



## **Privacy Impact Assessment**

**For:**

Not-For-Profit Vermont Student Assistance Corporation  
(NFPVSAC)

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### **Federal Student Aid**

### **U.S. Department of Education (DoED)**



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

Not-For-Profit Vermont Student Assistance Corporation's (NFPVSAC) overall information system is composed of a comprehensive hosted servicing system provided through the Nelnet Hosted Solution (NHS) located in Bellevue, NE and ancillary sub-systems located in Winooski, VT.

NHS is used by NFPVSAC to service Federal Student Aid (FSA) Title IV student loan processing. Operational capabilities of the system include borrower account management, loan conversion/de-conversion, interim/repayment servicing, payment posting, deferment and forbearance processing, letter generation, call scheduling, loan transfer/put/un-put activities, collection, skip-tracing, claims and correspondence history files. NFPVSAC communicates with the internal FSA platforms, borrowers, educational institutions, other loan servicers, third-party data providers, consumer reporting agencies, and government agencies (as permitted by the Federal Privacy Act of 1974). Channels of communication include mail, phone calls, a secure borrower website, email and secure data transfer links.

NFPVSAC subsystems interface with NHS and perform general support services, including:

NFPVSAC Blackbaud Financial Edge General Ledger - the financial accounting system where direct loan financial activities are reconciled between NFPVSAC and the Government systems. A portion of the general ledger reporting will be extracted from this system.

NFPVSAC Customer Relations utilizes technologies bundled from Interactive Intelligence's Customer Interaction Center to manage communications with borrowers including:

- Interactive Voice Response system (IVR) provides automated telephony features including 24/7/365 borrower access to hear and update account information, specialized call routing and differentiated service for delinquent customers.
- Interaction Dialer facilitates outbound calls to delinquent and current borrowers based on pre-defined call campaigns/strategies. Calls can be made in agent-assisted as well as automated call modes.
- Call Recording: quality control tool that is used to record agent calls.

NFPVSAC utilizes a work queue system that manages work items that need to be processed by staff members indicating status of each item (open, closed, in-process).



**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 Higher Education Act of 1965 (HEA), Title IV, As Amended, Section 441 and 461 Title IV, Section 401.

**3. Characterization of the Information. What elements of personally identifiable information (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 is the information collected (website, paper form, on-line form)? Is the information used to link or cross-reference multiple databases?**

The NFPVSAC system retrieves, stores, and presents the following elements of PII:

- Full Name
- Maiden Name
- Social Security Number (SSN)
- Driver's License number and state
- Home Address
- Home, Work, Alternate and Mobile Telephone Numbers
- Email Address
- Date of Birth
- Employment Information
- Financial Information
- Medical Information (to the extent required for purposes of certain deferments and discharge requests)
- Bank Account Numbers
- Selected Demographic Data
- Borrower Loan Information including: disbursement amount, principal balance, accrued interest, loan status, repayment plan, repayment amount, forbearance status, deferment status, separation date, grace period and delinquency.
- Alien Registration Number
- Student Loan Account Numbers

Sources of PII include borrowers, co-borrowers, educational institutions, the U.S. Department of Education (DoED), National Student Loan Data System (NSLDS), National Student Clearinghouse, and other authorized and/or reliable third parties including but not limited to FSA contractors, borrower references, U.S. military, commercial person locator services, national consumer reporting agencies, financial institutions, and the U.S. Department of the Treasury.

Information is collected via paper, website, on-line, electronic data transmission, and telephone.

The information is used to link or cross-reference multiple internal NFPVSAC databases and NHS databases.



**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.**

The PII is necessary to properly service loans and uniquely identify individuals according to the regulatory requirements of the HEA. The borrower name, address, email address, and phone numbers are essential for communicating with the borrower and performing collection activities. Endorser name, address, and phone numbers are used to reach the borrower when conventional methods fail.

The risk is that PII may be obtained by an unauthorized party to commit fraud and identify theft. The following are mitigation steps in place.

- The VSAC Corporate Security Policy requires that procedural, technological and physical security controls are continuously maintained.
- NFPVSAC staff with the ability to access PII requires a government security clearance before access is granted.
- System access is assigned based on job function requirements and are maintained through access controls.
- The change management process includes segregation of duties.
- NFPVSAC staff is required to complete Security and Privacy Awareness Training annually.
- Annual risk assessments are performed.
- All NFPVSAC staff must comply with security policies and procedures, and will report security problems or incidents to the VSAC Security Team.

