

Supporting Statement for Clearance of the National Student Loan Data System Data Collection

A. Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

Title IV, Part G of the Higher Education Act of 1965, as amended by the 1998 Amendments to the HEA (P.L. 105-244) section 485B, requires the Secretary of Education to establish a National Student Loan Data System (NSLDS) that contains information about Federal Family Education Loan (FFEL) Program loans, Federal Perkins loans (including National Direct Student Loans and National Defense Student Loans), William D. Ford Direct Student loans (Direct Loan), and PELL Grants. NSLDS is used for research, policy analysis, monitoring student enrollment, identifying loan holders and servicers, calculating default rates, monitoring program participants, and verifying student aid eligibility.

- 2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

NSLDS collects FFEL Program data from guaranty agencies and Federal Perkins Loan program data from schools. NSLDS receives Direct Loan program data from an existing Department system, the Common Services for Borrowers System. NSLDS stores this data with data from other existing Department systems, such as the Pell grant Recipient and Financial Management System, to form a repository of information regarding student aid awarded under Title IV of the HEA.

NSLDS users are from a variety of government and non-government organizations, as well as individuals including:

- Students;
- Congressional Budget Office (CBO);
- Department of Education headquarters and regional office employees and contractors;
- Office of Management and Budget (OMB);
- Guaranty agencies;

- Postsecondary schools; and
- Other independent researchers.

The data are collected and used for the following purposes:

Collect and Maintain the Data

NSLDS is comprised of data submitted to the database from external data trading partners including guaranty agencies and schools participating in the Federal Perkins Loan Program. In addition, schools that participate in the student financial aid programs submit enrollment, overpayment, and transfer student monitoring information. Some of the guaranty agencies and schools use servicers to provide their data to NSLDS.

Sources internal to FSA include the Common Services for Borrowers System, the Common Origination and Disbursement System, the Pell Grant RFMS payment system, the Central Processing System (CPS), the Postsecondary Education Participants System, the Financial Management System, and the Debt Management Collection System.

These data providers make their submittals in various formats, including electronic (Student Aid Internet Gateway (SAIG), XML, MQ Series, File Transfer Protocol, the EAI bus, and the Internet), and tapes and cartridges and submit as frequently as daily, weekly, semi-monthly, or monthly.

Loan Transfer Tracking

Loan transfer tracking involves tracking numerous possible transfers and status changes resulting from a loan being sold or transferred within the FFEL community, transferred to FSA, consolidated through FSA or an outside FFEL Lender, or the transfer of guaranty from one GA to another. NSLDS helps support two aspects of loan transfer tracking. One aspect is monitoring loan transfer activity by maintaining the dates of the sale or transfer and names of loan holders. This information helps resolve typical loan identification problems with participants and helps evaluate the administration and billing by lenders and GAs in the FFEL loan program. The other aspect of loan tracking is that NSLDS enables borrowers and financial aid professionals to identify the current loan holder or servicer of their loan.

NSLDS Web Sites

NSLDS provides Web sites that enables NSLDS to maintain its central repository of financial aid information on the mainframe but at the same time take advantage of intuitive Web user interfaces to make its data more easily available to authorized users. The Web sites are

available either to students through NSLDS' students web site or to financial aid professionals through the financial aid professional web site.

NSLDS Student Web Site

The NSLDS student web site was mandated by the 1998 amendments to the Higher Education Act of 1965. In accordance with this mandate NSLDS provides students access to their own information stored in NSLDS. In order to access their data, the student must have a PIN, assigned through the FSA PIN web site. Once a student's PIN verified, the student is allowed access to loan and grant data, contact information for each loan, enrollment status, frequently asked questions, browser information, etc.

NSLDS Financial Aid Professional Web Site

The NSLDS Financial Aid Professional (FAP) web site was designed in coordination and cooperation with members of the financial aid community. This web site provides authorized users with a home page that directs users of NSLDS with different business needs to their own functional areas based upon security access. It provides help pages on the use of the site as well as field specific help. Additionally, it provides the Customer Service Center (CSC) e-mail address, the CSC phone number, links to FAQs and a Glossary of Terms, information on browser configuration and minimum system requirements, and appropriate application and system level error messages.

