SUPPORTING STATEMENT
FOR
PAPERWORK REDUCTION ACT SUBMISSION

A. Justification

1. Circumstances Making Collection of Information Necessary

The Federal Pell Grant, the Academic Competitiveness Grant (ACG), and the National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) programs are student financial assistance programs authorized under the Higher Education Act of 1965 (HEA), as amended. These programs provide grant assistance to an eligible student attending an institution of higher education. The institution determines the student's award and disburses program funds to the student on behalf of the Department (ED). However, because ACG and National SMART are new grant programs for the 2006-2007 award year, some new information needs to be collected (in addition to the information collected for the Federal Pell Grant Program) to enable the institution to determine a student's eligibility under these programs. To account for the funds disbursed, institutions report student payment information to ED electronically. Electronic reporting is conducted through the Common Origination and Disbursement (COD) system. The COD system is used by institutions to request, report, and reconcile grant funds received from these programs. More information about the COD system is available on ED's website at http://ifap.ed.gov under the section "On-line References."

2. Use of Information

ED will use the information collected to help ensure compliance with fiscal and administrative requirements under the HEA for the Federal Pell Grant, ACG, and National SMART programs, and under 34 CFR 690 of the Federal Pell Grant Program regulations, 34 CRF 691 of the ACG and National SMART Grant program regulations, and 34 CFR 668 of the General Provisions regulations.

3. Use of Information Technology

COD is a multi-functional application providing options to participating institutions for processing Federal grant program data electronically. COD may be used as a high volume transaction application, or as a fully web-enabled application for which ED provides the necessary software (EDExpress) for no charge. However, institutions are not required to use EXExpress – they may develop their own software, purchase software, or contract with a third-party servicer to report

Pell Grant, ACG, or National SMART Program data to ED under the COD system.

4. **Efforts to Identify Duplication**
   There is no information available from any other source that contains the information in this data collection.

5. **Methods to Minimize Burden on Small Entities**
   ED makes available for no charge software (EDExpress) that an institution may use to report Federal grant data in the XML format required under the COD system.

6. **Consequences If Information Is Not Collected**
   Without this information, ED cannot process payments to institutions for students eligible to receive aid under the Federal Pell Grant, ACG, and National SMART Programs.

7. **Special Circumstances**
   Institutions are required to report Federal grant data to ED more frequently than quarterly to account for the expenditure of Federal funds in a timely manner and to otherwise meet the program's statutory and regulatory requirements.

8. **Federal Register Comments and Persons Consulted Outside the Agency**
   ED meets regularly with members of the financial aid community and at national, regional and state association conferences, as well as at the ED-sponsored conferences, on ways to improve the COD system.

9. **Respondent Payment or Gifts**
   The Department will not provide payment or gifts to the users of the COD system. The submission of Federal Pell Grant, ACG, and National SMART Grant data is mandatory.

10. **Assurances of Confidentiality**.
    No assurance of confidentiality is provided to respondents.

11. **Questions of Sensitive Nature**
    No questions of a sensitive nature are requested in COD.

12. **Estimate of Hour Burden**
    Frequency of response: The minimum reporting requirement is one record for origination and disbursement data per student, per grant award, per award year. Institutions may

correct an accepted COD record as many times as they wish, but
are not required to submit changes unless the student is
eligible for more than the accepted origination amount
established in COD.
     The total annual burden hours are estimated to be 494,950.
       The breakdown of how this was established follows:
     Federal Pell Grant Program:

     For the 2006-2007 award year, the number of student
recipients for the Federal Pell Grant Program is estimated to
be 5,120,000, multiplied by approximately .07 hours per
recipient (to enter data for COD) = 358,400 hours. The burden
per institution is estimated at 68 hours (358,400 total hours
divided by 5,238 institutions currently participating in the
Federal Pell Grant program). (In the past we counted 350,000
burden hours).
     We estimate the burden costs to be $15 to $20 per hour.
The average burden cost estimate for an institution is between
$1026 (68 hours X $15 per hour) and $1368 (68 hours X $20 per
hour). For the 5,238 institutions the total cost is between
$5,376,000 and $7,168,000. The average total cost is estimated
at $6,272,000.

