



UNITED STATES DEPARTMENT OF THE TREASURY
UNITED STATES DEPARTMENT OF EDUCATION



October 1, 2024

The Honorable Bill Cassidy, M.D.
Ranking Member
Committee on Health, Education,
Labor, and Pensions
United States Senate
Washington, DC 20510

Dear Ranking Member Cassidy:

As directed by section 8 of P.L. 116-91, the *Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act)*, the U.S. Department of Education (ED) and the U.S. Department of the Treasury (Treasury) are transmitting this joint report to Congress about the implementation of the data exchange provisions of the *FUTURE Act*, that amended section 6103 of the Internal Revenue Code of 1986 (IRC) and related provisions of the *Higher Education Act of 1965 (HEA)*.

The enclosed report summarizes the collaboration between ED and Treasury—through the Internal Revenue Service—to implement the *FUTURE Act* direct data exchange (FA-DDX) on July 30, 2023, and associated changes to income-driven repayment (IDR) plans. Additionally, this report evaluates the *FUTURE Act*'s operational impacts to IDR plans; provides an update about ED's implementation of the *FUTURE Act* for the 2024–25 *Free Application for Federal Student Aid* (FAFSA®) process; and highlights recommendations for potential improvements to the *FUTURE Act*.

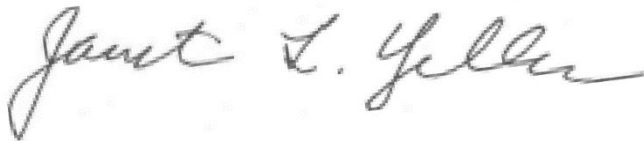
ED and Treasury share Congress' desire to set a high bar regarding data integrity and security of sensitive PII and confidential FTI of students, borrowers, and families. Full implementation of the FA-DDX significantly improves the confidentiality, availability, and integrity of FTI and streamlined the process for individuals who are applying for federal student aid.

Section 8 of the *FUTURE Act* requires ED and Treasury to issue joint reports to Congress about the law's implementation 90 days after the law's enactment; 120 days after the implementation of the data exchange under IRC Section 6103(1)(13); and one year after the second report is provided to Congress. The first report was submitted to Congress on July 21, 2020, after deadline extensions due to the COVID-19 national emergency. This report responds to the law's second reporting requirement.

ED and Treasury continue to collaborate with the interagency working group of technical subject matter experts—which was established in 2019—who are in near-daily communication to execute a *FUTURE Act* implementation plan. The working group is in lockstep to deliver the work outcomes and requirements of the law. Additionally, the working group is actively identifying key dependencies, risks, security considerations, and business needs that can affect one or more identified solutions and implementation approaches.

If you have any questions about this report, please have your staff contact Gwen Graham, Assistant Secretary, in ED's Office of Legislation and Congressional Affairs by email at OLCAInquiries@ed.gov or by phone at (202) 401-0020, or LegAffairs@treasury.gov or (202) 622-1900 for Treasury's Office of Legislative Affairs.

Sincerely,

A handwritten signature in blue ink that reads "Janet L. Yellen". The signature is fluid and cursive, with the first name "Janet" being the most prominent.

Janet L. Yellen
Secretary of the Treasury

A handwritten signature in blue ink that reads "Miguel A. Cardona". The signature is fluid and cursive, with the first name "Miguel" being the most prominent.

Miguel A. Cardona
Secretary of the Education



UNITED STATES DEPARTMENT OF THE TREASURY
UNITED STATES DEPARTMENT OF EDUCATION



October 1, 2024

The Honorable Ron Wyden
Chair
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chair Wyden:

As directed by section 8 of P.L. 116-91, the *Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act)*, the U.S. Department of Education (ED) and the U.S. Department of the Treasury (Treasury) are transmitting this joint report to Congress about the implementation of the data exchange provisions of the *FUTURE Act*, that amended section 6103 of the Internal Revenue Code of 1986 (IRC) and related provisions of the *Higher Education Act of 1965 (HEA)*.

The enclosed report summarizes the collaboration between ED and Treasury—through the Internal Revenue Service—to implement the *FUTURE Act* direct data exchange (FA-DDX) on July 30, 2023, and associated changes to income-driven repayment (IDR) plans. Additionally, this report evaluates the *FUTURE Act*'s operational impacts to IDR plans; provides an update about ED's implementation of the *FUTURE Act* for the 2024–25 *Free Application for Federal Student Aid* (FAFSA®) process; and highlights recommendations for potential improvements to the *FUTURE Act*.

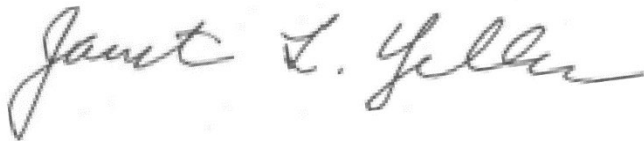
ED and Treasury share Congress' desire to set a high bar regarding data integrity and security of sensitive PII and confidential FTI of students, borrowers, and families. Full implementation of the FA-DDX significantly improves the confidentiality, availability, and integrity of FTI and streamlined the process for individuals who are applying for federal student aid.

