

## SUPPORTING STATEMENT

Information Collections Under the Proposed Regulations Governing the Student Assistance General Provisions.

### A. Justification

#### 1. Necessity of Information Collected

The General Provisions proposed regulations revise current regulations in the areas of program administration.

These proposed regulations are a result of regulatory review of the program regulations to reduce administrative burden for program participants, provide benefits to Title IV, HEA program recipients, and protect the taxpayers' interest. This request is for approval of reporting and recordkeeping requirements contained in the attached proposed regulations related to the General Provisions administrative requirements for the Title IV, HEA programs. The information collection requirements in these proposed regulations are necessary to determine eligibility to receive program benefits and to prevent fraud and abuse of program funds.

**General Provisions:** (OMB control number: 1845-0022)

Sections 668.4, 668.10, 668.22, 668.164, 668.165, 674.16, 676.16, 682.200, 682.603, 682.604, 685.301, 685.303, contain information collection requirements. Sections 668.3, 668.183 and 668.193 also contain information collection requirements but are currently approved by OMB. The Department is requesting continued approval for these sections.

We are making the following changes to these sections:

**Sections 668.4, 668.22, 668.164, 682.200, 682.604, 685.301 -- Payment periods and disbursements of Title IV grant and loan funds.**

These proposed regulations would, with few exceptions, align disbursements for all Title IV grant and loan programs by making a number of changes to the payment period definitions and disbursement requirements for all Title IV grant and loan programs.

Inconsistent requirements for disbursing Title IV grant and loan funds for certain types of programs can result in a student receiving the subsequent disbursements of his or her grant funds or Perkins Loan funds at a different point in time than second disbursements of his or her FFEL or Direct Loan funds. The proposed regulations align Title IV disbursements to the same point in time and thus reduce burden for institutions and students. Changes to the regulations that would achieve greater consistency in the timing of the disbursements of Title IV grant and loan funds are proposed to reduce this burden and confusion for institutions and students. These

proposed changes include (1) specifying that an institution must disburse all Title IV grant and loan funds on a payment period basis; (2) requiring, generally, that an institution disburse all Title IV grant and loan funds once each payment period; (3) adding a time component to the payment period definitions for clock hour programs to make the disbursements of Title IV grant and Perkins Loan funds conform with the disbursements of FFEL and Direct Loan funds, which must, by law, include a time component; (4) using weeks of instructional time as the time component for determining all Title IV grant and loan disbursements; (5) removing the institutional option to have more than two payment periods for nonterm credit hour programs and clock hour programs; and (6) extending to clock hour programs the provision that addresses how to identify the end of a payment period when an institution is unable to determine whether a student in a nonterm credit hour program has completed half the credit hours in a program, academic year, or remainder of a program.

We estimate that the proposed changes will decrease burdens for schools and students.

#### **Section 668.22 — Post-withdrawal disbursements of grant funds directly to a student.**

The proposed regulations would eliminate the current requirement that an institution notify a student who has withdrawn from school, and receive confirmation from the student, before making a post-withdrawal disbursement of Title IV grant funds directly to the student. Generally, since Title IV grant funds are the foundation of Title IV funds awarded to students for their educational costs, often few of these grant funds remain after direct costs are paid. However, when the amount of Title IV grants exceeds a student's costs as a post-withdrawal disbursement, the amount would be paid directly to the student. The proposed regulations eliminates the requirement for the institution to send notification of the direct disbursement to the student and waiting for the student's confirmation that the direct disbursement of the Title IV grant funds are needed. Therefore, burden associated with the current notification and confirmation process is eliminated, thus under the proposed rule, the student would receive his or her direct disbursement of Title IV grant funds from a post-withdrawal disbursement more rapidly.

A change is proposed for making post-withdrawal disbursement of Title IV loan proceeds which, although retaining the borrower notice and confirmation process currently set out in the regulations, requires the disbursement "as soon as possible" but no later than 120 days after determination of the student's withdrawal. The proposed changes to the requirements for disbursement of post-withdrawal grant proceeds would reduce burden to the institutions by eliminating a notification and confirmation process, in those cases where the student is eligible to receive a disbursement of Title IV grant funds directly. Adding the language "as soon as possible" to the existing 120-day limit for disbursement of post-withdrawal Title IV loan proceeds will have no affect on paperwork burden.

