

SUPPORTING STATEMENT

Loan Discharge Application: September 11, 2001 Survivors

OMB No. 1845-0079

A. Justification

1. Necessity of Information Collected

On September 30, 2006, President Bush signed into law the Third Higher Education Extension Act (THEEA), Pub. L. 109-292. One provision of the THEEA authorizes the discharge of the outstanding balance of certain Federal Family Education Loan (FFEL) Program, William D. Ford Federal Direct Loan (Direct Loan) Program, and Federal Perkins (Perkins) Loan Program loans owed by spouses and parents of eligible public servants and other eligible victims (as defined in the THEEA) who died or became permanently and totally disabled due to injuries suffered in the September 11, 2001 terrorist attacks. This new loan discharge benefit is available only for FFEL, Direct Loan, and Perkins Loan program loans on which amounts were owed on September 11, 2001, and on which amounts are still owed on the date the borrower applies for loan discharge. The THEEA prohibits the refunding of any payments that a borrower made on a loan prior to applying for discharge.

The THEEA requires the U.S. Department of Education (the Department) to establish procedures for borrowers to apply for the new loan discharge benefit under regulations that must be published within 90 days after the enactment of the law. Interim final regulations were published in the Federal Register on December 28, 2006 (71 FR 78075). These interim final regulations, which were effective January 29, 2007, added new §§682.407, 685.218, and 674.64 to the FFEL, Direct Loan, and Perkins program regulations, respectively, to reflect the THEEA loan discharge provisions. Copies of the THEEA and the interim final regulations are included with this submission.

The *Loan Discharge Application: Spouses and Parents of September 11, 2001 Victims* is the means by which a spouse or parent of an eligible public servant or other eligible victim will apply for the new loan discharge benefit. The loan discharge application collects the information needed to establish that a borrower meets the eligibility requirements for loan discharge. A justification for each of the data elements on the loan discharge application is included at the end of this Supporting Statement.

On January 30, 2007, the Office of Management and Budget approved the Department's request for an emergency clearance of the *Loan Discharge Application: Spouses and Parents of September 11, 2001 Victims* under OMB No. 1845-0079 through July 31, 2007. The Department is now requesting a regular 3-year approval of this form.

2. Purpose and Use of the Information Collected

The information collected on the *Loan Discharge Application: Spouses and Parents of September 11, 2001 Victims* will be used by FFEL Program loan holders, the Department (for loans held by the Department), and Perkins schools to determine whether a borrower

is eligible for the new loan discharge benefit authorized by the THEEA. Without this collection of information, there would be no practical means for borrowers to apply for or for loan holders to determine their eligibility for this loan discharge.

3. Consideration of Improved Information Technology

To establish eligibility for a September 11, 2001 survivor's loan discharge, a borrower must submit various types of documentation in addition to the information collected on the loan discharge application. Such documentation may include, but is not limited to, documentation establishing that the borrower was an eligible public servant, that the borrower was present at an attack site on September 11, 2001, and that the borrower's death or disability was a direct result of the terrorist attacks. In addition, a borrower applying for a loan discharge based on the permanent and total disability of the eligible public servant or other eligible victim must obtain a certification from a physician that the disabling condition resulted from injuries suffered in the September 11, 2001 attacks. Because of the requirements for additional documentation and, in some cases, a physician's certification, it is not feasible to provide a means for borrowers to apply for the new discharge benefit electronically.

4. Efforts to Identify Duplication

There is no information already available from other sources that could be used for the purposes of this collection.

5. Burden Minimization as Applied to Small Business

No small businesses are impacted by this collection.

6. Consequences of Less Frequent Data Collection

A borrower will only need to submit a completed *Loan Discharge Application: Spouses and Parents of September 11, 2001 Victims* once to each of the borrower's loan holders.

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.

8. Consultations Outside the Agency

The interim final regulations that were published in the Federal Register on December 28, 2006 invited the public to submit comments on the initial draft of the *Loan Discharge Application: Spouses and Parents of September 11, 2001 Victims* during the emergency clearance process. In response to that solicitation, the Department received 23 comments on the form from the National Council of Higher Education Loan Programs (NCHELP). No other comments were received. The Department accepted most of the changes recommended by NCHELP and the form has been revised accordingly. A document

containing the comments submitted by NCHELP and the Department’s responses to those comments is included with this submission.

9. Payments or Gifts to Respondents

No payments or gifts will be provided to the respondents.

