

Supporting Statement for Paperwork Reduction Act Submissions 2007-2008 Student Aid Report (SAR)

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.

Public Law 89-329, Sections 401-495, The Higher Education Act (HEA) of 1965 as amended, mandates that the Secretary of Education "...produce, distribute and process free of charge a common financial reporting form to be used to determine the need and eligibility of a student for financial assistance." Federal Student Aid, an office of the U.S. Department of Education (hereafter "the Department"), subsequently developed the Free Application for Federal Student Aid (FAFSA) to collect the data necessary to determine a student's eligibility for participation in the following federal student assistance programs identified in the HEA: the Federal Pell Grant Program; the Federal Supplemental Educational Opportunity Grant, Federal Work-Study, and the Federal Perkins Loan programs, collectively called the campus-based programs; the William D. Ford Federal Direct Loan Program; the Federal Family Education Loan Program; the Academic Competitiveness Grant (ACG) Program; and the National Science and Mathematics Access to Retain Talent (SMART) Grant Program. The ACG and National SMART grants are new federal student assistance programs authorized by the Higher Education Reconciliation Act of 2005 (HERA) and were implemented beginning July 2006 for the 2006-2007 school year.

After processing the FAFSA, the Department sends FAFSA applicants a Student Aid Report (SAR). (For more information on SAR types, see Question 2). The SAR contains the results of eligibility and expected family contribution determinations, information that the student originally reported on the FAFSA, and information about the applicant's financial aid history from the Department's National Student Loan Data System (NSLDS). The Department may also note on the SAR that the applicant's FAFSA information should be verified under the regulatory verification procedures in 34 CFR 668.51 which "...govern[s] the verification by institutions of information submitted by applicants for student financial assistance in connection with the calculation of their expected family contributions (EFC)" for the federal student assistance programs listed above.

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.

Title IV funds must be awarded to applicants based upon accurate and complete information so that only eligible students will receive Title IV funds and the amounts they receive will reflect legal requirements. Accordingly, SAR recipients are expected to review the information on the SAR and (1) correct errors in the reported information, (2) update information that may have changed since filing the FAFSA, (3) verify the responses if so requested, and on the paper SAR, (4) correct illegible information, or (5) supply missing information. An applicant who corrects or updates any information is instructed to return the SAR to the Department. The Department, in turn, processes the new information and sends the applicant a revised SAR. If applicants did not submit corrected SARs where applicable, applicants could receive Title IV funds that they were not eligible or authorized to receive. A FAFSA applicant will receive one of three types of SARs: 1) Traditional paper SAR; 2) SAR Acknowledgement; or 3) SAR electronic. The traditional paper SAR is an eight-page letter that is mailed to FAFSA applicants who did not provide an email address. The SAR Acknowledgement is a condensed paper SAR for electronic FAFSA filers who did not provide an email address, but presumably have access to the Internet. The SAR electronic is an email with a hyperlink to an electronic SAR for FAFSA filers who provided an email address. Applicants who receive a paper SAR can make hand-written corrections or

additions on it and return it to the Department via mail. Applicants who receive a SAR Acknowledgement or SAR electronic must make corrections or additions via the Internet through a process called Corrections on the Web. Minimal changes have been made to the 2007-2008 SAR. On the paper SAR, the top of page one (the masthead) is modified with textual and graphic elements to be consistent with Federal Student Aid's brand identity; the applicant's Data Release Number (DRN) has been moved from the bottom of page one to the top right hand corner (directly above the OMB number) to be more visible to students; and the placement of new, deleted, and modified questions from the 2007-2008 FAFSA have been incorporated. The number of federal school codes an applicant can include on the paper FAFSA has been reduced from six to four for 2007-2008, but applicants can change or add school codes by 1) using Corrections on the Web; 2) phoning the Department's toll-free customer service center; or 3) mailing their updated paper SAR to the Department. FAFSA information can only be sent to six schools at a time. If applicants need information to go to more than six schools, they can use one of the communication routes above to add school codes. However, new school codes will replace the same number of original school codes. (Example: If an applicant has six school codes on the FAFSA and adds two school codes, two of the original school codes will drop off) As in 2006-2007, the SAR will be formatted to allow machine reading of data with imaging and scanning technology. The front of the paper SAR is in a letter format and provides information about the student's eligibility status, verification requirements (if selected for verification) and information on how to correct any errors found during processing. The SAR contains all information reported on the student's application with space to add or correct data elements that are missing or inconsistent according to the processing system edits. The Financial Aid Administrator (FAA) information section allows FAAs to find every relevant piece of information about a student's eligibility in one place. Also, the NSLDS section contains pertinent NSLDS loan history information.