**5. Social Security Number (SSN). 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. If system collects SSN, the PIA will require a signature by the Assistant Secretary or designee. If no SSN is collected, no signature is required.**

The SSN is the unique identifier for Title IV programs and its use is required by program participants and their trading partners to satisfy borrower eligibility, loan servicing, and loan status reporting requirements under law and regulations. Trading partners include the Department of Education, Internal Revenue Service, institutions of higher education, national credit bureaus, lenders, and servicers.

Borrowers (and endorser, if applicable) are advised of the collection and use of the SSN in the promissory note materials of their Title IV program loans. In accordance with state laws regarding the use of SSN's, a proprietary account number is assigned by NFPVSAC and utilized for all borrower and endorser communications in lieu of the SSN except where a SSN is required on a federal form. The proprietary account number is also used for the purposes of internal reporting and communications.

**6. Uses of the Information. 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? Explain how the information is used, if the system uses commercial information, publicly available information, or information from other Federal agency databases.**

This information is collected to meet the contractual requirements of Federal Student Aid and the HEA, enabling NFPVSAC to perform student loan servicing activities.

The information is used for identification and verification purposes. Information is also used to assist borrowers with managing their loans, determine borrower eligibility for entitlements such as deferments, forbearances, and discharges, and to locate borrowers in cases of invalid addresses and/or phone numbers.

External uses of the information include reporting to schools for the purposes of default management and program eligibility and to consumer reporting agencies for the purposes of reporting and maintaining borrower credit history.

The data is analyzed/evaluated by the NHS system for the purposes of maintaining account balances, debt collection, default prevention, applying deferments and forbearances, and general account maintenance.

Sources of information will be various Federal agency databases, servicers from whom the Department of Education purchases student loans, person locator services and consumer reporting agencies.

**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?**

NFPVSAC shares information with the following internal organizations and systems:

- Federal Student Aid and its agents or contractors
- National Student Loan Data System (NSLDS)
- Debt Management Collection System (DMCS2)
- Common Origination and Disbursement System (COD)
- Student Aid Internet Gateway (SAIG)
- Total and Permanent Disability (TPD)

All or any part of the information described in Question 3 hereof may be shared.

The information is only shared as required by Federal Student Aid.

**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 with another agency?**



Information will be shared with the following non-Department of Education systems and governmental entities:

- Internal Revenue Service (including adjusted gross income (AGI) request, waiver image processing and 1098/1099)
- U.S. Department of Treasury ("Treasury") (including Lockbox, electronic debit account Electronic Development Application vendor, Pay.gov, Remittance Express, Integrated Professional Automation Computer, and, Ca\$hLinkII)
- United States Postal Service

Information may also be shared with the following nongovernmental entities:

- Educational Institutions
- Other Federal Loan Servicers
- Independent Auditors
- National Consumer Reporting Agencies
- Person Locator Services
- Other parties as authorized by the borrower

All or part of the information described in Question 3 hereof may be shared.

The information is only shared as required by Federal Student Aid.

Information is shared through file transmissions and secure email transmission using encryption methods compliant with Federal requirements.

Sharing of information with nongovernmental entities (consumer reporting agencies, independent program participants, etc.) will be pursuant to contractual or regulatory requirements, or through sharing agreements between the applicable entities and the Department of Education.

**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?**

Individuals are provided with a notice as required by the Privacy Act of 1974 as part of the promissory note materials. The notice explains what types of PII is being collected, why it is being collected and how it will be used, whether the provision of information is mandatory, and the consequences of not providing the information. When a government-owned loan is transferred to NFPVSAC for servicing, NFPVSAC will provide borrowers with the Department of Education's Privacy Notice in accordance with the Gramm-Leach-Bliley Act (GLBA), and annually thereafter.

A privacy notice/policy is presented to the borrower via the following channels:

- Pursuant to the Gramm-Leach-Bliley Act, DoED's privacy notice is sent to the borrower by letter or email upon purchase of the loan by DoED and on an annual basis thereafter for the life of the loan



- A privacy notice is provided on the Free Application for Federal Student Aid (FAFSA) form and on the FAFSA online application website ([www.fafsa.ed.gov](http://www.fafsa.ed.gov)) and
- A privacy policy is also posted on NFPVSAC's secure borrower portal website ([vsacdirectloans.myloanmanager.com](http://vsacdirectloans.myloanmanager.com).) and
- In order to establish an online account on the NFPVSAC system secure borrower portal website, the borrower must agree to the Terms of Service, which incorporates the privacy policy by reference and link.

Borrowers can at this point, decline to provide additional information; however, providing certain information is required in order to communicate with NFPVSAC through its secure borrower Web site and/or customer service call center.