## **2. Purpose and Use of Information Collected**

### **General Provisions:**

The information collected, recorded, and/or disclosed in §668.22 will continue to be used as necessary in the calculation of earned and unearned portions of Title IV funds when a student does not complete the payment period or period of enrollment for which he or she received Title IV program assistance, or was eligible to receive Title IV program assistance. The information collected, recorded, and/or disclosed in §§668.183 and 668.193 will continue to be used as necessary in the calculation of cohort default rates. If we did not require the collection, recordation, and/or disclosure of information as specified in §§668.183 and 668.193, we would not be able to calculate cohort default rates.

## **3. Consideration of Improved Information Technology**

### **General Provisions:**

We maximize the use of available technology in determining the earned and unearned amounts of Title IV funds when a student withdraws and for calculating cohort default rates. This effort reduces some of the burden associated with the calculation for the Return of Title IV Funds. This effort also extends to requirements that the cohort default rate regulations impose on schools.

## **4. Efforts to Identify Duplication**

A thorough review of procedures indicates that current requirements are minimal and avoid duplication. This review was done in conjunction with affected parties who have a vested interest in eliminating duplication.

## **5. Burden Minimization as Applied to Small Business**

No small businesses are impacted by this collection.

## **6. Consequences of Less Frequent Data Collection**

Recordkeeping requirements are imposed to assure accountability of program participants for proper program administration and less frequent collection could impair accountability of program participants.

## **7. Special Circumstances Governing Data Collection**

The collection of this information will be conducted in a manner that is consistent with the guidelines in 5 CFR 1320.5(d)(2).

## **8. Consultation Outside the Agency**

The Notice of Proposed Rulemaking (NPRM) has been published in the *Federal Register* for comment. The public has been provided the opportunity to comment on this collection at the same time.

## **9. Payments or Gifts to Respondents**

No payments or gifts will be provided to the respondents.

## **10. Assurance of Confidentiality**

A Privacy Act Notice is included on the Application Form and Promissory Note. In this notice, the borrower is informed of the statutory authority for collecting the information requested. Although disclosure of the information is voluntary, the borrower is informed that in order to be considered for Perkins Loan, FFEL, or Direct Loan Program funds, the information must be provided. The information provided is used to verify the borrower's identity, to determine the borrower's eligibility to receive an Perkins Loan, FFEL, or Direct Loan Program loan and benefits, to permit the servicing of the borrower's loan(s), and to locate the borrower and collect on the loan(s) if the loan(s) become delinquent or default. A listing of the persons and entities to which the information may be disclosed and for what purposes the information may be disclosed is also included.

## **11. Questions of Sensitive Nature**

The Department is not requesting any sensitive data.

## **12. Annual Hour Burden for Respondents/Recordkeepers.**

### **General Provisions:**

#### **Sections 668.4, 668.22, 668.164, 682.200, 682.604, 685.301 -- Payment periods and disbursements of Title IV grant and loan funds.**

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Inconsistent requirements for disbursing Title IV grant and loan funds for certain types of programs can result in a student receiving the subsequent disbursements of his or her grant funds or Perkins Loan funds at a different point in time than second disbursements of his or her FFEL or Direct Loan funds. The proposed regulations align Title IV disbursements to the same point in time and thus reduce burden for institutions and students. Changes to the regulations that would achieve greater

consistency in the timing of the disbursements of Title IV grant and loan funds are proposed to reduce this burden and confusion for institutions and students. These proposed changes include (1) specifying that an institution must disburse all Title IV grant and loan funds on a payment period basis; (2) requiring, generally, that an institution disburse all Title IV grant and loan funds once each payment period; (3) adding a time component to the payment period definitions for clock hour programs to make the disbursements of Title IV grant and Perkins Loan funds conform with the disbursements of FFEL and Direct Loan funds, which must, by law, include a time component; (4) using weeks of instructional time as the time component for determining all Title IV grant and loan disbursements; (5) removing the institutional option to have more than two payment periods for nonterm credit hour programs and clock hour programs; and (6) extending to clock hour programs the provision that addresses how to identify the end of a payment period when an institution is unable to determine whether a student in a nonterm credit hour program has completed half the credit hours in a program, academic year, or remainder of a program.

We estimate that the proposed changes will decrease burdens for schools and students, which will be reflected in OMB Control Number 1845-0022.

