryland Avenue, SW., LBJ, Washington, DC 20202-4537. Requests may also be electronically mailed to the Internet address [ICDocketMgr@ed.gov](mailto:ICDocketMgr@ed.gov) or faxed to 202-401-0920. Please specify the complete title of the information collection and OMB Control Number when making your request.

Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1-800-877-8339.

[FR Doc. 2011-13391 Filed 5-27-11; 8:45 am]

BILLING CODE 4000-01-P

## DEPARTMENT OF EDUCATION

### Notice of Proposed Information Collection Requests

**AGENCY:** Department of Education.

**ACTION:** Comment request.

**SUMMARY:** The Department of Education (the Department), in accordance with the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3506(c)(2)(A)), provides the general public and Federal agencies with an opportunity to comment on proposed and continuing collections of information. This helps the Department assess the impact of its information collection requirements and minimize the reporting burden on the public and helps the public understand the Department's information collection requirements and provide the requested data in the desired format. The Director, Information Collection Clearance Division, Privacy, Information and Records Management Services, Office of Management, invites comments on the proposed information collection requests as required by the Paperwork Reduction Act of 1995.

**DATES:** Interested persons are invited to submit comments on or before August 1, 2011.

**ADDRESSES:** Comments regarding burden and/or the collection activity requirements should be electronically

mailed to [ICDocketMgr@ed.gov](mailto:ICDocketMgr@ed.gov) or mailed to U.S. Department of Education, 400 Maryland Avenue, SW., LBJ, Washington, DC 20202-4537. Please note that written comments received in response to this notice will be considered public records.

**SUPPLEMENTARY INFORMATION:** Section 3506 of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35) requires that Federal agencies provide interested parties an early opportunity to comment on information collection requests. The Director, Information Collection Clearance Division, Information Management and Privacy Services, Office of Management, publishes this notice containing proposed information collection requests at the beginning of the Departmental review of the information collection. The Department of Education is especially interested in public comment addressing the following issues: (1) Is this collection necessary to the proper functions of the Department; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might the Department enhance the quality, utility, and clarity of the information to be collected; and (5) how might the Department minimize the burden of this collection on the respondents, including through the use of information technology.

Dated: May 24, 2011.

**Darrin A. King,**

*Director, Information Collection Clearance Division, Privacy, Information and Records Management Services, Office of Management.*

*Office of English Language Acquisitions*

*Type of Review:* Extension

*Title of Collection:* Foreign Language Assistance Program for Local Educational Agencies: Grantee Performance Report

*OMB Control Number:* 1885-0554

*Agency Form Number(s):* N/A

*Frequency of Responses:* Semi-Annually

*Affected Public:* State, Local, or Tribal Government, State Educational Agencies or Local Educational Agencies

*Total Estimated Number of Annual Responses:* 114

*Total Estimated Number of Annual Burden Hours:* 4,674

*Abstract:* The grantee performance report will collect semi-annual information from grantees regarding their project service, goals, objective, performance and budget. Respondents are Local Educational Agencies grantees. The data will be used for reporting on the program's Government Performance Results Act measures, project monitoring, and program

planning. The U.S. Department of Education's Budget Service will use these data for making program budget recommendations to Congress.

Copies of the proposed information collection request may be accessed from <http://edicsweb.ed.gov>, by selecting the "Browse Pending Collections" link and by clicking on link number 4630. When you access the information collection, click on "Download Attachments" to view. Written requests for information should be addressed to U.S. Department of Education, 400 Maryland Avenue, SW, LBJ, Washington, D.C. 20202-4537. Requests may also be electronically mailed to [ICDocketMgr@ed.gov](mailto:ICDocketMgr@ed.gov) or faxed to 202-401-0920. Please specify the complete title of the information collection and OMB Control Number when making your request.

Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1-800-877-8339.