Borrowers are required to opt into online account access features, and are required to provide consent, in compliance with applicable law, for various features and services provided by the NFPVSAC system, such as paperless document delivery and online payment services.

NFPVSAC shares information with designated financial, education, and Department of Education organizations and contractors only as required by contract.

**10. Web Addresses. List the web addresses (known or planned) that have a Privacy Notice.**

[vsacdirectloans.myloanmanager.com](http://vsacdirectloans.myloanmanager.com)  
[www.fafsa.ed.gov](http://www.fafsa.ed.gov)

**11. 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?**

NFPVSAC completed a self-assessment of the security controls required by the Federal Information Security Management Act (FISMA) and, per FISMA, has implemented information security standards in accordance with National Institute of Standards and Technology (NIST) Special Publication 800-53, Rev. 3, "Recommended Minimum Security Controls for Federal Information Systems." NFPVSAC is under development and has not yet been authorized for operation in accordance with the provisions of FISMA. NFPVSAC is working with the Department of Education to achieve an Authority to Operate (ATO) designation by 10/31/2012.

NFPVSAC administrative, technical and physical safeguards include:

- Access to NFPVSAC DoED data is available only to authorized and approved users with a 5C or 6C security clearance.
- Signed Rules of Behavior and Security Awareness training for all employees.
- System required User IDs and passwords.
- Annual auditing and continuous monitoring.
- Access to areas where PII data is available is secured with a security badge system to limit physical access.
- Firewalls and existing proxy servers are in place to control external access to internal resources.
- Connections to the Internet, or other external networks or information systems, occur through controlled interfaces (e.g., proxies, gateways, routers, firewalls, encrypted tunnels).



- NFPVSAC physically allocates publicly accessible information system components (e.g., public web servers) to separate sub-networks with separate, physical network interfaces. The organization prevents public access into the organization's internal networks except as appropriately mediated.
- All routers, switches and firewall are configured to allow only specifically authorized services and traffic (Deny-By-Default).
- Two Factor Authentication: Two Factor Authentication (TFA) will be implemented in 2012.

The NFPVSAC system uses the following Federal standards and guidelines in implementing its security and privacy controls:

- Federal Information Security Controls Audit Manual (FISCAM)
- Federal Information Processing Standards Publications (FIPS PUBS) on IT Security
- NIST SP 800-30, Risk Management Guide for Information Technology Systems, July 2002
- NIST SP 800-34, Rev. 1, Contingency Planning Guide for Federal Information Systems, May 2010
- NIST SP 800-35, Guide to Information Technology Security Services, October 2003
- NIST SP 800-37, Rev. 3, Guide for Applying the Risk Management Framework to Federal Information Systems, February 2010
- NIST SP 800-40, Procedures for Handling Security Patches, November 2005
- NIST SP 800-41, Guidelines on Firewalls and Firewall Policy, September 2009
- NIST SP 800-42, Guidelines on Network Security Testing, October 2003
- NIST SP 800-44, Rev. 2, Guidelines on Security Public Web Servers, September 2007
- NIST SP 800-45, Rev. 2, Guidelines on Electronic Mail Security, February 2007
- NIST SP 800-47, Security Guide for Interconnecting Information Technology Systems, August 2002
- NIST SP 800-50, Building an Information Technology Security Awareness Program, October 2003
- NIST SP 800-53, Rev. 3, Recommended Security Controls for Federal Information Systems, August 2009
- NIST SP 800-55, Rev. 1, Performance Measurements Guide for Information Security, July 2008
- NIST SP 800-58, Security Considerations for Voice Over IP Systems, January 2005
- NIST SP 800-60, Rev. 1, Volume 1, Guide for Mapping Types of Information and Information Systems to Security Categories, August 2008
- NIST SP 800-60, Rev. 1, Volume 2, Appendices to Guide for Mapping Types of Information and Information Systems to Security Categories, August 2008
- NIST SP 800-61, Rev. 1, Computer Security Incident Handling Guide, March 2008
- NIST SP 800-64 Rev. 2, Security Considerations in the Systems Development Life Cycle, October 2008
- NIST SP 800-65, Integrating IT Security into the Capital Planning and Investment Control Process. January 2005
- NIST SP 800-70, Rev. 2, National Checklist Program for IT Products: Guidelines for Checklists Users and Developers, February 2011