Students who receive paper SARs may use paper to make corrections. Students who have Internet access can make corrections electronically using Corrections on the Web. Institutions also have the ability to correct student application data using FAA Access to CPS on-line for students with either type of SAR. FAA Access is a Web product that allows institutions to submit initial FAFSAs, renewal FAFSAs, and corrections via the Internet. Title IV participating institutions receive processed student information electronically on Institutional Student Information Records (ISIR). There are no uses of the Student Aid Report other than the ones described herein.

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 FAFSA is distributed in both paper and electronic formats. The electronic FAFSA, titled FAFSA on the Web, is accessible at www.fafsa.ed.gov. The processing of electronic FAFSAs is facilitated by the use of a personal identification number (PIN), which can be assigned to an individual before, during or after the submission of the FAFSA. FAFSA applicants who obtain a PIN may use it to electronically sign their FAFSA. Applicants who complete the paper FAFSA or do not have a PIN during their FAFSA on the Web session must provide a written signature. As an alternative to providing written corrections on a paper SAR, applicants can make corrections electronically via Corrections on the Web. Individuals with PINs can electronically sign their corrections online, making this corrections process virtually paperless. Parents with PINs can also electronically sign corrections to their student's FAFSA if the student has logged onto FAFSA on the Web using the student PIN. Parents of dependent students making corrections to parental data are required to use a PIN to save corrections. Independent and dependent students who correct student data

only are required to provide a student signature but are not required to provide a parental signature. The web site continues to use field and end-of-entry edits and easily accessible help text to help students provide accurate data.

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 SAR is an output document containing the same questions and data that are derived from the FAFSA and does not duplicate the process of initial data collection. The Academic Competitiveness Grant (ACG), a HERA-authorized grant program that started during the middle of the 2006-2007 FAFSA cycle, requires that the Department collect additional information from potential ACG-eligible students. Beginning in July 2006, the data collected through FAFSA on the Web and reported back on the SAR is slightly different for that subset of students who are potentially eligible for an ACG. Because the Department had already printed and distributed over 14 million 2006-2007 FAFSA applications at the time HERA was passed, and the development cycle for the 2007-2008 FAFSA was far along, the Department opted to implement the ACG questions on FAFSA on the Web while providing an alternative process for paper FAFSA applicants. Applicants who complete a paper FAFSA and are determined to be potentially eligible for the ACG will receive a written comment on their SAR instructing them to either, 1) log-on to FAFSA on the Web to complete the ACG questions, or 2) phone the Department's toll-free customer service center to provide the information to a customer service representative. FAFSA on the Web users that are determined to be potentially eligible for the ACG complete the ACG questions within their FAFSA on the Web session.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

Title IV participating postsecondary educational institutions may contract with small businesses for handling of financial aid administrative services. Otherwise, the SAR is not used by small businesses or other small entities.

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.

Ideally, collection of data from FAFSA filers occurs only once. However, if the information provided on the FAFSA is questionable, incomplete, or the student or parent wishes to make corrections, they are able to do so by correcting the SAR. The corrections process is crucial in assuring that comprehensive, accurate data is used to calculate the student's EFC and overall financial aid eligibility. If the Department were unable to request verification or correction of submitted data, the EFC would be calculated using questionable data. In addition, errors that resulted from the multiple federal database matches (SSA, DHS, VA, etc.) that occur with each FAFSA could not be corrected. The result would be countless incomplete or errant FAFSA applications and, potentially, millions of incorrect eligibility determinations that would result in the loss of taxpayer dollars by awarding Title IV program assistance based on erroneous applicant data.

7. Explain any special circumstance impacting the information collection.

The 2007-2008 SAR does not collect information in a manner that would invoke special circumstances as described in the instructions for Paperwork Reduction Act submissions.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB.