Section 8 of the *FUTURE Act* requires ED and Treasury to issue joint reports to Congress about the law's implementation 90 days after the law's enactment; 120 days after the implementation of the data exchange under IRC Section 6103(1)(13); and one year after the second report is provided to Congress. The first report was submitted to Congress on July 21, 2020, after deadline extensions due to the COVID-19 national emergency. This report responds to the law's second reporting requirement.

ED and Treasury continue to collaborate with the interagency working group of technical subject matter experts—which was established in 2019—who are in near-daily communication to execute a *FUTURE Act* implementation plan. The working group is in lockstep to deliver the work outcomes and requirements of the law. Additionally, the working group is actively identifying key dependencies, risks, security considerations, and business needs that can affect one or more identified solutions and implementation approaches.

If you have any questions about this report, please have your staff contact Gwen Graham, Assistant Secretary, in ED's Office of Legislation and Congressional Affairs by email at OLCAInquiries@ed.gov or by phone at (202) 401-0020, or LegAffairs@treasury.gov or (202) 622-1900 for Treasury's Office of Legislative Affairs.

Sincerely,

A handwritten signature in blue ink that reads "Janet L. Yellen". The signature is fluid and cursive, with the first name "Janet" being the most prominent.

Janet L. Yellen
Secretary of the Treasury

A handwritten signature in blue ink that reads "Miguel A. Cardona". The signature is fluid and cursive, with the first name "Miguel" being the most prominent.

Miguel A. Cardona
Secretary of the Education



UNITED STATES DEPARTMENT OF THE TREASURY
UNITED STATES DEPARTMENT OF EDUCATION



October 1, 2024

The Honorable Mike Crapo
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Ranking Member Crapo:

As directed by section 8 of P.L. 116-91, the *Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act)*, the U.S. Department of Education (ED) and the U.S. Department of the Treasury (Treasury) are transmitting this joint report to Congress about the implementation of the data exchange provisions of the *FUTURE Act*, that amended section 6103 of the Internal Revenue Code of 1986 (IRC) and related provisions of the *Higher Education Act of 1965 (HEA)*.

The enclosed report summarizes the collaboration between ED and Treasury—through the Internal Revenue Service—to implement the *FUTURE Act* direct data exchange (FA-DDX) on July 30, 2023, and associated changes to income-driven repayment (IDR) plans. Additionally, this report evaluates the *FUTURE Act*'s operational impacts to IDR plans; provides an update about ED's implementation of the *FUTURE Act* for the 2024–25 *Free Application for Federal Student Aid* (FAFSA®) process; and highlights recommendations for potential improvements to the *FUTURE Act*.

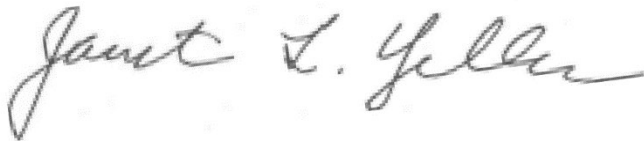
ED and Treasury share Congress' desire to set a high bar regarding data integrity and security of sensitive PII and confidential FTI of students, borrowers, and families. Full implementation of the FA-DDX significantly improves the confidentiality, availability, and integrity of FTI and streamlined the process for individuals who are applying for federal student aid.

Section 8 of the *FUTURE Act* requires ED and Treasury to issue joint reports to Congress about the law's implementation 90 days after the law's enactment; 120 days after the implementation of the data exchange under IRC Section 6103(1)(13); and one year after the second report is provided to Congress. The first report was submitted to Congress on July 21, 2020, after deadline extensions due to the COVID-19 national emergency. This report responds to the law's second reporting requirement.

ED and Treasury continue to collaborate with the interagency working group of technical subject matter experts—which was established in 2019—who are in near-daily communication to execute a *FUTURE Act* implementation plan. The working group is in lockstep to deliver the work outcomes and requirements of the law. Additionally, the working group is actively identifying key dependencies, risks, security considerations, and business needs that can affect one or more identified solutions and implementation approaches.

If you have any questions about this report, please have your staff contact Gwen Graham, Assistant Secretary, in ED's Office of Legislation and Congressional Affairs by email at OLCAInquiries@ed.gov or by phone at (202) 401-0020, or LegAffairs@treasury.gov or (202) 622-1900 for Treasury's Office of Legislative Affairs.

Sincerely,

A handwritten signature in blue ink that reads "Janet L. Yellen". The signature is fluid and cursive, with the first name "Janet" being the most prominent.

Janet L. Yellen
Secretary of the Treasury

A handwritten signature in blue ink that reads "Miguel A. Cardona". The signature is fluid and cursive, with the first name "Miguel" being the most prominent.

