

MEMORANDUM

EDUCATION

UNITED STATES DEPARTMENT OF

WASHINGTON, D.C. 20202

DATE : February 1, 2007

TO : Rachel Potter
Office of Management and Budget OIRA

FROM : Barbara Johnson
FSA/CFO/AD

SUBJECT: Response to Terms of Clearance on the Guaranty Agency
Financial Report Notice of Action

The Guaranty Agency Financial Report was approved for 1-year providing that FSA upon resubmission to OMB, provide a brief written status update. Below is FSA status update:

(1) the use of loan level data, consistent with the Office of Federal Student Aid's data strategy and concerns cited in the President's Management Agenda Scorecard;

Discussions were held with the community to determine the feasibility of obtaining cohort information on the Form 2000. They reported back that it would be a significant cost programming. They are currently reporting the information to NSLDS and were agreeable to reporting as of each month-end to facilitate analysis with the general ledger. (They currently report periodically (i.e., weekly, bi-monthly, monthly) and would continue to do so, but with an additional file as of close of business at month-end)

(2) data deemed necessary to derive guaranty agency costs that are comparable to FFEL subsidy costs;

While there has not been a change or increase in the number of data items collected, the Department is able to produce estimates for policy and legislative consideration. The Department continues to investigate methodologies to improve its collection and use of data.

(3) changes to ensure that sufficient data are provided to on GA Federal Funds held outside of the Treasury, consistent with Treasury FMS Guidance (Treasury Transmittal Letter No. 608). OMB expects to work closely with the Department on these efforts, and fully expects tangible and specific results within the upcoming year.

Meeting was held with Treasury to try to understand their concerns, as well as to present our concerns with the current accounting treatment.

The Federal Fund is complex and difficult to understand. Education has classified it as “Cash held outside Treasury”, but in reality the federal fund is our equity in the GA and includes many non-cash transactions, such as assets, receivables, payables, allowance for loss, etc.). We have met with Treasury and OMB several times. In preparation for our next meeting, we have mapped all flows of data from the monthly GAFR, showing all cash activity flowing in and out of the federal fund as well as where the information is recorded in the ledger for FACTS reporting and where it is reported on the SF-224. In addition, we have diagrammed the balances reported on the Annual Form for both cash and non-cash events.

OMB is currently setting up a meeting with the appropriate Treasury staff to continue the discussion in early February.

If you have any questions regarding this package, please contact me at (202) 377-3327.

Attachment