Business functionalities provided by the FAP web site include Financial Aid History to allow users to view student and PLUS borrower loan history, loan details and Pell Grants, Aid Overpayments Reporting, Organization Contacts, Data Provider Schedules, Enrollment Reporting, Pre-Defined Reports, Cohort Default Rates, Transfer Student Monitoring, and guaranty agency online loan update capability. Several of the business functionalities were provided in response to new regulatory requirements that result in significant reductions in the industry's burden of administering the federal student aid programs.

Student Aid Eligibility

The Student Aid Eligibility process involves validating whether a student is eligible to receive federal financial aid. Once a student has applied for aid through the Free Application for Federal Student Aid (FAFSA) application, eligibility requirements based on a student's financial aid history are checked through NSLDS. The main components of this process include Prescreening, the initial eligibility check, Postscreening, the check for eligibility changes subsequent to Prescreening, and Transfer Student Monitoring, the check for eligibility

changes affecting a transfer student's possibilities for aid at a new school

Prescreening

In the Prescreening process, NSLDS receives an applicant file from CPS, searches the NSLDS database to identify the applicant as a student or parent aid recipient, extracts relevant aid information for each applicant, makes numerous calculations to determine aggregate aid values, stores the current Prescreening results in the NSLDS database, and sends the results to CPS. The process is performed on a daily basis.

Postscreening

The Postscreening process monitors changes in a student's eligibility for financial aid. The process compares the results of the most recent Prescreening with current data in NSLDS. If the student's eligibility status has changed, a request is generated to CPS to perform a new Prescreening and notify institutions by way of a new Institution Student Information Report (ISIR). The process currently is performed weekly.

Transfer Student Monitoring

The Transfer Student Monitoring process involves monitoring the financial aid history of students transferring from one school to another during the same academic year. The school receiving the transfer student initiates the monitoring process on the transfer student. NSLDS puts the transfer student on a list in response to web input from the school or a file from the school through SAIG. NSLDS monitors changes in the financial aid history of students on this list. Any changes that could affect a student's current eligibility for federal financial aid cause NSLDS to notify the requesting school and to provide to the school specific financial aid history details.

The basic steps in the transfer student monitoring process include:
Inform - The transfer school notifies NSLDS of an impending student transfer.

Monitor - NSLDS monitors financial aid history changes for the student.
Alert - NSLDS alerts the new school of financial aid history changes that could affect the student's eligibility.

Cohort Default Rate

NSLDS is required to perform Cohort Default Rate (CDR) calculation and distribution. This is the process of calculating and publishing draft and official CDRs in order to gauge the default rate for a 2-year period for student loan programs. Cohort default rates are calculated for schools, guaranty agencies and lenders twice a year. The cohort default rate letter and loan record detail report are delivered either

electronically via SAIG, by ground delivery mail or both, depending on the recipient. Mail delivery will be handled by the FSA mailing contractor, using a file prepared by the NSLDS contractor. NSLDS customers can request the loan record detail report via the NSLDS website and also can view their cohort default rate history on the NSLDS web site.

The CDR is calculated for schools, lenders, and guaranty agencies as the percentage of their student borrowers who entered repayment on FFEL and/or Direct Loans in the cohort fiscal year and then defaulted on those loans during the same or following fiscal year. For example, the Fiscal Year 2003 Official CDR was calculated and mailed to recipients in fiscal year 2005, based on data reported in Fiscal Years 2003 and 2004. For schools, there are two different formulas used to calculate default rates, one for schools with fewer than 30 recipients and one for schools with 30 or more recipients. For lenders there are two types of rates calculated, one as the originating lender and the other as the current loan holder.

NSLDS also calculates two monthly rates for research and monitoring purposes. The first rate mimics the default rate calculation but for more current time frames. It is available to schools and the Department of Education (ED) via the NSLDS web site. The second rate is the cohort default rate calculation run at the national level and is for internal use only.

Student Enrollment Reporting

Since the passage of the Higher Education Act of 1965, as amended, schools have been required to confirm and report to the Secretary the enrollment status of attending students who receive Federal loans. This process is called Enrollment Reporting (formerly the Student Status Confirmation Report (SSCR)). Schools report the enrollment status of FFEL and Direct Loan recipients. This enrollment information updates the NSLDS database and is reported weekly to the guaranty agencies and the Direct Loan Servicer. Because a student's enrollment status determines deferment eligibility, grace periods, and repayment schedules, as well as government's payment of interest subsidies, Student Enrollment Reporting is critical for effective administration of federal loans. Student Enrollment Reporting is the primary means of verifying students' loan privileges and the Federal government's financial obligations.