Burden Hour Assessment:

# of R2T4 OTW calculations:	52,467
Est. # of other R2T4 calculations	<u>X 2.56</u>
Annual est. # of R2T4 calculations	134,316

# of R2T4 calculations in the current inventory:	+ <u>15,650</u>
Total R2T4 calculations:	149,966
burden per calculation	X 1 hour
Burden for total R2T4 calculations	149,966 hours

Est. % affected by proposed regulation	X .12 %
	17,996 hours of burden reduction

Affected Entities:

INDIVIDUALS:

17,996 hours of burden reduction X 20% = 3,599 hours

INSTITUTIONS:

17,996 hours of burden reduction X 80% = 14,397 hours  
17,996 hours

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	#Hrs/Response	#Hrs Burden
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134,316

149,966

.12 hours

- 17,996

**Section 668.22 -- Post-withdrawal disbursements of grant funds directly to a student.**

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Current Inventory:

# of Respondents attributable to  
Return to Title IV Funds (R2T4) 18,150

# of R2T4 OTW calculations: 52,467

Est. # of other R2T4  
calculations X 2.56

Total Est. # of R2T4  
calculations 134,316

New respondents attributable to  
R2T4 + 134,316  
Total # Respondents 152,466

# of Respondents with a post-withdrawal  
disbursement consisting of Title

IV grant funds not used to pay direct costs	<u>X</u>	<u>.01 hours</u>
# of affected respondents	1,525	
Amount of burden reduction	<u>X</u>	<u>.33 hours</u>
		503 hours

Affected Entities:

INDIVIDUALS:

503 burden hours X 40% = 201 hours of burden reduction

INSTITUTIONS:

503 burden hours X 60% = 302 hours of burden reduction

503 hours

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	#Hrs/Response	#Hrs Burden
152,466	1,525	.33	- 503

### 13. Annual Cost Burden to Respondents

#### General Provisions:

Previously, burden to the government was incorrectly reported here, but has been reduced to zero.

### 14. Estimated Annual Cost to the Federal Government

There are no additional costs to the Federal government as a result of the final regulations.

### 15. Reasons for Changes to Burden Hour Estimated

#### Current Burden Inventory:

OMB 1845-0022 Version 3.0				
#	Reg Section	# of respondents	Hrs/response	Burden hours
1	668.3	1200	5	6000
2	668.8	80	1	80
		80	1	80
3	668.12	2398	1	2398
		200	0.25	50
4	668.13	10	3	30
5	668.14	2000	1	2000
6	668.16	8500	6	51000
7	668.19	17600	0.17	2934
8	668.22	300	4	1200

		850	2	1700
		8500	1	8500
		8500	0.5	4250
	Sub-total			
	for 668.22	18150		15650
9	668.23	10000	1	10000
		400	1	400
10	668.24	10000	79.9	798164
11	668.25	5000	1	5000
12	668.26	400	3	1200
13	668.32			0
14	668.33			0
15	668.34			0
16	668.37			0
17	668.42	8500	0.5	4250
		8500	3	25500
18	668.43	8500	0.5	4250
19	668.46	8500	4	34000
		8500	25	212500
20	668.90	30	161	4830
		45	5	225
21	668.96	160	4	640
22	668.98	15	8	120
23	668.113	120	1	120
24	668.124	15	8	120
25	668.171	2125	1	2125
26	668.174	5	0.5	2.5
27	668.175	964	0.25	424.5
28	668.181	160	128	20480
29	668.182	20	96	1920
30	668.183	20	16	320
31	668.184	320	0.5	175
32	668.185	16	3	48
33	668.186 thru	9	281.56	2534
	668.198			
	Total	122,582		1,209,890

**Summary Current Burden Inventory:**

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	#Hrs Burden
122,582	93,877	1,209,890

The implementation of the proposed regulations as a result of the Negotiated Rulemaking process created additional information collections burden. A summary below is provided:



**New Burden Associated with the regulatory changes:**

**Respondents, Responses and Burden Hours:**

# of Respondents	# of Responses	# Hrs/Response	#Hrs Burden
Sections 668.4, 668.22, 668.164, 682.200, 682.604, 685.301 -- Payment periods and disbursements of Title IV grant and loan funds			
134,316	149,966	.12	-17,996
Section 668.22 – Post-withdrawal disbursements of grant funds directly to a student			
152,466	1,525	.33	-503
Sub-total:			
# of Respondents	# of Responses	#Hrs Burden	
286,782	151,491	-18,499	

**Revised Burden Inventory:**

**Respondents, Responses and Burden Hours:**

# of Respondents	# of Responses	#Hrs Burden
409,364	245,368	1,191,391

**16. Collection of Information with Published Results**

The results of the collection of information will not be published.

**17. Approval to Not Display Expiration Date**

ED is not seeking this approval.

**18. Exception to the Certification Statement**

ED is not requesting any exceptions to the "Certification for Paperwork Reduction Act Submissions".