- NIST SP 800-77, Guide to IPsec VPNs, December 2005
- NIST SP 800-81, Rev. 1, Secure Domain Name System (DNS) Deployment Guide, April 2010
- NIST SP 800-83, Guide to Malware Incident Prevention and Handling, November 2005
- NIST SP 800-88, Guidelines for Media Sanitization, September 2006
- NIST SP 800-92, Guide to Computer Security Log Management, September 2006
- NIST SP 800-94, Guide to Intrusion Detection and Prevention Systems (IDPS), February 2007
- NIST SP 800-95, Guide to Secure Web Services, August 2007
- NIST SP 800-97, Establishing Wireless Robust Security Networks: A Guide to IEEE 802.11i, February 2007
- NIST SP 800-111, Guide to Storage Encryption Technologies for End User Devices, November 2007
- NIST SP 800-113, Guide to SSL VPNs, July 2008
- NIST SP 800-122, Guide to Protecting the Confidentiality of Personally Identifiable Information, April 2010
- NIST SP 800-123, Guide to General Server Security, July 2008 and
- NIST SP 800-124, Guidelines on Cell Phone and PDA Security, October 2008.

Department of Education Policies:

- Department of Education Handbook for Information Technology Security
- Department of Education Handbook for Information Technology Security General Support System and Major Application Inventory Procedures
- Department of Education Handbook for Certification and Accreditation Procedures
- Department of Education Handbook for Information Technology Security Configuration Management Procedures
- Department of Education Handbook for Information Technology Security Contingency Planning Procedures
- Department of Education Information Technology Security Test and Evaluation Plan Guide
- Department of Education Incident Handling Program Overview
- Department of Education Handbook for Information Technology Security Incident Handling Procedures and
- Department of Education Information Technology Security Training and Awareness Program Plan.



**12. 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?**

NFPVSAC is covered under the “Common Services for Borrowers” System of Records Notice (SORN), which was published as number 18-11-16 in the *Federal Register* on January 23, 2006 (71 FR 3503-3507).

**13. 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:**

Per FSA, NFPVSAC will follow the FSA Loan Servicing, Consolidation, and Collections Records. The ACS Tracking Number is OM: 6-106:L74.

**DoED Record Schedule:**

**Schedule Locator NO:** 075

**Draft Date:** 03/11/2009

**Title:** FSA Loan Servicing, Consolidation and Collections Records

**Principal Office:** Federal Student Aid

**NARA Disposition Authority:** N1-441-09-16

**Description:**

These records document business operations that support the servicing, consolidation, and collection of Title IV federal student aid obligations. These records relate to the post-enrollment period of student aid, including servicing of direct loans, consolidation of direct loans, managing and recovering defaulted debts assigned to the Department from Federal Family Education Loan (FFEL) and other lenders, rehabilitated loans, and any other type of Title IV student aid obligation.

This schedule provides a common disposition for records that comprise a variety of material and media, including but not limited to demographic and financial data on individual borrowers; institutional data on schools, guarantors, lenders, private collection agencies; records of financial transactions, payments, collections, account balancing and reconciliation, and reporting; records pertaining to customer interactions; and related correspondence and documents.

As these records may be maintained in different media formats, this schedule is written to authorize the disposition of the records in any media (media neutral). Records that are designated for permanent retention and are created and maintained electronically will be transferred to NARA in an approved electronic format.

**DISPOSITION INSTRUCTIONS:**

a. Record Copy

TEMPORARY

- Cut off annually upon payment or discharge of loan. Destroy/delete 15 years after cut off.

b. Duplicate Copies Regardless of Medium Maintained for Reference Purposes and That Do Not Serve as the Record Copy

TEMPORARY

- Destroy/delete when no longer needed for reference.



**ELECTRONIC INFORMATION SYSTEMS:**

Direct Loan Servicing System (DLSS)  
Direct Loan Consolidation System (DLCS)  
Conditional Disability Discharge Tracking System (CDDTS)  
Debt Management and Collection System (DMCS)  
Credit Management Data Mart (CMDM)

**IMPLEMENTATION GUIDANCE:**

Follow the disposition instructions in DoED 086 for system software; input/source records; output and reports; and system documentation. Original signed paper documents required for legal purposes must be kept for the full length of the retention period, even if an electronic version has been captured in the information system.

**ARRANGEMENT / ANNUAL ACCUMULATION:**

**PREVIOUS DISPOSITION AUTHORITY:**

**SPECIFIC LEGAL REQUIREMENTS:**

Title IV of the Higher Education Act (HEA) of 1965, as amended

**SPECIFIC RESTRICTIONS:**

Privacy Act 18-11-05 Title IV Program Files  
Privacy Act 18-11-08 Student Account Manager System

**BUSINESS LINE:** Loans