A Federal Register Notice announcing a 60-day public comment period was published on September 21, 2006 on page 55175. The Department received 8 comments during this period. After careful review, the Department determined that the comments did not require changing the content or design of the draft 2007-2008 SAR. The Department has worked closely with customers, stakeholders and partners to assure that the design and content of the 2007-2008 SAR enables students and parents to quickly and easily understand what data, if any, needs to be verified or corrected as well as how to make the required verification or corrections. The Department feels this is reflected in the overwhelmingly positive feedback received during the 60-day public comment period. In the Fall of 2005, the Department conducted in-depth focus groups with stakeholders (financial aid officers from postsecondary educational institutions) at the Department's two national 'Electronic Access Conferences' to obtain their feedback on the current SAR, the SAR process and ideas for the future. During the winter of 2006 the Department contracted for usability tests on the SAR (both electronic and paper) with students and parents in order to determine what worked, what did not work, and what should be changed. During this same timeframe, student financial assistance subject matter experts from within the Department and from outside were consulted regarding what would make the SAR, or its eventual replacement, a more useful tool for students and parents. The feedback from each of these activities was documented and will be used as the basis for changes to the SAR during the 2008-2009 cycle.

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

SAR recipients have applied for federal benefits and do not receive payments or gifts.

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

A section on privacy, printed on page 4 of the paper FAFSA and linked from the homepage of FAFSA on the Web, informs the student that postsecondary educational institutions and state financial aid agencies to which the student requests his or her data be sent will have access to the data, and that the financial aid agency(ies) in his or her state of legal residence will receive certain information even if the student does not provide consent pursuant to section 483(a) of the HEA, as amended. SAR recipients are informed of the Privacy Act statement on page 2 of the SAR. In addition, agencies such as law enforcement agencies, the Office of Management and Budget (OMB), the Department of Justice (DOJ), the Government Accountability Office (GAO), Congress, and other entities have access to the data. No other individuals have access to this information without the express written consent of the student. The confidentiality of the data collected by the 2007-2008 FAFSA is discussed in the Routine Uses section of the System of Records Notice for the Federal Student Aid Application File published on page 72407 on December 27, 1999; page 11294 on March 2, 2000; and page 18788 on April 11, 2001.

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.

Except for questions 29 and 30 (what is your parents' level of education) and question 31 (have you been convicted for the possession or sale of illegal drugs for an offense that occurred while you were receiving federal student aid), the SAR does not contain questions

of a sensitive nature beyond those needed to obtain the information necessary to determine an EFC. When completing the FAFSA, individuals voluntarily provide personal, demographic and financial information in order to determine a student's eligibility for federal student assistance. The information listed on the SAR comes directly from an applicant's submitted FAFSA.

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

While all applicants are expected to thoroughly review the data on their SAR, the majority will be able to complete their review in 6-10 minutes and will not need to take further action. SAR recipients who need to make corrections will require an additional 6 to 24 minutes to complete their review. This includes time to make corrections, review instructions, search existing data resources, gather and maintain the data needed, and complete and review the corrected information.

Information out to FAFSA applicants:

(FAFSA applicants receive and review one of three communications below. No further action is required unless the applicant needs to make an update or correction)

<i>SAR data is distributed to FAFSA filers through the output formats listed below:</i>	Frequency of Response	Quantity Sent:	Time to Review:	Total Burden Hours for Review:
SAR <i>(Traditional Paper SAR)</i>	None <i>(Unless corrections are needed)</i>	3,669,165 <i>(23%)</i>	.17 <i>(10 minutes)</i>	623,758
SAR Acknowledgement <i>(Condensed paper SAR for electronic FAFSA filers who didn't provide an email address)</i>	None <i>(Unless corrections are needed)</i>	3,031,049 <i>(19%)</i>	.10 <i>(6 minutes)</i>	303,105
SAR Electronic <i>(Email with hyperlink to electronic SAR for FAFSA filers who provided an email address)</i>	None <i>(Unless corrections are needed)</i>	9,252,676 <i>(58%)</i>	.10 <i>(6 minutes)</i>	925,268
Totals		15,952,890		1,852,131

Information in from SAR recipients making corrections:

(SAR recipients make corrections to initial SAR data and submit to the Department for processing using one of the four inputs below. No further action is required)

<i>SAR data can be changed or corrected through the input sources listed below:</i>	Frequency of Response	Quantity Sent:	Time to Review & Correct:	Total Burden Hours for Correction:
	:			