[FR Doc. 2011-13294 Filed 5-27-11; 8:45 am]

BILLING CODE 4000-01-P

## DEPARTMENT OF EDUCATION

### Federal Family Education Loan Program

**AGENCY:** Federal Student Aid, Department of Education.

**ACTION:** Notice inviting guaranty agencies to submit proposals to participate in a Voluntary Flexible Agreement.

**SUMMARY:** The Secretary invites guaranty agencies with agreements to participate in the Federal Family Education Loan (FFEL) Program to submit proposals to enter into a Voluntary Flexible Agreement (VFA) with the Secretary, as authorized by section 428A of the Higher Education Act of 1965, as amended (HEA). Guaranty agencies whose proposals are accepted will operate under the requirements of the VFA in lieu of the guaranty agency agreements established under sections 428(b) and (c) of the HEA.

The intent of this invitation is for the Secretary to receive proposals from guaranty agencies or from teams of guaranty agencies, that will lead to the development of VFAs that will enhance the integrity and stability of the FFEL Program, improve services to students, schools and lenders, and use Federal resources more cost-effectively and efficiently. The Secretary is particularly interested in receiving proposals that eliminate poorly aligned incentives in

the current guaranty agency structure as well as the conflicts of interest that may potentially exist when a guaranty agency is responsible for both default prevention and default collections.

The Secretary invites the submission of either individual proposals from a single guaranty agency or joint proposals from teams of guaranty agencies. However, under the Secretary's planned reorganization of guaranty agency responsibilities, as described in the "Scope of the VFAs" section of this notice, it is likely that joint proposals would result in greater efficiencies and ease of implementation. A joint proposal, if approved, will result in separate, but complementary, VFAs for each of the agencies in the team.

A guaranty agency may submit more than one proposal in response to this notice. However, an agency will have only one VFA, that could provide that the agency assume a number of different guaranty agency activities as described in the GA Responsibility Areas section of this notice.

This notice provides information on the scope and conditions of VFA proposals that the Secretary is seeking, the procedures for the submission of VFA proposals, the information that must be included in a VFA proposal submitted in response to this notice, and the steps the Secretary will take when finalizing a VFA.

**DATES:** *Deadline for submission of a VFA proposal:* August 1, 2011.

**ADDRESSES:** VFA proposals must be submitted via e-mail to the following e-mail address: [vfateam@ed.gov](mailto:vfateam@ed.gov).

*Instructions for Submitting Proposals:* Each VFA proposal must be accompanied by a cover letter. The cover letter for an individual proposal submitted by one guaranty agency must be on the guaranty agency's letterhead, signed by the chief executive officer of the guaranty agency, and include the name, mailing address, e-mail address, Fax number, and telephone number of a contact person at the guaranty agency.

While the cover letter for a joint proposal submitted by a team of guaranty agencies may be on the letterhead of one of the guaranty agencies included in the proposal, it must be signed by the chief executive officer of each of the guaranty agencies included in the joint proposal. The letter must also include the name, mailing address, e-mail address, Fax number, and telephone number of a contact person at each of those guaranty agencies.

The cover letter and the proposal are to be submitted as Adobe Portable Document (PDF) attachments to an e-

mail message sent to the e-mail address provided in the **ADDRESSES** section of this notice. The "Subject" line of the e-mail must read "VFA Proposal-2011".

**FOR FURTHER INFORMATION CONTACT:** Diane McLaughlin, U.S. Department of Education, Federal Student Aid, room 101J2, 830 First Street, NE., Washington, DC 20002. *Telephone:* (202) 377-3748 or by *e-mail:* [diane.mclaughlin@ed.gov](mailto:diane.mclaughlin@ed.gov).

If you use a telecommunications device for the deaf (TDD), call the Federal Relay Service (FRS), toll free, at 1-800-877-8339. Individuals with disabilities can obtain this document in an accessible format (e.g., braille, large print, audiotape, or computer diskette) on request to the program contact person listed above.

**SUPPLEMENTARY INFORMATION:**

**Voluntary Flexible Agreements**

Under sections 428(b) and (c) of the HEA, guaranty agencies perform certain roles in the FFEL Program pursuant to agreements with the Secretary. Section 428A of the HEA authorizes the Secretary to enter into VFAs with guaranty agencies to replace the agreements required under sections 428(b) and (c) of the HEA. The purpose of a VFA is to permit a more flexible agreement between the Secretary and the guaranty agency than the standard agreements. The VFA authority allows the Secretary and the guaranty agency to develop, utilize, and evaluate alternate ways of ensuring that the responsibilities of FFEL Program guaranty agencies are fulfilled in the most cost-effective and efficient manner possible. The overall cost to the Federal government cannot increase as a result of the VFAs.