Miguel A. Cardona
Secretary of the Education



UNITED STATES DEPARTMENT OF THE TREASURY
UNITED STATES DEPARTMENT OF EDUCATION



October 1, 2024

The Honorable Bernard Sanders
Chair
Committee on Health, Education,
Labor, and Pensions
United States Senate
Washington, DC 20510

Dear Chair Sanders:

As directed by section 8 of P.L. 116-91, the *Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act)*, the U.S. Department of Education (ED) and the U.S. Department of the Treasury (Treasury) are transmitting this joint report to Congress about the implementation of the data exchange provisions of the *FUTURE Act*, that amended section 6103 of the Internal Revenue Code of 1986 (IRC) and related provisions of the *Higher Education Act of 1965 (HEA)*.

The enclosed report summarizes the collaboration between ED and Treasury—through the Internal Revenue Service—to implement the *FUTURE Act* direct data exchange (FA-DDX) on July 30, 2023, and associated changes to income-driven repayment (IDR) plans. Additionally, this report evaluates the *FUTURE Act*'s operational impacts to IDR plans; provides an update about ED's implementation of the *FUTURE Act* for the 2024–25 *Free Application for Federal Student Aid (FAFSA®)* process; and highlights recommendations for potential improvements to the *FUTURE Act*.

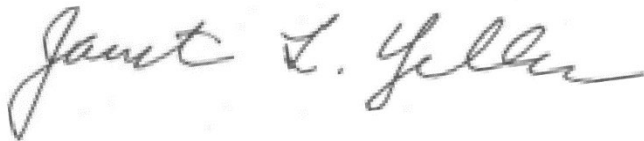
ED and Treasury share Congress' desire to set a high bar regarding data integrity and security of sensitive PII and confidential FTI of students, borrowers, and families. Full implementation of the FA-DDX significantly improves the confidentiality, availability, and integrity of FTI and streamlined the process for individuals who are applying for federal student aid.

Section 8 of the *FUTURE Act* requires ED and Treasury to issue joint reports to Congress about the law's implementation 90 days after the law's enactment; 120 days after the implementation of the data exchange under IRC Section 6103(1)(13); and one year after the second report is provided to Congress. The first report was submitted to Congress on July 21, 2020, after deadline extensions due to the COVID-19 national emergency. This report responds to the law's second reporting requirement.

ED and Treasury continue to collaborate with the interagency working group of technical subject matter experts—which was established in 2019—who are in near-daily communication to execute a *FUTURE Act* implementation plan. The working group is in lockstep to deliver the work outcomes and requirements of the law. Additionally, the working group is actively identifying key dependencies, risks, security considerations, and business needs that can affect one or more identified solutions and implementation approaches.

If you have any questions about this report, please have your staff contact Gwen Graham, Assistant Secretary, in ED's Office of Legislation and Congressional Affairs by email at OLCAInquiries@ed.gov or by phone at (202) 401-0020, or LegAffairs@treasury.gov or (202) 622-1900 for Treasury's Office of Legislative Affairs.

Sincerely,

A handwritten signature in blue ink that reads "Janet L. Yellen". The signature is fluid and cursive, with the first name "Janet" being the most prominent.

Janet L. Yellen
Secretary of the Treasury

A handwritten signature in blue ink that reads "Miguel A. Cardona". The signature is fluid and cursive, with the first name "Miguel" being the most prominent.

Miguel A. Cardona
Secretary of the Education



UNITED STATES DEPARTMENT OF THE TREASURY
UNITED STATES DEPARTMENT OF EDUCATION



October 1, 2024

The Honorable Virginia Foxx
Chairwoman
Committee on Education and the Workforce
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman Foxx:

As directed by section 8 of P.L. 116-91, the *Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act)*, the U.S. Department of Education (ED) and the U.S. Department of the Treasury (Treasury) are transmitting this joint report to Congress about the implementation of the data exchange provisions of the *FUTURE Act*, that amended section 6103 of the Internal Revenue Code of 1986 (IRC) and related provisions of the *Higher Education Act of 1965 (HEA)*.

The enclosed report summarizes the collaboration between ED and Treasury—through the Internal Revenue Service—to implement the *FUTURE Act* direct data exchange (FA-DDX) on July 30, 2023, and associated changes to income-driven repayment (IDR) plans. Additionally, this report evaluates the *FUTURE Act*'s operational impacts to IDR plans; provides an update about ED's implementation of the *FUTURE Act* for the 2024–25 *Free Application for Federal Student Aid* (FAFSA®) process; and highlights recommendations for potential improvements to the *FUTURE Act*.

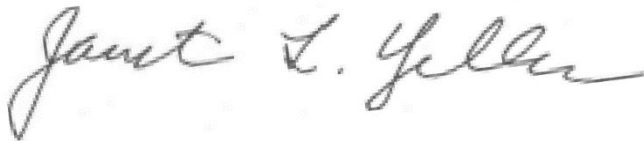
ED and Treasury share Congress' desire to set a high bar regarding data integrity and security of sensitive PII and confidential FTI of students, borrowers, and families. Full implementation of the FA-DDX significantly improves the confidentiality, availability, and integrity of FTI and streamlined the process for individuals who are applying for federal student aid.