     ACG and National SMART Programs:

For the 2006-2007 award year, the number of student recipients
for the ACG and National SMART programs is estimated to be
535,000, multiplied by approximately .08 hours per respondent
(to enter data for COD) = 42,800 hours. The burden for
institutions is estimated at 13 hours (42,800 total hours
divided by 3,298 institutions that qualify to participate in
the ACG/National SMART Programs).
We estimate the burden costs to be $15 to $20 per hour. The
average burden cost estimate for an institution is between $195
(13 hours X $15 per hour) and $260 (13 hours X $20 per hour).
For the 3,298 institutions the total cost is between $642,000
and $856,000. The average total cost is estimated at $749,000.

In addition, because ACG and National SMART are new programs
starting in the 2006-2007 award year, some additional
information relating to whether a student completed a rigorous
high school program (as provided in 34 CFR 691.15) needs to be
analyzed to award the grant, and that information needs to be
maintained by the institution as provided in 34 CFR 691.82.
With regard to evaluating documentation of a rigorous high
school program, and subsequent reporting to COD, we estimate
the burden to be .17 hours per student recipient multiplied by

the total number of estimated recipients 535,000, or 90,950
burden hours. The burden for institutions is estimated at .33
hours (90,950 total hours divided by 3,298 institutions that
qualify to participate in the ACG/National SMART Programs).
We estimate the burden costs to be $15 to $20 per hour. The
average burden cost estimate for an institution is between $5
(.33 hours X $15 per hour) and $7 (.33 hours X $20 per hour).
For the 3,298 institutions the total cost is between $16,325
and $21,767. The average total cost is estimated at $19,046.

For a small number of student recipients (estimated at 35,000
of the total number of 535,000), institutions that don't
normally request high school transcripts as part of their
admissions process would need to obtain documentation that a
student completed a rigorous high school program from the
student's high school or other cognizant authority, and
maintain that documentation as provided in 34 CFR 691.82. We
estimate this burden to be 35,000 student recipients multiplied
by .08 hours per recipient, or 2,800 burden hours.
We estimate the burden costs to be $15 to $20 per hour. The
average burden cost estimate for an institution is between
$1.20 (.08 hours X $15 per hour) and $1.60 (.08 hours X $20 per
hour). For the 3,298 institutions the total cost is between
$3,958 and $5,277. The average total cost is estimated at
$4,617.

13. **Estimate of Cost Burden**

There are no additional costs to respondents other than those
listed above in #12.

14. **Estimate of Annual Cost to the Federal Government**
     The annual cost to the Federal Government for the
processing of this information is estimated to be $24,700,000.
This cost includes ED labor costs, contractor staff time in
preparing and electronically transmitting the information;
contractor costs associated with processing the payment data
submitted by institutions; and recording and analyzing the data
for funding decisions and ensuring the institution's compliance
with the program statute and regulations.

     ED labor and program administration costs = $2,700,000.

     Contractor costs for processing the student payment
     data =$22,000,000.

15. **Program Changes or Adjustments**

The Budget Reconciliation Act (Public Law 109-171) created two new Federal Grant programs, ACG and National SMART, increasing burden by a total of 144,950 hours.

16. **Plans for Tabulation and Publication of Results**
    No tabulation or publication of the results will take place.

17. **Approval to not Display OMB Expiration Date**
    All data collection instruments will include the OMB expiration date.

18. **Explanation of Exceptions**
    Except for the new documentation requirements related to a rigorous high school program, as provided in 34 CFR 691.83, the record retention and recordkeeping requirements are not specified in this collection because those requirements apply to all Federal Student Aid programs and are set forth in Title IV Program regulations, particularly 34 CFR 668.24.