Audit and Program Reviews

ED uses audits and program reviews to ensure that schools/servicers (including participating foreign schools), lenders/servicers and guaranty agencies are using correct procedures to award, disburse,

and account for the use of federal funds. NSLDS supports audits and program reviews by providing program auditors with data on specific organizations to facilitate scheduling and maximizing the effectiveness of reviews.

A program review is conducted for each Title IV participant to ensure compliance with Title IV rules and regulations. This includes conducting a program review for each of the 36 GAs and a selection of participating schools lenders and servicers.

Reasonability

GA Reasonability

NSLDS extracts data to perform reasonability checks of the financial forms submitted to ED by GAs. For the GAs, reasonability is calculated monthly and quarterly and compared against the data reported on the Guaranty Agency Financial Report (Forms 2000). The loan level detail supporting the reasonability calculations is stored in NSLDS and provided to the GAs upon request. Reasonability data is also compared monthly against the receivable information reported either monthly or quarterly in Forms 2000. The loan level detail is stored and provided to the GAs quarterly.

Lender Reasonability

It is contemplated that NSLDS' reasonability services will be expanded to cover lenders' financial reports to FSA.

Issuance and Maintenance Fee Payments to GAs

ED pays two types of quarterly fees to the GAs. These fees are the Loan Processing and Issuance Fee (LPIF) and the Account Maintenance Fee (AMF). NSLDS calculates LPIF based on the amount of disbursements made quarterly for loans guaranteed on or after October 1, 1999. It is based on the loans held by the GA for the current quarter times a multiplier determined by the HEA. NSLDS calculates AMF annually as the original principal balance of non-defaulted open loans times a multiplier determined by the HEA. FMS then divides by 4 to arrive at the quarterly payment. Both current regulations and direction from OMB require that detailed level data be collected and retained to substantiate these payments. NSLDS provides the loan level data to the GAs after each calculation.

Financial Aid History

NSLDS functions as the main repository for all federal financial aid information. Authorized users of the system (students, financial aid professionals, etc.) can access individual student financial aid data,

and financial data by other demographic areas including school, loan/grant program type.

Direct Loan Servicing Exit Counseling

Provide support to the Direct Loan Servicing System's online exit counseling service by supplying to it in real time financial aid history data pertaining to a Direct Loan borrower who is using the Direct Loan Servicer's website.

Ombudsman Information

Provide FSA's Ombudsman's office fast and comprehensive access to financial aid history information pertaining to students whose cases come to the attention of the Ombudsman.

Financial Partners' Data Mart

In accordance with the schedule and needs of the Financial Partners organization of FSA, supply to the Financial Partners' data mart the NSLDS data it requires.

Research, Policy Development, and Program Management and Oversight

NSLDS serves as FSA's central data warehouse system for storing federal financial aid data. It has been maintaining information about loans, grants, students, borrowers, lenders, GAs, schools, and servicers since 1994 for loans that were open as of October 1989. It provides an integrated view of federal loans and grants during all stages of their life cycle, which includes disbursement, repayment, default, and closure. The large amount of data collected over time has resulted in NSLDS' being used for many analytical functions including research, policy development, and program management and oversight. Users accessing data from NSLDS for research purposes include ED personnel, other federal agencies, guaranty agencies, lenders, schools, and independent researchers. Users accessing data from NSLDS for program management and oversight purposes include ED personnel only.

NSLDS provides data to users through ad hoc queries, predefined reports, and extracts. Ad hoc queries range from simple queries, pertaining to a single student for relatively small amounts of data, to complex queries requiring NSLDS to summarize large amounts of data.

Budget Formulation and Execution

The Budget Formulation and Execution function consists of three major phases: budget formulation, budget presentation and budget execution. To support these phases, NSLDS provides reporting and

extract capabilities to determine loan program historical costs. It enables trending analysis of aid-related aggregate amounts (e.g., loan disbursements, collections, defaults) to facilitate the projection of future costs during budget preparation. In addition, it aids budget analysis, which is the process of responding to ad hoc budget-related questions from entities within ED as well as the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO).