Section 8 of the *FUTURE Act* requires ED and Treasury to issue joint reports to Congress about the law's implementation 90 days after the law's enactment; 120 days after the implementation of the data exchange under IRC Section 6103(1)(13); and one year after the second report is provided to Congress. The first report was submitted to Congress on July 21, 2020, after deadline extensions due to the COVID-19 national emergency. This report responds to the law's second reporting requirement.

ED and Treasury continue to collaborate with the interagency working group of technical subject matter experts—which was established in 2019—who are in near-daily communication to execute a *FUTURE Act* implementation plan. The working group is in lockstep to deliver the work outcomes and requirements of the law. Additionally, the working group is actively identifying key dependencies, risks, security considerations, and business needs that can affect one or more identified solutions and implementation approaches.

If you have any questions about this report, please have your staff contact Gwen Graham, Assistant Secretary, in ED's Office of Legislation and Congressional Affairs by email at OLCAInquiries@ed.gov or by phone at (202) 401-0020, or LegAffairs@treasury.gov or (202) 622-1900 for Treasury's Office of Legislative Affairs.

Sincerely,

A handwritten signature in blue ink that reads "Janet L. Yellen". The signature is fluid and cursive, with the first name "Janet" being the most prominent.

Janet L. Yellen
Secretary of the Treasury

A handwritten signature in blue ink that reads "Miguel A. Cardona". The signature is fluid and cursive, with the first name "Miguel" being the most prominent.

Miguel A. Cardona
Secretary of the Education



UNITED STATES DEPARTMENT OF THE TREASURY
UNITED STATES DEPARTMENT OF EDUCATION



October 1, 2024

The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Ranking Member Neal:

As directed by section 8 of P.L. 116-91, the *Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act)*, the U.S. Department of Education (ED) and the U.S. Department of the Treasury (Treasury) are transmitting this joint report to Congress about the implementation of the data exchange provisions of the *FUTURE Act*, that amended section 6103 of the Internal Revenue Code of 1986 (IRC) and related provisions of the *Higher Education Act of 1965 (HEA)*.

The enclosed report summarizes the collaboration between ED and Treasury—through the Internal Revenue Service—to implement the *FUTURE Act* direct data exchange (FA-DDX) on July 30, 2023, and associated changes to income-driven repayment (IDR) plans. Additionally, this report evaluates the *FUTURE Act*'s operational impacts to IDR plans; provides an update about ED's implementation of the *FUTURE Act* for the 2024–25 *Free Application for Federal Student Aid (FAFSA®)* process; and highlights recommendations for potential improvements to the *FUTURE Act*.

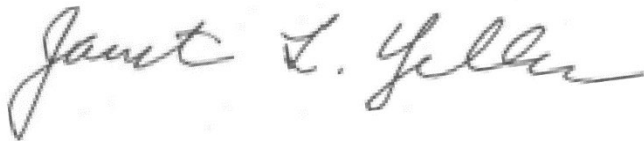
ED and Treasury share Congress' desire to set a high bar regarding data integrity and security of sensitive PII and confidential FTI of students, borrowers, and families. Full implementation of the FA-DDX significantly improves the confidentiality, availability, and integrity of FTI and streamlined the process for individuals who are applying for federal student aid.

Section 8 of the *FUTURE Act* requires ED and Treasury to issue joint reports to Congress about the law's implementation 90 days after the law's enactment; 120 days after the implementation of the data exchange under IRC Section 6103(1)(13); and one year after the second report is provided to Congress. The first report was submitted to Congress on July 21, 2020, after deadline extensions due to the COVID-19 national emergency. This report responds to the law's second reporting requirement.

ED and Treasury continue to collaborate with the interagency working group of technical subject matter experts—which was established in 2019—who are in near-daily communication to execute a *FUTURE Act* implementation plan. The working group is in lockstep to deliver the work outcomes and requirements of the law. Additionally, the working group is actively identifying key dependencies, risks, security considerations, and business needs that can affect one or more identified solutions and implementation approaches.

If you have any questions about this report, please have your staff contact Gwen Graham, Assistant Secretary, in ED's Office of Legislation and Congressional Affairs by email at OLCAInquiries@ed.gov or by phone at (202) 401-0020, or LegAffairs@treasury.gov or (202) 622-1900 for Treasury's Office of Legislative Affairs.

Sincerely,

A handwritten signature in blue ink that reads "Janet L. Yellen". The signature is fluid and cursive, with the first name "Janet" being the most prominent.

Janet L. Yellen
Secretary of the Treasury

A handwritten signature in blue ink that reads "Miguel A. Cardona". The signature is fluid and cursive, with the first name "Miguel" being the most prominent.

Miguel A. Cardona
Secretary of the Education



UNITED STATES DEPARTMENT OF THE TREASURY
UNITED STATES DEPARTMENT OF EDUCATION



October 1, 2024

The Honorable Robert “Bobby” Scott
Ranking Member
Committee on Education and the Workforce
U.S. House of Representatives
Washington, DC 20515

Dear Ranking Member Scott:

As directed by section 8 of P.L. 116-91, the *Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act)*, the U.S. Department of Education (ED) and the U.S. Department of the Treasury (Treasury) are transmitting this joint report to Congress about the implementation of the data exchange provisions of the *FUTURE Act*, that amended section 6103 of the Internal Revenue Code of 1986 (IRC) and related provisions of the *Higher Education Act of 1965 (HEA)*.