As part of a VFA with a guaranty agency, the Secretary may waive or modify statutory and regulatory requirements as necessary, except that the Secretary may not waive any statutory requirements related to the terms and conditions attached to student loans or to default claim amounts paid to lenders.

The HEA specifies that a VFA may include provisions related to the responsibilities of a guaranty agency with respect to: Administering the issuance of insurance on loans; monitoring student loan insurance commitments; undertaking default aversion activities; reviewing lender default claims; collecting defaulted loans; adopting internal systems of accounting and auditing that are acceptable to the Secretary and result in timely, accurate, and auditable reporting to the Secretary; monitoring institutions and lenders; and engaging in

informational outreach to schools and students in support of access to higher education.

The VFA may specify the fees the Secretary will pay, in lieu of revenues the guaranty agency would otherwise receive, and other funds that the agency may receive and retain. The VFA may also specify: The use of net revenues for other activities in support of postsecondary education; the performance standards that will be used to assess the agency's performance under the VFA and the consequences of the agency's failure to meet those standards; the circumstances under which a VFA may be terminated by the Secretary in advance of any established termination date; other student loan-related businesses the Secretary will permit the guaranty agency to engage in, and any other provisions the Secretary believes are necessary to protect the United States from unreasonable risk of loss.

Pursuant to section 428A(b)(2)(B) of the HEA, the Secretary's costs under the VFAs resulting from this notice may not, in the aggregate, exceed the costs the Secretary would have incurred absent the VFAs. Therefore, to finalize the VFAs the Secretary must conclude that the total projected cost for all of the VFAs will not increase Federal costs compared to the projected costs under the original agreements. As the VFAs are implemented, the Secretary will monitor, at least quarterly, the Federal costs of the VFAs to ensure that the VFAs continue to meet this statutory cost requirement.

The Secretary has exercised VFA authority in the past by entering into VFAs with five guaranty agencies. The last of those VFAs expired on September 30, 2008. A report on that earlier VFA initiative can be found at <http://www.fp.ed.gov/PORTALSWebApp/fp/proj2.jsp>.

**Impact of ECASLA and the SAFRA Act**

The Secretary is requesting proposals for VFAs at this time because of significant legislative changes made to the FFEL Program over the past few years.

The Ensuring Continued Access to Student Loan Act of 2008, as amended (Pub. L. 110-227) (ECASLA), authorized the Secretary to create programs to allow FFEL loan holders to sell certain outstanding FFEL Program loans to the Secretary. Under those programs, FFEL Program lenders sold more than 24.5 million loans to the Secretary. As a result, the outstanding portfolio of FFEL Program loans under guarantee has declined by more than \$100 billion,

reducing both the short-term and long-term revenues of guaranty agencies.

The SAFRA Act, part of the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111–152), ended, as of July 1, 2010, the origination of new FFEL Program loans. As of July 1, 2010, all Stafford, PLUS, and Consolidation loans are being made under the William D. Ford Federal Direct Loan (Direct Loan) Program. The end of new FFEL Program loan originations necessarily changes the types and scope of guaranty agency activities. It also means that FFEL guaranty agencies will not have the estimated \$75 billion of annual new loan volume that otherwise would have been added to their portfolios, thus resulting in further reductions to guaranty agency revenues.

As a result of the ECASLA loan sales and the end of new FFEL Program loan originations because of the SAFRA Act, the total dollar amount of the FFEL Program guaranty agency portfolio has, as of December 31, 2010, been reduced by more than 20 percent from its total on December 31, 2008. As noted, this revenue reduction jeopardizes the guaranty agencies' ability to meet their FFEL Program responsibilities. In light of these circumstances, the Secretary believes that it is appropriate to establish new guaranty agency structures and financing mechanisms that will protect the Federal fiscal interest in the outstanding FFEL Program portfolio.