Credit Reform Act Support

The Credit Reform Act and related OMB circulars require the Department to identify loans by loan program, cohort year, and risk category. NSLDS is the Department's only source of this loan-level data. NSLDS makes available the data that ED's Budget Service requires for this purpose.

Customer Help

Customer help involves providing full service help to all NSLDS customers and authorized users. NSLDS customers and users include schools, guaranty agencies, lenders, FSA staff, FSA contractors, state agencies, and third party servicers. Users require technical assistance with all the required business services provided by NSLDS. Assistance topics include: website security; navigation of the website; updating data on the database; batch processing, which includes enrollment reporting, student transfer monitoring, data provider submittals, financial aid history requests, user reports/queries; and production control. NSLDS customers require a central source for resolving and negotiating data conflicts that impede awarding financial aid to students.

Responding to the users requesting technical assistance as described above needs support from professionals with higher education financial aid experience. Additionally, research of these technical issues requires use of the NSLDS database and tools.

International customers need to be able to contact NSLDS in the same manner as the continental United States customers. NSLDS is also required to provide customer help services to Spanish-speaking customers. The hours of availability for customer help need to reflect customer needs across United States time zones.

Additional customer help includes providing formal training for ED staff on NSLDS, its functions and uses--in particular, how to query the database--as well as providing informal training for NSLDS customers in PC labs and sessions at various student financial aid conferences.

Customer help also includes preparation of user documentation and assistance with interpreting the documentation.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision of adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

The Department of Education has selected an Information Engineering (IE) methodology using Computer Aided Systems Engineering (CASE) tools to design and maintain NSLDS. This enables the Department to provide and maintain verification and formatting software for most data providers (i.e., those who use MVS and MS/DOS operating systems). The Department provides software specifications to data providers using other operating systems. In addition, the Department is accepting all data electronically to reduce the burden associated with data entry and forms handling.

The Department has also consulted extensively with the Community regarding system design to ensure that the design places the least possible burden on data providers. For example, an extract-based approach for providing data to NSLDS was developed based upon input from schools and guaranty agencies, as well as upon design considerations. This offers the simplest requirement for data providers, while maximizing the potential for timely submission of accurate data from the community. Finally, taking advantage of the central NSLDS database to perform SSCR and FAT streamlines these processes and enables schools that wish to automate their own processes to do so. Schools are able to update individual enrollment information through the NSLDS web site, streamlining the school's administration of enrollment tracking.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use of the purposes described in item 2 above.

The Department reviewed its existing Title IV systems to identify any instances where required data is already collected or maintained. In those cases, NSLDS either (a) takes the data from the existing system instead of levying additional burden on the community, or (b) replaces the existing data collection effort. As a result of these efforts, the

Department has been able to eliminate the Stafford Loan and PLUS/SLS Loan Tape Dumps and has modified the guaranty agency's quarterly financial reporting to include aggregated data from NSLDS for the departments quarterly payments to guaranty agencies and intends to modify the ED Form 799 (Lender's Interest and Special Allowance Request and Report) to eliminate elements that can be compiled from NSLDS. The Department is working with representatives of guaranty agencies and schools to identify other opportunities to eliminate duplicate reporting streams.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

The Department has designed NSLDS to accommodate reporting through a microcomputer, which most small entities have. The Department provides software to data providers with the most common types of personal computers, which reduces the amount of burden on smaller organizations. The Department distributes microcomputer software that can be used to develop the NSLDS extract for data providers without existing databases. In addition, the Department accepts data from any source (e.g., servicer, guaranty agency, school) designated by an organization, at the organization's request.

6. Describe the consequences to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The Department has chosen to require monthly reporting to ensure effective prescreening of Title IV aid applications. This minimizes the amount of student aid that is awarded to students who are ineligible, as well as ensures that data corrections are received quickly for students whose aid applications have been erroneously rejected as a result of prescreening. Each day's delay in using accurate data to prescreen aid applications may represent a significant cost to the Government, especially with the implementation of the Direct Loan program.

