Privacy Impact Assessment

For

Direct Loan Consolidation System (DLCS)

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1. **System Information**.  **Describe the system** - include system name, system acronym, and a description of the system, to include scope, purpose and major functions.

The Direct Loan Consolidation System (DLCS) supports borrowers' requests for loan consolidations and for the disbursement of loan funds.  The DLCS assists in tracking information pertinent to the borrower, as well as loan disbursement information during the life of a loan.

2.  **Legal Authority**.  **Cite the legal authority to collect and use this data.**  What specific legal authorities, arrangements, and/or agreements regulate the collection of information?

The Privacy Act of 1974 gives authority to The Department to collect information to determine the qualifications and eligibility of scholarship recipient. The information will also be used to ensure compliance with program requirements and to demonstrate program effectiveness.

The Higher Education Act of 1988 provides for a loan consolidation program under both the Federal Family Education Loan (FFEL) program and the Direct Loan Program.

Executive Order 9397 as amended by Executive Order 13478 (SSN use).

3. **Characterization of the Information**.  **What elements of PII are collected and maintained by the system (e.g., name, social security number, date of birth, address, phone number)?**  What are the sources of information (e.g., student, teacher, employee, university)? How the information is collected (website, paper form, on-line form)?  Is the information used to link or cross-reference multiple databases?

DLCS collects and maintains most information considered to be Privacy Act data (name, address, telephone numbers, e-mail address, employment information, SSN, etc.).  This information is collected and maintained for borrowers that participate in the Direct Loan Program.

This information is obtained from borrowers who wish to consolidate their student loans via DLCS.  This data enters DLCS either via the DLCS web site @ URL loanconsolidation.ed.gov or via paper documents/applications that are received at the DLCS fulfillment centers in Louisville, KY and Montgomery, AL.  Paper applications are data entered and all documents received are also scanned/imaged.  The electronic version of these documents is stored in the HP Image Repository and the metadata is maintained in the DLCS Informix database which resides on a UNIX server at the Virtual Data Center (VDC).  The Informix database is the primary system of record for DLCS.

4. **Why is the information collected?**  **How is this information necessary to the mission of the program, or contributes to a necessary agency activity**.  Given the amount and any type of data collected, discuss the privacy risks (internally and/or externally) identified and how they were mitigated.

This information is collected to complete official Government business related to the administration of the Direct Loan Program (DLP).

Application data received from borrowers via the DLCS web site is protected using AES-256 bit encryption via secure socket layer (SSL) connections.

All DLCS support personnel undergo a Public Trust Background Investigation.  All DLCS support personnel comply with security policies and procedures, and will report security problems or incidents to their respective SSOs or other appropriate security officer.

Specific user responsibilities include:

- At all times, protect data/information assets to which access is granted.

- Protect computer software, hardware, and data/information in his or her possession.

- Keep password(s) completely confidential.

- Log off or secure a computer system before leaving any device, with access to the system, unattended.

- Meet and enforce security policies, requirements, standards, and procedures.

- Ensure the appropriate backup of data/information and resources under his or her control to protect against information loss.

- Provide for the restoration of data/information in the event of a loss.

- Take required Security Awareness Training courses/updates.


5.  **<u>Social Security Numbers -</u> If an SSN is collected and used, describe the purpose of the collection, the type of use, and any disclosures.**  Also specify any alternatives that you considered, and why the alternative was not selected.  <span style="color:red">**If system collects SSN, it will require a signature by the Assistant Secretary or equivalent.  If no SSN is collected, no signature is required.**</span>

SSNs are used as an account number and primary key to identify account holders and link their loans to a particular account. DLCS has been in existence for more than decade. It's not cost effective to consider an alternative system. In addition, once a consolidation loan is made to the borrower there are consumer reporting requirements, skip tracing activities and collections activities that cannot be performed without an SSN.

6.  **<u>Uses of the Information</u>**.  **What is the intended use of the information?**   How will the information be used?  Describe all internal and/or external uses of the information. What types of methods are used to analyze the data?  If the system uses commercial information, publicly available information, or information from other Federal agency databases, explain how it is used.

Privacy Act data is stored in the DLCS Informix database which resides at the VDC.  DLCS contains names, SSNs, driver's license numbers and other information that must be protected from unauthorized disclosure.