The Secretary also wants to ensure that guaranty agencies are able to continue to provide high quality services to borrowers, lenders, and schools while supporting the important responsibilities that they have in the areas of default prevention, outreach, and oversight.

#### Scope of the VFAs

The Secretary intends to use VFAs to reorganize guaranty agency responsibilities among VFA participating agencies in a way that will ensure that borrowers, students, and lenders receive needed services in a manner that is cost-effective for the taxpayer, eliminates the potential for conflicts of interest, and fully supports the FFEL Program. The VFAs will also provide important operational, fiscal, and program information that the Secretary may find beneficial in the administration of the Federal student financial assistance programs authorized by Title IV of the HEA.

The Secretary expects that the VFAs will reduce guaranty agency operating costs from resulting economies of scale and from the specific programmatic strengths of individual agencies. One

way to achieve economies of scale is by consolidating FFEL defaulted loan collection responsibilities among a small number of guaranty agencies. The Secretary expects that such consolidation would significantly reduce program costs for collections and related activities while providing resources to support other guaranty agency responsibilities.

*GA Responsibility Areas:* The Secretary believes that an effective way to reorganize guaranty agency responsibilities is to arrange those responsibilities into the four distinct areas identified in this notice and described as "GA Responsibility Areas." The activities and responsibilities included in each of the GA Responsibility Areas will be assigned to guaranty agencies so as to build on the particular strengths of an agency and reduce costs through efficiencies and economies of scale. Under this approach, each guaranty agency that participates under a VFA, as a result of the process announced in this notice, will assume responsibility for the activities included in one or more of the GA Responsibility Areas. The guaranty agency will likely be responsible for those activities not only for its own loan portfolio and service area but also, if included in the VFA, for the portfolio and service area of one or more other guaranty agencies participating under a VFA with the Secretary. At the same time, the guaranty agency would relinquish its responsibility for GA Responsibility Area activities assumed by other guaranty agencies under their respective VFAs.

A GA Responsibility Area will only be assigned to a guaranty agency if the guaranty agency has demonstrated competency in performing the activities associated with that GA Responsibility Area.

The Secretary has established the following four GA Responsibility Areas for the purpose of soliciting proposals from, and finalizing VFAs with, guaranty agencies. As noted elsewhere in this notice, VFA proposals may be submitted by one guaranty agency on its own behalf or by a team of guaranty agencies submitting a joint proposal. A joint proposal should clearly indicate which agency or agencies within the group will assume which GA Responsibility Area activities.

As discussed below, each VFA proposal must include the types of data and measurements the guaranty agency suggests could be used to evaluate its performance under the VFA. The discussion of each GA Responsibility Area below includes examples of the types of data and measurements that the

Secretary believes may be appropriate. Each VFA ultimately executed by the Department and the guaranty agency will include the specific data and measurements that will be used to evaluate the success of the VFA.

#### GA Responsibility Area I—Lender Claims Review, Lender Claims Payment, and Collections

A guaranty agency that assumes, as part of its VFA, GA Responsibility Area I will perform the related activities for its own loan portfolio and for the portfolios of other guaranty agencies participating under a VFA with the Secretary. Thus, that guaranty agency must have the managerial and operational capacity, including significant and demonstrable scalability in its systems and other infrastructure, to assume expanded claims review, claims payment, and collections responsibilities. The guaranty agency must have efficient and cost-effective systems and processes that will result in significant cost savings when applied to the larger portfolio of loans for which it would be responsible.

A guaranty agency that assumes GA Responsibility Area I may not also assume GA Responsibility Area II (Delinquency and Default Prevention and Management). This restriction is intended to eliminate the potential for conflicts of interest that may exist when a guaranty agency is responsible for default aversion on loans for which it may also be responsible for default collections if its default prevention efforts are not successful. For similar reasons, a guaranty agency that assumes GA Responsibility Area I may not also assume GA Responsibility Area IV (Lender/Service Oversight).