In addition, the Department has chosen to require that all data, not just the data needed for prescreening, be submitted monthly. Members of the community expressed the desire to have one reporting frequency for all attributes, instead of being required to report some data weekly, some monthly, and some quarterly. Also, monthly data submissions are required to support an extract-based approach to

providing data. This approach was determined, in conjunction with school and guaranty agency representatives, to present the least burden to data providers while ensuring the greatest probability that data will be submitted accurately and on time. If collection occurs less than monthly, the extract-based approach would not be sufficient to gather the data required to support NSLDS functions such as prescreening. As a result, a more complex and costly transaction-based approach would have to be implemented by data providers.

The Department uses NSLDS aggregated data as the basis for paying guaranty agencies quarterly fees. In order to pay fees accurately it is critical that information on loan guaranties, disbursements and cancellations be as current as possible.

7. Explain any special circumstance that would cause an information collection to be conducted in a manner:

Requiring respondents to report information to the agency more often than quarterly:

Many of the business functionalities in which the NSLDS data is used require the timely reporting of loan balances and loan statuses. Thus, most guaranty agencies and Perkins Loan schools report to NSLDS on a monthly basis.

8. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instruction and record keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

The Department of Education consulted extensively with guaranty agencies, through the National Council on Higher Education Loan Programs (NCHELP), and schools, through a Financial Aid Administrators Advisory Panel. The Department attended and conducted formal and informal meetings, presentations, question-and-answer sessions, and interviews with a variety of student aid community representatives and organizations. We addressed data availability, collection frequency, processing requirements, data elements to be reported, and data formats.

Substantive discussions continue with members of NCHELP's Program Operations NSLDS Sub-Committee, meeting quarterly to discuss on going enhancements and issues. NSLDS regularly meets with focus groups and representatives from the schools. Representatives

participate in regular meetings and conference calls with the Department and with the NSLDS contractor regarding data requirements and definitions and the NSLDS design. These representatives from NCHELP and the schools consult with other members of the community and provide comments to the Department so that the widest possible insight from the financial aid community is brought into NSLDS design sessions.

The 60-day Federal Register notice for this collection was published on July 25, 2006 and no public comment was received.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

There were no decisions to provide any payments or gifts to respondents, other than remuneration of contractors or grantees.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulations, or agency policy.

There were no assurances of confidentiality provided to respondents. The information collected here is available to the public under the Privacy Act of 1974.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

There are no questions of a sensitive nature in this collection of information.

12. Provide estimates of the hour burden of the collection of information.

Approximately 36 guaranty agencies and 1,997 schools report to the NSLDS. The reporting burden for these organizations varies because of differences in size and function. Guaranty agencies' burden varies based on the number of loans each has guaranteed and upon the number of lenders from which they must obtain data. Guaranty agencies report only on FFEL Program loans. Schools' burden varies based on the number of students who have obtained Federal Perkins loans at each school. Also, approximately 5074 schools, that do not report Perkins loans, report various other data to NSLDS such as

enrollment data and transfer student monitoring. Direct Loans, PELL Grants, Department held Perkins Loans, and Defaulted loans held by the Department are all reported by internal Department Systems.

Generally, larger guaranty agencies and schools are more automated, but also have a large number of records to report. Smaller agencies and schools may use a service bureau for their processing, maintain only paper files, or use lower scale processing platforms such as microcomputers. Based on information received from NCHelp and the FAA Advisory Panel, an entire spectrum of processing platforms are represented in their respective communities. The Department has estimated the range of burden hours per respondent to be 2 to 8 hours per response, with an average of 6 hours per response.

The Department estimated the loan-reporting burden as follows:

- The number of respondents is the number of guaranty agencies (36) plus the number of schools (1997), for a total of 2033.
- The number of responses for guaranty agencies range from one week to one month, but on average two times per month or 24 times a year. The number of responses for schools respondent is the number of months in the year (12).
- The total of annual responses on loan data is $24,828 (36 \times 24) + (1997 \times 12)$.

The Department estimated the "other data" burden as follows:

- The total number of respondents is the number of Non-Perkins schools (5074)
- The number of responses ranges from every other month to every six months, but only mandated twice a year. The Department decided to use the mandated response of twice a year for estimating.
- The total annual responses to "other data" are $10,148 (5074 \times 2)$.