The enclosed report summarizes the collaboration between ED and Treasury—through the Internal Revenue Service—to implement the *FUTURE Act* direct data exchange (FA-DDX) on July 30, 2023, and associated changes to income-driven repayment (IDR) plans. Additionally, this report evaluates the *FUTURE Act*’s operational impacts to IDR plans; provides an update about ED’s implementation of the *FUTURE Act* for the 2024–25 *Free Application for Federal Student Aid (FAFSA®)* process; and highlights recommendations for potential improvements to the *FUTURE Act*.

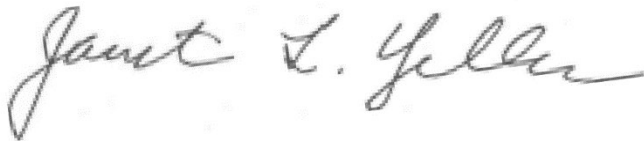
ED and Treasury share Congress’ desire to set a high bar regarding data integrity and security of sensitive PII and confidential FTI of students, borrowers, and families. Full implementation of the FA-DDX significantly improves the confidentiality, availability, and integrity of FTI and streamlined the process for individuals who are applying for federal student aid.

Section 8 of the *FUTURE Act* requires ED and Treasury to issue joint reports to Congress about the law’s implementation 90 days after the law’s enactment; 120 days after the implementation of the data exchange under IRC Section 6103(1)(13); and one year after the second report is provided to Congress. The first report was submitted to Congress on July 21, 2020, after deadline extensions due to the COVID-19 national emergency. This report responds to the law's second reporting requirement.

ED and Treasury continue to collaborate with the interagency working group of technical subject matter experts—which was established in 2019—who are in near-daily communication to execute a *FUTURE Act* implementation plan. The working group is in lockstep to deliver the work outcomes and requirements of the law. Additionally, the working group is actively identifying key dependencies, risks, security considerations, and business needs that can affect one or more identified solutions and implementation approaches.

If you have any questions about this report, please have your staff contact Gwen Graham, Assistant Secretary, in ED's Office of Legislation and Congressional Affairs by email at OLCAInquiries@ed.gov or by phone at (202) 401-0020, or LegAffairs@treasury.gov or (202) 622-1900 for Treasury's Office of Legislative Affairs.

Sincerely,

A handwritten signature in blue ink that reads "Janet L. Yellen". The signature is fluid and cursive, with the first name "Janet" being the most prominent.

Janet L. Yellen
Secretary of the Treasury

A handwritten signature in blue ink that reads "Miguel A. Cardona". The signature is fluid and cursive, with the first name "Miguel" being the most prominent.

Miguel A. Cardona
Secretary of the Education



UNITED STATES DEPARTMENT OF THE TREASURY
UNITED STATES DEPARTMENT OF EDUCATION



October 1, 2024

The Honorable Jason Smith
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Smith:

As directed by section 8 of P.L. 116-91, the *Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act)*, the U.S. Department of Education (ED) and the U.S. Department of the Treasury (Treasury) are transmitting this joint report to Congress about the implementation of the data exchange provisions of the *FUTURE Act*, that amended section 6103 of the Internal Revenue Code of 1986 (IRC) and related provisions of the *Higher Education Act of 1965 (HEA)*.

The enclosed report summarizes the collaboration between ED and Treasury—through the Internal Revenue Service—to implement the *FUTURE Act* direct data exchange (FA-DDX) on July 30, 2023, and associated changes to income-driven repayment (IDR) plans. Additionally, this report evaluates the *FUTURE Act*'s operational impacts to IDR plans; provides an update about ED's implementation of the *FUTURE Act* for the 2024–25 *Free Application for Federal Student Aid* (FAFSA®) process; and highlights recommendations for potential improvements to the *FUTURE Act*.

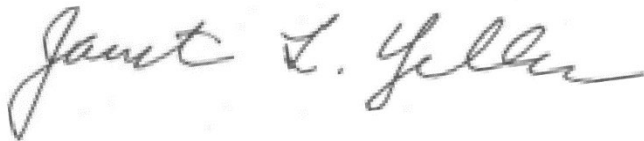
ED and Treasury share Congress' desire to set a high bar regarding data integrity and security of sensitive PII and confidential FTI of students, borrowers, and families. Full implementation of the FA-DDX significantly improves the confidentiality, availability, and integrity of FTI and streamlined the process for individuals who are applying for federal student aid.

Section 8 of the *FUTURE Act* requires ED and Treasury to issue joint reports to Congress about the law's implementation 90 days after the law's enactment; 120 days after the implementation of the data exchange under IRC Section 6103(1)(13); and one year after the second report is provided to Congress. The first report was submitted to Congress on July 21, 2020, after deadline extensions due to the COVID-19 national emergency. This report responds to the law's second reporting requirement.