A proposal to assume GA Responsibility Area I must include a suggested set of specific objectives, activities, and performance measures that the Secretary could use to evaluate the guaranty agency's effectiveness in meeting the proposed objectives by carrying out the proposed activities.

The proposal must include a description of the specific data that the guaranty agency will provide to the Secretary for the evaluation. While proposals may include output measures, they should include specific and measurable outcomes. For example, an agency might propose to measure its success in working with borrowers to resolve defaults after the default claim was filed by the lender but before the agency paid the claim. This type of outcome measure is preferable to only measuring output in the form of counting the number of days it took the

agency to review a claim and make the insurance payment to the lender.

An agency could also measure the borrower experience in terms of satisfaction with the collection communications from the agency (or its collection contractors) and the borrower's continued compliance with an established payment plan. Again, this type of outcome measure is preferable to an output measure such as the number of borrowers contacted.

A joint proposal submitted by a team of guaranty agencies must specifically identify which guaranty agency within the group, if any, the team requests the Secretary to consider for assumption of Guaranty Agency Responsibility Area I. If one of the guaranty agencies in a team wishes to assume GA Responsibility Area I and others in the team GA Responsibility II or GA Responsibility Area IV, the proposal must show how the participating guaranty agencies will avoid potential conflicts of interest within the team with regard to collections and default aversion and lender oversight.

#### **GA Responsibility Area II (Delinquency and Default Prevention and Management)**

A guaranty agency that assumes, as part of its VFA, GA Responsibility Area II for itself, and if included in the VFA, for the portfolios and service areas of other guaranty agencies participating under a VFA with the Secretary, must have the expertise and capacity to develop, implement, and evaluate a delinquency and default prevention and management program in an efficient and cost-effective manner. Any guaranty agency requesting GA Responsibility Area II must be able to demonstrate that it has these capabilities and that it has a plan for a robust delinquency and default prevention program.

A proposal to assume GA Responsibility Area II must include a suggested set of specific objectives, activities, and performance measures that the Secretary could use to evaluate the guaranty agency's effectiveness in meeting the proposed objectives by carrying out the proposed activities.

The proposal must include a description of the specific data that the guaranty agency will provide to the Secretary for the evaluation. The proposal should include outcomes not just outputs. For example, an agency might measure the extent to which borrowers understand their rights, obligations, and responsibilities as Federal student loan borrowers. This might include monitoring the repayment performance of delinquent borrowers who received intervention

services from the agency or measuring whether borrowers, based upon the agency's communications and other intervention strategies, chose a more appropriate repayment plan for their financial situation.

These types of outcome measures are preferable to only providing a routine output measure of counting the number of delinquent borrowers contacted.

An agency could also work with postsecondary institutions to develop or enhance, and measure the effectiveness of student loan counseling programs and other financial counseling tools through students' demonstrated understanding of the implications of borrowing to meet postsecondary educational expenses, including methods for managing student loans and other financial transactions. An example of student behavior that can be measured to demonstrate that a student understands these issues might be measured by whether the student has provided the institution with information that will allow the institution to deposit the student's Title IV credit balances into a no-cost to the student account at a bank, credit union, or other federally insured account.

These types of outcome measures are preferable to only providing an output measure such as the number of counseling sessions held or the number of borrower "hits" on a Web site.

A joint proposal from a team of guaranty agencies must specifically identify which guaranty agency or guaranty agencies the team requests the Secretary to consider for Guaranty Agency Responsibility Area II.

#### **GA Responsibility Area III (Community Outreach, Financial Literacy and Debt Management, School Training and Assistance, and School Oversight)**

A guaranty agency that assumes, as part of its VFA, GA Responsibility Area III must have the expertise and capacity to develop, implement, and evaluate a strategy to perform one or more of the GA Responsibility Area III activities in an efficient and cost-effective manner. The guaranty agency must be able to demonstrate that it has these capabilities and has a plan for a comprehensive and scalable community outreach, financial literacy, training, and/or school oversight program for its current service area and, if included in the VFA, the service areas of other guaranty agencies participating under a VFA with the Secretary.