The Department assumed that all guaranty agencies are large, but highly automated, relative to schools. However, while the number of guaranty agencies was reduced the remaining agencies assumed the reporting responsibilities of the closed agencies. Therefore, we assumed 8 hours per response for the guaranty agencies. We assumed that approximately 92% of the schools submitting Perkins loans (1,854) will have data submitted by large, highly automated, servicers, so 4 burden hours were attributed to this group. We assumed that the remaining schools, or 143 schools, are medium-sized and we attributed slightly more burden hours (8) to this group to allow

for internal process on microcomputer-based systems and some mainframes. We assumed approximately 88% of the schools submitting “other data” (4460) will have the data submitted by large, highly automated servicers, so 2 hours were attributed to this group. We assumed the remaining schools, or 614 schools, are medium-sized and we attributed slightly more burden hours (6) to this group to allow for internal process.

We multiplied the total annual burden hours by the average burden hours to obtain the annual burden hours of 134,840. These calculations are presented below:

| Respondent/ Type | Number of respondent s | Respon ses per month | Response s per Year | Average number or hours per response | Total Burden Hours |
|--|------------------------------|----------------------------|------------------------|--|--------------------------|
| Guaranty Agencies | 36 | 24 | 864 | 8 | 6,912 |
| Services Schools - Perkins | 1,854 | 12 | 22,248 | 4 | 88,992 |
| Non-Serviced Schools - Perkins | 143 | 12 | 1,716 | 8 | 13,728 |
| Serviced Schools - “Other Data” | 4,460 | 2 times per year | 8,920 | 2 | 17,840 |
| Non- Serviced Schools - “Other Data” | 614 | 2 times per year | 1,228 | 6 | 7,368 |
| TOTAL | 7,107 | | 34,976 | | 134,840 |

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information.

Group 1 Recurring Costs:
Cost Element

Amount

| | |
|--|--------------------|
| CPU time for extract & edits .25 hours/week @ \$1,000 | \$23,400.00 |
| Operations staff to schedule run & prepare data to transmit 2 hours/week @ \$30.00 | 5,616.00 |
| Error correction 4 hours/week @ \$30.00 | 18,720.00 |
| Total Group 1 Recurring Costs | \$47,736.00 |

Group 2 Recurring Costs:

| Cost Element | Amount |
|--|--------------------|
| CPU time for extract & edits .25 hours/week @ \$1,000.00 | \$0 |
| Operations staff to schedule run & prepare data to transmit 2 hours/week @ \$30.00 | \$5,616.00 |
| Error correction 4 hours/week @ \$30.00 | \$18,720.00 |
| Total Group 2 Recurring Costs | \$24,336.00 |
| Total Respondents Cost | \$72,072.00 |

The above estimates were based on these assumptions:

- Due to the diversity of the respondents' environments, costs are divided into two groups.
- Group 1- shows the costs for the larger mainframe environments.
- Group 2- shows the costs for a smaller organization using a microcomputer as the processing platform.
- Costs are recurring costs.
- Cost per man-hour includes salary and overhead.

All Group 2 organizations have access to a microcomputer that is not billed by CPU hour.

14. Provide estimates of annualized cost to the Federal government.

| Cost Element | Amount |
|--------------|--------|
|--------------|--------|

| | |
|---|--------------|
| Contract cost, including design, Development and operations (at The VDC) For FY 2004, FY 05, FY 06 | \$24,024,325 |
| Federal Personnel Cost | \$ 850,000 |
| Federal Overhead | \$ 73,750 |
| Total Federal Cost | \$24,948,075 |

15. Explain the reasons for any program changes or adjustments.

The total burden hours of 134,840 are a reduction in burden hours of -44,872. This reduction is due to an increase in data being reported by the servicer that resulted in a decrease in the overall number of response times and burden hours.

| | |
|-------------------------|---------|
| Current Inventory | 179,712 |
| ED's Proposed Inventory | 134,840 |
| Difference of | -44,872 |

16. For collection of information whose results will be published, outline plans for tabulation and publication. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

This information is not intended for use as a statistical publication.

17. If seeking approval to not display the expiration date for OMB approval of the information, explain the reasons that display would be inappropriate.

The expiration date for OMB approval of the information collection will be displayed.

18. Explain each exception to the certification statement identified in Item 20, Certification for Paperwork Reduction Act Submissions, of OMB Form 83-1.

The collection of information complies with 5 CFR 1320.9.

B. Collections of Information Employing Statistical Methods

None.