ED and Treasury continue to collaborate with the interagency working group of technical subject matter experts—which was established in 2019—who are in near-daily communication to execute a *FUTURE Act* implementation plan. The working group is in lockstep to deliver the work outcomes and requirements of the law. Additionally, the working group is actively identifying key dependencies, risks, security considerations, and business needs that can affect one or more identified solutions and implementation approaches.

If you have any questions about this report, please have your staff contact Gwen Graham, Assistant Secretary, in ED's Office of Legislation and Congressional Affairs by email at OLCAInquiries@ed.gov or by phone at (202) 401-0020, or LegAffairs@treasury.gov or (202) 622-1900 for Treasury's Office of Legislative Affairs.

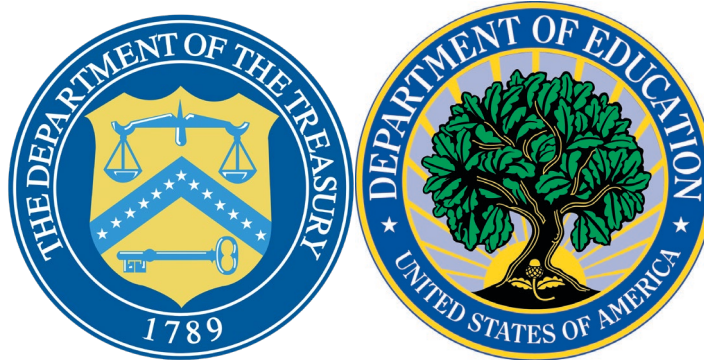
Sincerely,

A handwritten signature in blue ink that reads "Janet L. Yellen". The signature is fluid and cursive, with the first name being the most prominent.

Janet L. Yellen
Secretary of the Treasury

A handwritten signature in blue ink that reads "Miguel A. Cardona". The signature is fluid and cursive, with the first name being the most prominent.

Miguel A. Cardona
Secretary of the Education



Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act) Implementation

October 1, 2024

PREPARED FOR:

U.S. House Committee on Education and the Workforce

U.S. House Committee on Ways and Means

U.S. Senate Committee on Health, Education, Labor, and Pensions

U.S. Senate Committee on Finance

PREPARED BY:

U.S. Department of Education

U.S. Department of the Treasury

Table of Contents

SECTION 1 BACKGROUND	1
SECTION 2 IMPLEMENTATION OF THE <i>FUTURE ACT</i> DIRECT DATA EXCHANGE ..	2
<i>FUTURE ACT</i> CHANGES TO INCOME-DRIVEN REPAYMENT PLANS.....	3
UPDATES ABOUT THE <i>FUTURE ACT</i> CHANGES TO THE FAFSA PROCESS	4
SECTION 3 CONCLUSION	6

Section 1 | Background

The U.S. Department of Education (ED) and the U.S. Department of the Treasury (Treasury) are transmitting this joint report to Congress about the implementation of the data-exchange provisions of Public Law (P.L.) 116-91, the *Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act)*,¹ which amended section 6103 of the Internal Revenue Code of 1986 (IRC) and related provisions of the *Higher Education Act of 1965 (HEA)*. The *FUTURE Act*, among other things, aims to:

- establish a secure direct data exchange for the disclosure of federal tax information (FTI) necessary to carry out the HEA, providing an improved experience to ED's nearly 44 million customers;
- enhance the *Free Application for Federal Student Aid (FAFSA®)* experience by allowing ED to automatically obtain FTI for each contributor (to include applicant, parent, or spouse) who provides an affirmative approval under the HEA;
- improve the income-driven repayment (IDR) process to calculate the monthly payment amounts for borrowers with federal student loans; and
- automate the three-year income monitoring period for federal student loan borrowers who qualify for total and permanent disability (TPD) discharge.²

This report summarizes the collaboration between ED and Treasury—through the Internal Revenue Service (IRS)—to implement the *FUTURE Act* direct data exchange (FA-DDX) on July 30, 2023, and associated changes to IDR plans. Additionally, this report:

- evaluates the *FUTURE Act*'s operational impacts to IDR plans;
- provides an update about ED's implementation of the *FUTURE Act* for the 2024–25 FAFSA process; and
- highlights recommendations for potential improvements to the *FUTURE Act*.

Despite the challenges faced during the 2024-2025 process, ED and Treasury are enthusiastic about continuing this partnership to implement the FA-DDX in conjunction with the new streamlined form in compliance with P.L. 116-260, the *FAFSA Simplification Act*. Both agencies understand the benefits of the *FUTURE Act* data sharing authority and are eager to reduce the burden for individuals applying for federal student aid and repaying

¹ As amended by P.L. 116-136, the *Coronavirus Aid, Relief, and Economic Security Act (CARES Act)*, the *FAFSA Simplification Act*, Title VII, Division FF of P.L. 116-260, and the *FAFSA Simplification Act Technical Corrections Act, division R of P.L. 117-103*. Subsequent references to the "FUTURE Act" in this report include the initial statute and all subsequent amendments to the HEA and section 6103 of the IRC.