While not every guaranty agency performing GA Responsibility Area III activities must carry out every allowable function independently, any joint proposals must demonstrate how all of

the functions will be carried out by the team (e.g., one guaranty agency may carry out financial literacy efforts exclusively, while other guaranty agencies in the team perform the other GA Responsibility Area III functions).

A proposal to assume GA Responsibility Area III must include a suggested set of specific objectives, activities, and performance measures that the Secretary could use to evaluate the guaranty agency's effectiveness in meeting the proposed objectives by carrying out the proposed activities.

The proposal must include a description of the specific data that the guaranty agency will provide to the Secretary for the evaluation. The proposal should include outcomes not just outputs. For example, an agency might measure the effectiveness of its outreach and education activities by measuring the number of low-income, first-generation, and other under-represented students participating in postsecondary education. Indicators of effectiveness might include determining the number of such students who apply for admission to postsecondary institutions, complete and submit a FAFSA, apply for scholarships and other non-Federal assistance, exhaust all Federal and State aid options before taking private education loans, and enroll in and successfully complete a postsecondary education program of study. An agency could also determine the number of such students who indicate that they compare institutions, including financial aid awards, before selecting an institution and an academic program. These examples of outcome measures would be preferable to only providing an output measure such as the number of students or families contacted, the number of publications distributed, or the reach of a media campaign.

Another example of an outcome measure for GA Responsibility Area III might be evaluating the effectiveness of the agency's training with and oversight of postsecondary institutions. Such an evaluation might assess whether and to what extent, as a result of the agency's training and intervention, the institution's understanding of and compliance with the requirements of the Title IV student aid programs improved. This type of outcome measure is preferable to only providing an output measure such as the number of training activities conducted or the number of program reviews completed.

A joint proposal submitted by a team of guaranty agencies must specifically identify which guaranty agency or guaranty agencies the team requests the

Secretary to consider for GA Responsibility Area III.

#### **GA Responsibility Area IV (Lender and Lender Servicer Oversight)**

A guaranty agency that assumes, as part of its VFA, GA Responsibility Area IV must have the expertise and capacity to perform lender and lender servicer oversight in an efficient and cost-effective manner. The guaranty agency must be able to demonstrate that it has this capability and has a plan for a comprehensive and scalable oversight program for lenders assigned to the agency under the VFA.

A proposal to assume GA Responsibility Area IV must include a suggested set of specific objectives, activities, and performance measures that the Secretary could use to evaluate the guaranty agency's effectiveness in meeting the proposed objectives by carrying out the proposed activities. The proposal must also include an evaluation plan and the specific data that the guaranty agency will provide to the Secretary for the evaluation. Where possible, the evaluation plan should include outcomes not just outputs. For example, an agency might assess whether, and to what extent, as a result of the agency's intervention, the lender's or servicer's understanding of and compliance with FFEL Program requirements has improved. This type of outcome measure is preferable to output measures such as the number of oversight activities completed or the number of findings reported.

A joint proposal submitted by a team of guaranty agencies must specifically identify which guaranty agency or guaranty agencies the team wishes the Secretary to consider for GA Responsibility Area IV.

#### **Combinations of GA Responsibility Areas**

A VFA proposal may include a request that a guaranty agency assume more than one GA Responsibility Area. For example, a proposal may request that the guaranty agency assume GA Responsibility Area II (Delinquency and Default Prevention and Management) and GA Responsibility Area IV (Lender and Lender Servicer Oversight), or a submission may propose that the guaranty agency assume GA Responsibility Area II (Delinquency and Default Prevention and Management) and GA Responsibility Area III (Community Outreach, Financial Literacy and Debt Management, School Training and Assistance, and School Oversight).

However, as noted earlier in this notice, a guaranty agency that assumes

GA Responsibility Area I (Lender Claims Review, Lender Claims Payment, and Collections) may not also assume GA Responsibility Area II (Delinquency and Default Prevention and Management) or GA Responsibility Area IV (Lender and Lender Servicer Oversight).

#### **Secretary's Oversight**

The Secretary will enhance oversight and monitoring of guaranty agencies—including those that have not entered into VFAs—to determine their continued financial viability and operational capacity to properly perform their FFEL Program responsibilities.