SAR <i>(Traditional paper SAR recipients may write corrections directly on the SAR)</i>	Once <i>(Unless additional corrections are needed)</i>	518,469 <i>(5%)</i>	.40 <i>(24 minutes)</i>	207,388
Corrections on the Web <i>(SAR Acknowledgement and SAR Electronic recipients may make corrections at FAFSA on the Web)</i>	Once <i>(Unless additional corrections are needed)</i>	8,191,810 <i>(79%)</i>	.34 <i>(20 minutes)</i>	2,785,215
Federal Student Aid Information Center <i>(FAFSA filers may phone 1-800-4-FED-AID to make minor corrections to their FAFSA information)</i>	Once <i>(Unless additional corrections are needed)</i>	207,388 <i>(2%)</i>	.10 <i>(6 minutes)</i>	20,739
Other Electronic <i>(With the FAFSA filer's permission, corrections can be made via: a school's third party servicer, a school's mainframe computer, and/or a school's proprietary software)</i>	Once <i>(Unless additional corrections are needed)</i>	1,451,713 <i>(14%)</i>	.34 <i>(20 minutes)</i>	493,582
Totals		10,369,380		3,506,924

Total Burden Hour Calculation:

(SAR recipients' total burden hours to receive, review, correct (if necessary) and submit the SAR to the Department)

Information Out	Total Burden Hours for Review	1,852,131
Information In	Total Burden Hours for Corrections	3,506,924
Grand Total		5,359,055

The number of respondents for the 2007-2008 SAR was projected from data gathered in the three previous FAFSA processing cycles. The estimated number of unduplicated respondents (i.e., those correcting FAFSA data) is 10,369,380. The estimated total reporting burden for all SAR recipients (those reviewing and, if necessary, correcting data) is 5,359,055 hours.

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

There is no annual cost burden to respondents or record keepers.

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

Below are the estimated costs for distributing initial and subsequent SAR's to FAFSA applicants for 2007-2008. This calculation includes the cost for sending new SAR's to individuals that have corrected their initial SAR. (For more information on SAR types, please see 'Information Out' under question 12 above.)

Estimated Distribution Costs:

Item:	Quantity:	Cost per Unit:	Cost:
SAR Mailing	6,048,135	.29	\$1,753,959.15
SAR Envelope	6,048,135	.01223	\$ 73,968.69
Subtotal			\$1,827,927.84

In addition, the Department pays for the annual development, testing, deployment and processing of the SAR as part of the Central Processing System (CPS). The CPS is

responsible for a category called Data Entry or Image and Data Capture (IDC) - delivery of data entry services resulting from the paper FAFSA and other related forms transmitted through a reliable and secure data capture system. Processing operations will include the receipt of FAFSA forms and the timely imaging, data capture and transmission of data and images for processing. The figures below are estimates of the cost of the data entry portion within the CPS for FY06 and for the 2007-2008 processing cycle:

Estimated Development and Processing Costs:

Item:	Cost:
Data Entry	\$ 6,480,000.00
FY06-07 Processing Cycle	\$ 5,200,000.00
FY06-07 Development Cycle	\$ 1,280,000.00
Subtotal	\$12,960,000.00

The chart below shows the total estimated cost for distributing initial and subsequent SAR's to FAFSA applicants for 2007-2008:

Total Cost Calculation:

Item:	Cost:
Estimated Distribution Costs	\$ 1,827,927.84
Estimated Development and Processing Costs	\$12,960,000.00
Grand Total	\$14,787,927.84

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

For 2007-2008, the total annual burden hour is 5,359,055 hours. The population of the U.S. continues to grow and more individuals – both younger students and adults – are enrolling in postsecondary education and applying for federal student assistance, thereby increasing the number of FAFSA applicants and the overall annual hour burden to the public. The Department projects an increase of 116,667 burden hours from 2006-2007 due to an increase in the number of FAFSA applicants anticipated during the 2007-2008 cycle. However, 58% of the information out to SAR recipients, and 93% of the information in from SAR recipients, is processed electronically thereby reducing the burden on a significant majority of applicants. The Department projects a decrease of 5,663 burden hours from 2006-2007 due to increased electronic processing. Electronic processing also greatly reduces the operating costs for the federal government and provides the opportunity for applicants to have a paperless application experience.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. 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.

The results of the collected information will not be published for tabulation or publication.

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

The expiration date for OMB approval of the 2007-2008 SAR is displayed in the OMB box in the upper right hand corner of the SAR.

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

Exceptions to the certification requirement are not requested for this information collection.