² On November 1, 2022, ED released the final regulations that streamline and improve the rules for the TPD discharge process. Effective July 1, 2023, [the regulations](#) provide enhanced pathways for borrowers to receive a TPD discharge, including the elimination of the three-year income-monitoring requirement. As a result, ED and the IRS continue to focus their resources and efforts on implementing the *FUTURE Act* changes to the IDR plans and FAFSA® process.

federal student loans. Simultaneously, we are prioritizing data integrity, enhanced testing, and cybersecurity, ensuring that approximately 5,400 institutions of higher education (IHEs) participating in federal student aid programs, all state aid agencies, and designated scholarship organizations also maintain the confidentiality of personally identifiable information (PII) and FTI that is protected by federal law.

Section 2 | Implementation of the *FUTURE Act* Direct Data Exchange

To implement the FA-DDX, an interagency working group comprised of technical subject-matter experts from the IRS and ED worked diligently and collaboratively to implement new agreements, technologies, and protocols for data-sharing. The working group collaborated closely to address the technical challenges to design, develop, test, and deploy the FA-DDX on July 30, 2023. The IRS Information Technology organization developed an application programming interface (API)—the FA-DDX—and documented the technical, data, and operational requirements that provide the specific FTI from individual income tax returns, which Congress authorized by amending IRC section 6103.

Working together to implement the technology solution, ED and the IRS established a secure connection through an API that processes requests from ED in near real-time and has the capability to respond at a rate of up to 100,000 bulk requests per file five times daily. Under the computer matching provisions of the *Privacy Act of 1974* as amended, the IRS is responsible for conducting the computer match with the applicant's PII provided by ED. First, the IRS matches the individual's identity, then determines whether a tax return is on file for the applicable tax year and provides a response to ED with the FTI elements, or a "no return on file" response as authorized by the *FUTURE Act*.

The agencies jointly developed the Computer Matching Agreement, which was reviewed and approved by the data integrity boards at both ED and Treasury. ED transmitted the agreement to Congress on June 22, 2023, and published notice of the system of records (88 FR [42220](#)) and matching program in the Federal Register (88 FR [42052](#)) on June 29, 2023.

As a condition of receiving FTI, the IRS approved ED's Safeguard Security Report, which documents compliance with the statutory mandate to safeguard FTI confidentiality, pursuant to IRC section 6103(p)(4) and *IRS Publication 1075, Tax Information Security Guidelines for Federal, State, and Local Agencies*. ED demonstrated the required safeguards and security protocols necessary to request FTI for use by authorized

individuals.

ED's partners—including IHEs, state aid agencies, and designated scholarship organizations—are required to follow the necessary data safeguards and oversight procedures that ED currently enforces under its existing Program Participation Agreements, which specify conditions of the initial and continued participation of eligible institutions in any federal student aid program.³ These agreements are being updated to require partners to comply with heightened security and data-safeguards standards as a condition of receiving sensitive customer information, including FTI from the FA-DDX.

ED and Treasury share Congress' desire to set a high bar regarding data integrity and security of sensitive PII and confidential FTI of students, borrowers, and families. Full implementation of the FA-DDX significantly improves the confidentiality, availability, and integrity of FTI and streamlined the process for individuals who are applying for federal student aid.

FUTURE Act Changes to Income-Driven Repayment Plans

On July 30, 2023, ED successfully implemented the *FUTURE Act* changes to IDR plans and beta tested the new IDR functionality by monitoring site stability and incorporating early feedback to ensure a successful larger rollout to millions of borrowers. The new IDR application was informed by borrowers, loan servicers, and ED's customer support staff who work directly with federal student loan borrowers. Under the new IDR application experience, borrowers:

- complete the form in as few as 10 minutes;
- answer fewer questions, as most are directly populated;
- see their exact monthly payment amount and select a repayment plan;
- electronically upload their own income documentation in the application—when FTI is not provided from the IRS—instead of manually sending it to federal student loan servicers;
- provide approval for ED to request their FTI directly from the IRS, without being redirected to the IRS Data Retrieval Tool (DRT); and
- track their application status on StudentAid.gov.

As of December 31, 2023, ED had received more than 6.2 million IDR applications; and approximately 3.7 million borrowers have approved ED to calculate their loan repayment

³ The amendment to the *IRC* through the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, P.L. 116-136, specifically excluded ED's partners from the IRS's oversight pursuant to IRC 6103(p)(4).

amount based on information from their tax return received through the FA-DDX.

The *FUTURE Act* has specific data-sharing authorities. The benefits of the *FUTURE Act* are available only to borrowers with William D. Ford Federal Direct Loan (Direct Loan) Program loans. Borrowers with Federal Family Education Loan (FFEL) Program loans must provide their income information manually when applying for an IDR plan. Additionally, borrowers under the FFEL program cannot automatically recertify their income. In place of leveraging the FA-DDX, FFEL borrowers are required to upload their income documentation online. Both agencies recognize the concerns raised by FFEL borrower advocates and recommend that Congress consider a statutory change to allow borrowers with Federally managed FFEL loans to access the provisions currently afforded to Direct Loan borrowers and realize the benefits of the streamlined application process.