Each guaranty agency that participates under a VFA resulting from this notice will be subject to oversight by the Secretary. This oversight will include, at a minimum, requirements for the guaranty agency to submit operational status reports, financial reports, performance metrics, and the results of the evaluations discussed in the Information to be Included with the VFA Proposal section of this notice.

Oversight will also include monitoring to ensure that the guaranty agency meets its responsibilities under the Federal Information Security Management Act of 2002 (FISMA).

A guaranty agency that does not enter into a VFA with the Secretary will continue to operate under the regular guaranty agency agreements of sections 428(b) and (c) of the HEA. However, because of the previously discussed financial and operational impacts on guaranty agencies of ECASLA and the SAFRA Act, the Secretary will carefully monitor such guaranty agencies to determine their continued financial viability and operational capacity to properly perform their FFEL Program responsibilities. This includes monitoring to ensure that the agencies meet their responsibilities under FISMA.

#### **Financing of VFA Activities**

Using the statutory authority for VFAs in section 428A of the HEA, the Secretary intends to modify the process for, and the types and amount of, payments provided to guaranty agencies participating under a VFA.

The Secretary expects that the reorganization of responsibilities among guaranty agencies under the VFAs as discussed in this notice will result in significant economies of scale and increased efficiencies. This will be especially true for those guaranty agencies assigned to GA Responsibility Area I (Lender Claims Review, Lender Claims Payment, and Collections). A portion of the amounts available from

collections generated by the fewer number of guaranty agencies that will be assigned to GA Responsibility Area I, along with amounts that otherwise would have been provided to VFA participating guaranty agencies in the form of Account Maintenance Fees and Default Aversion Fees, will be used by the Secretary to support the activities of guaranty agencies assuming GA Responsibility Areas II, III, and IV.

All payments to each guaranty agency will be made by the Secretary according to the terms of the financing plan included in the VFA with that agency. No payments will be made, directly or indirectly, from one guaranty agency to another and no guaranty agency may share its income under the VFA with another guaranty agency without the approval of the Secretary.

Therefore, as noted in the following *Information to be Included with the VFA Proposal* paragraphs, proposals that identify a guaranty agency that wishes to assume GA Responsibility Area I activities must provide a performance-based financing structure that includes a comparison of current cash flows to projected cash flows that demonstrates increased cost-effectiveness.

Proposals that identify a guaranty agency that wishes to assume activities in GA Responsibility Area II, GA Responsibility Area III, or GA Responsibility Area IV must include a proposed performance-based financing plan describing what each of the activities proposed will cost and how the guaranty agency expects to cover those costs.

Guaranty agencies proposing to assume GA Responsibility Area II and/or GA Responsibility Area III activities are encouraged to include in their proposals pricing strategies that include leveraging activities and costs in partnership with other, non-guaranty agency entities or organizations.

#### **Request for Proposals**

Guaranty agencies with agreements with the Secretary under sections 428(b) and (c) of the HEA wishing to enter into a VFA with the Secretary as outlined in this notice must submit a written proposal by the date established in the **DATES** section of this notice.

The Secretary believes that a comprehensive proposal can be presented in approximately 25 pages, excluding any tables, charts, or other similar attachments.

#### **Information To Be Included With the VFA Proposal**

Each proposal for a VFA in response to this notice must include, for each of

the GA Responsibility Areas the guaranty agency or team of guaranty agencies wishes to assume, a discussion of the following:

- The specific objectives the guaranty agency or team proposes to accomplish.
- The specific activities the guaranty agency or team of guaranty agencies proposes to perform to meet those objectives.
- Where possible, summaries of and links to research providing justification for specific activities the guaranty agency or team of guaranty agencies proposes to perform. This information is particularly valuable for activities included in GA Responsibility Areas II and III.
- An implementation plan for carrying out the specific activities proposed for each GA Responsibility Area.
- A description of the expertise and accomplishments the guaranty agency or team of guaranty agencies has for the activities of each of the GA Responsibility Areas requested.
- How the proposed VFA would improve services to borrowers, lenders, schools, and the Department of Education.
- The specific performance metrics the guaranty agency or team of guaranty agencies proposes to use to measure benefits of the VFA to borrowers, lenders, students, and taxpayers.
- Plans for an evaluation scheme for the activities assigned to the guaranty agency or team of guaranty agencies, including, if feasible, plans for the evaluations to be conducted by an independent agency or organization not affiliated with the guaranty agency or agencies. As noted with some specificity under the discussions for each of the GA Responsibility Areas, evaluations should emphasize outcomes and not only outputs.
- Specific financing plans for each of the GA Responsibility Areas requested by the guaranty agency or team of guaranty agencies.
- How the proposal will create efficiencies in performing the activities of the GA Responsibility Area or Areas assumed by the guaranty agency or the team of guaranty agencies.
- An explanation of the likely impact the proposed VFA may have on the continued financial and operational viability of the guaranty agency.
- Any limitations on the expansion of the activities of the GA Responsibility Area beyond the existing portfolio and/or service area of the guaranty agency, including any timing constraints to such an expansion.
- How each guaranty agency will comply with FISMA.

### Availability of Proposals

VFA proposals will generally be considered public documents and will be available to members of the public and to other guaranty agencies. However, the Secretary intends to exempt pricing and financing information included in the proposal from disclosure as confidential business information.

### Selection

After reviewing and evaluating each VFA proposal received in response to this notice, the Secretary will decide whether to begin discussions with the guaranty agency or team of guaranty agencies that submitted the proposal to develop the VFAs. These discussions will address issues such as:

- The financing plan for the activities to be assumed by the guaranty agency or team of guaranty agencies.
- The budgets, allocation methods, and financing mechanisms (including performance-based financing mechanisms) that will be used to reimburse the guaranty agency for the activities it has assumed.
- Required reporting, including audit requirements.
- The standards by which each guaranty agency's performance of its responsibilities under the VFA will be assessed.
- The circumstances under which the VFA may be terminated by the Secretary.
- Other provisions that the Secretary may determine to be necessary to protect the United States from the risk of unreasonable loss and to promote the purpose of the Federal student aid programs.

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*Program Authority:* 20 U.S.C. 1070a, 1070a-1, 1070b-1070b-4, 1070c-1070c-4, 1070g, 1071-1087-2, 1087a-1087j, and 1087aa-1087ii; 42 U.S.C. 2751-2756b.

Dated: May 25, 2011.

**William J. Taggart**,  
Chief Operating Officer, Federal Student Aid.

[FR Doc. 2011-13339 Filed 5-27-11; 8:45 am]

BILLING CODE 4000-01-P

## DEPARTMENT OF EDUCATION

### Privacy Act of 1974, as Amended; Computer Matching Program

**AGENCY:** Department of Education.

**ACTION:** Notice.

**SUMMARY:** Pursuant to the Privacy Act of 1974, as amended (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 A-130, Appendix I, notice is hereby given of the renewal of the computer matching program between the U.S. Department of Education (ED) (the recipient agency) and the U.S. Department of Veterans Affairs (VA) (the source agency). After the ED and VA Data Integrity Boards approve a new computer matching agreement (CMA), the computer matching program will begin on the effective date as specified in the CMA and as indicated in paragraph 5 of this notice.

In accordance with the Privacy Act and applicable OMB guidance, the following information is provided:

#### 1. Names of Participating Agencies

The U.S. Department of Education (ED) and the U.S. Department of Veterans Affairs (VA).

#### 2. Purpose of the Match

The purpose of this matching program between ED and VA is to verify the veteran's status of applicants for financial assistance under Title IV of the Higher Education Act of 1965, as amended, (HEA), who claim to be veterans.

The Secretary of Education is authorized by the HEA to administer the Title IV programs and to enforce the terms and conditions of the HEA.

Section 480(c)(1) of the HEA defines the term "veteran" to mean "any individual who (A) has engaged in the active duty in the United States Army, Navy, Air Force, Marines, or Coast Guard; and (B) was released under a