The PI obtained by DLCS is used to confirm the identity of the borrowers wishing to consolidate their student loans. This information is also used to certify these loans with the borrowers'

current lenders. This certification process is performed either via the Electronic Verification and Certfication (EVC) process via the DLCS web site or by paper certifications that are received from the lenders at the Montgomery, AL fulfillment center.

DLCS data is typically analyzed via the DLCS User Interface (UI) which resides on the desktops of DLCS support personnel to access the borrowers' data which again is maintained in the DLCS Informix database.

7. **Internal Sharing and Disclosure. With which internal ED organizations will the information be shared?** What information is shared? For what purpose is the information shared?

NSLDS – Used by DLCS personnel to verify information with the NSLDS database at the VDC regarding outstanding guaranteed student loans.

FMS – Used by DLCS as the communication interface used to transfer requests for funding transfers to the Grant Administration and Payment System (GAPS).

DLSS – Used by DLCS to exchange student loan consolidation information. Student loans that have been consolidated have records that are sent to DLSS for processing the payments of these loans.

DMCS **-** Used by DLCS to exchange student loan consolidation information.

COD- Used by DLCS to exchange student loan consolidation information with other Direct Loan Servicers via the DLCS interface to the Common Origination and Disbursement (COD) system. Student loans that have been consolidated have records that are sent to COD for processing payments of these loans by the Direct Loan Servicers.

DLCS support personnel also utilizes the United States Postal Service (USPS) web site to verify ZIP code/address information provided by borrowers.

8. **External Sharing and Disclosure. With what external entity will the information be shared (e.g., another agency for a specified programmatic purpose)?** What information is shared? For what purpose is the information shared? How is the information shared outside of the Department? Is the sharing pursuant to a Computer Matching Agreement (CMA), Memorandum of Understanding or other type of approved sharing agreement wit another agency?

Wachovia Bank – Used for consolidation check tracking and reporting. Wachovia Bank has an automated interface that is used by DLCS production support personnel.

9. **Notice. Is notice provided to the individual prior to collection of their information (e.g., a posted Privacy Notice)?** What opportunities do individuals have to decline to provide information (where providing the information is voluntary) or to consent to particular uses of the information (other than required or authorized uses), and how individuals can grant consent?

There is a Warning Banner that speaks to User Monitoring.  The banner states the following:

"…Use of the Network is restricted to authorized users.  User activity is monitored and recorded by system personnel.  Anyone using the Network expressly consents to such monitoring and recording.  Be advised if possible criminal activity is detected system records, along with certain personal information may be provided to law enforcement officials…"

10. **Security.    What administrative, technical, and physical security safeguards are in place to protect the PII?**  Examples include:  monitoring, auditing, authentication, firewalls, etc.  Has a C&A been completed?  Is the system compliant with any federal security requirements?

The information is secured following the guidance of OMB Circular A-130, "Management of Federal Information Resources, "Appendix III, "Security of Federal Automated Information Resources," and Public Law 100-235, "Computer Security Act of 1987."  In addition, CSB is currently re-writing the System Security Plan (SSP) that details the security requirements and describes the security controls that are in place to meet those requirements.  A certification and accreditation process in accordance with the National Institute of Standards & Technology (NIST) "Guide for the Security Certification and Accreditation of Federal Information Systems" will validate our security controls.

11. **Privacy Act System of Records.  Is a system of records being created or altered under the Privacy Act, 5 U.S.C. 552a?**   Is this a Department-wide or Federal Government-wide SORN?  If a SORN already exists, what is the SORN Number?

DLCS is covered under the System of Records Notice, Common Services for Borrowers (CSB) Contract, 18-11-16, 71 FR 3503-3507.

 12. **Records Retention and Disposition.  Is there a records retention and disposition schedule approved by the National Archives and Records Administration (NARA) for the records created by the system development lifecycle AND for the data collected?**   If yes – provide records schedule number:

Records are covered under ED 072 FSA Application, Origination and Disbursement Records, Nara Disposition Authority N1-441-09-23.  Cut off annually upon end of application cycle year.  Destroy/delete 15 years after final repayment or audit of student financial obligation, or after student record information is transferred to alternate recordkeeping system (i.e., loan servicing system), whichever is sooner.