Additionally, the new streamlined FA-DDX process will likely decrease fraud potential by using FTI, which allows ED to verify information with more accuracy for IDR plans and the FAFSA form. The secure delivery of FTI to ED via the FA-DDX allows IRS to improve the protection of taxpayer data by eliminating the release of FTI via tax transcripts and other customer service programs and retire the legacy IRS DRT. The IRS DRT will continue to be used by FAFSA applicants and contributors to complete their form through the end of the 2023–24 FAFSA cycle—which ended on June 30, 2024—and has already been retired for use by federal student aid borrowers applying for an IDR plan.

Updates about the *FUTURE Act* Changes to the FAFSA Process

ED is mindful of the FAFSA form’s critical importance as the central instrument that students and parents use to apply for more than \$114 billion in federal grants, work-study funds, and student loans annually. As such, it is important to reiterate that the FAFSA form requires multiple components working in parallel to determine aid eligibility and deliver a seamless application experience. ED is working diligently to weave these components together and make each student’s and parent’s experience completing the 2024–25 FAFSA form as simple and streamlined as possible.

Implementation of the FA-DDX also requires ED to stabilize the newly built systems that receive and manage FTI from the IRS before implementing the new streamlined 2024–25 FAFSA cycle. The 2024–25 FAFSA form launched on December 30, 2023, and provides many benefits to users, including the ability to:

- electronically request FTI for most applicants and their families to calculate and determine eligibility for federal student aid;
- enhance the FAFSA process by leveraging the FA-DDX and reduce the number of FAFSA questions most applicants and their families must answer; and

- enable students who are homeless, orphans, former foster youth, or who have unusual circumstances to receive a provisional aid eligibility determination.

In preparation for the FAFSA form's significant changes, ED increased communication with its partners. More recently, IHEs received updated guidance, training sessions, and training resources regarding the changes to the FAFSA form. ED also conducted impact assessments and user focus groups and gathered feedback from students, families, and its partners about the proposed FAFSA changes.

ED has worked with stakeholders to develop specific training and guidance. These included state departments of corrections, correctional facilities for incarcerated students, and McKinney-Vento professionals working with unaccompanied homeless youth populations. Specifically, for organizations that work for or in correctional facilities—which have not interacted with federal student aid since 1994—ED developed and provided training and resources for this specialized student population since Congress restored aid eligibility to incarcerated individuals. ED has worked to ensure this specialized student population and the organizations that support them understand federal student aid and guided them through the new requirements for ED's Prison Education Programs.

Additionally, ED launched a suite of new resources—including an implementation timeline—to help students, their families, IHEs, states, and college access organizations that support students and families navigate the revamped FAFSA experience. Resources for:

- students and parents included, for example, a communications outreach campaign to help them prepare for the new form and tell them how to create a StudentAid.gov account, online tools with visual previews of the new FAFSA form, and an early estimate of potential eligibility for federal student aid;
- IHEs and states included a dedicated FAFSA simplification landing page with policy guidance, technical references and specifications, and training; and college access professionals included a communication campaign and information hub to help them understand and communicate changes to students and their families.

Both ED and Treasury encountered unexpected issues that diminished the ability to provide partner organizations with the timely and high-quality information they deserve. Swift action was taken to resolve these issues. IRS and ED are continuing to collaborate to ensure the smooth and efficient operations of the data exchange and the accuracy of tax data used to calculate federal student aid benefits. Additionally, as ED continues to work with its partners in the U.S. trust territories, it continues to learn about what additional information or improvements may be needed to operate this data exchange effectively. For

example, the *FUTURE Act* amendments to IRC section 6103 do not authorize the IRS to disclose two key data elements: the amount of the foreign income exclusion and foreign tax credit. ED does not have access to another data source to verify this information, which will need to be provided manually by FAFSA applicants. Section 480(b)(5) of the HEA requires ED to use these two income elements in calculating the Student Aid Index (SAI).⁴ Authorizing the disclosure of the foreign tax credit information along with the FTI IRS is already authorized to share with ED would further streamline the FAFSA process, allowing an effective calculation of the SAI and ensuring that accurate income data are used in calculating Federal Pell Grant awards under HEA sec. 401(b)(1)(D).

Section 3 | Conclusion

ED and Treasury are enthusiastic about the implementation of the *FUTURE Act* and the law's potential to improve the experience for students, their families, and partners, while protecting the confidentiality of sensitive tax records. ED understands the IRC section 6103 disclosure restrictions and has met Treasury's safeguarding requirements for its systems, personnel, and operations to ensure the integrity and security of FTI.

ED and Treasury look forward to continuing our collaboration and our work with all stakeholders to assess the effects of the *FUTURE Act* on federal student aid programs and the customer experience, and to reporting on our progress to Congress with the next joint report due next year.

⁴ Section 480(b)(5) takes effect on July 1, 2024, for award years beginning with award year 2024 - 2025.