10. Assurance of Confidentiality

The loan discharge application includes a Privacy Act Notice that (1) informs the respondent of the statutory authorities for the information collection; (2) explains that disclosure of the requested information is voluntary, but is required in order for the loan discharge application to be processed; and (3) identifies the third parties to whom the information may be disclosed, and explains the circumstances under which such disclosures may occur.

11. Questions of a Sensitive Nature

Borrowers applying for discharge based on the permanent and total disability of an eligible public servant or other eligible victim must provide documentation related to the victim’s disabling condition. This information may be considered sensitive, but it is needed in order for loan holders to determine whether the borrower meets the eligibility requirements for loan discharge.

12. Annual Hour Burden for Respondents/Recordkeepers

The total estimated annual reporting hour burden for this collection is approximately 1,000 hours. The burden hour estimate was calculated as follows:

| | |
|--------------------------|-------------------|
| Respondents: | 1,000 |
| Response Frequency: | x 1 |
| Hours per response: | x 1 |
| Annual reporting burden: | <hr/> 1,000 hours |

The total estimated cost burden for this collection is \$410.00. This estimate was calculated by multiplying the estimated number of respondents (1,000) by the current cost of postage required to return the loan discharge application (\$0.41).

NOTE: The estimate of 1,000 respondents represents what we believe to be the total number of individuals who may qualify for the September 11, 2001 Survivors loan discharge, rather than the annual number of respondents who are expected to apply. Because we expect that most eligible individuals will apply during the first year, we are

reporting the full 1,000 with this submission. We will report the appropriate adjustments to the burden for this collection for subsequent years.

3. Annual Cost Burden to Respondents

There are no startup costs to respondents.

14. Estimated Annual Cost to the Federal Government

The estimated cost to the federal government associated with this collection is \$452,000.00. This represents the cost of making the necessary systems changes to process discharges of loans held by ED.

15. Reason for Changes to Burden Hour Estimate

This is a new collection.

16. Collection of Information with Published Results

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

17. Approval Not to Display Expiration Date

The Department is not seeking this approval.

18. Exceptions to the Certification Statement

The Department is not requesting any exceptions to the “Certification for Paperwork Reduction Act Submissions” of OMB Form 83-1.

B. Collection of Information Employing Statistical Methods

This collection of information will not employ any statistical methods.

| Loan Discharge Application: Spouses and Parents of September 11, 2001 Victims | |
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| Justification of Data Elements | |
| Data Element | Justification |
| Section 1: Borrower Information | |
| Social Security Number | Used to identify borrower. |
| Name | Used to identify borrower. |
| Address (including city, state, zip) | Used by loan holder as official address for sending correspondence to borrower. |
| Telephone numbers (home and other) | Used by loan holder to contact borrower if further information is needed related to discharge application. |
| E-mail address | May be used by loan holder (as alternative to telephone number) to contact borrower if further information is needed related to discharge application. |
| Section 3: Borrower Request for Loan Discharge | |
| Discharge criteria check boxes | Used to determine the specific loan discharge qualification that is the basis for the borrower’s discharge request. This determines the type of supporting documentation that the borrower is required to provide. |
| Section 4: Borrower Understandings and Certifications | |
| Borrower’s signature, date, and printed name | Used to collect the borrower’s certification that he or she understands the terms of the loan discharge and meets the loan discharge qualifications, and that all of the information provided is true and accurate. Printed name confirms the borrower’s identity if the signature is unclear. |
| Section 5: Eligible Public Servant or Other Eligible Victim Information | |
| Name, date of birth, and social security number | Used to identify eligible public servant or other eligible victim. |

| Section 6: Eligible Public Servant/Eligible Victim Understandings, Authorizations, and Certifications | |
|--|---|
| Eligible public servant's/eligible victim's (or representative) signature, date, and printed name | Used to collect the eligible public servant's/eligible victim's (or representative's) certification that he or she understands the terms of the loan discharge that the individual meets the definition of permanently and totally disabled due to injuries suffered in the September 11 attacks, and that all of the information provided is true and accurate.. Also collects the individual's authorization for release of records pertaining to the individual's disability. Printed name confirms the individual's identity if the signature is unclear. |
| Section 7: Physician's Certification of Permanent and Total Disability | |
| Check boxes to indicate whether the physician is a doctor of medicine or doctor of osteopathy, and line for state in which the physician is licensed to practice | Used to confirm that the physician is an eligible physician for purposes of certifying the discharge application. Regulations require that the physician be a doctor of medicine or osteopathy who is licensed to practice in a state. |
| Line for professional license number | Used by the loan holder, if necessary, to confirm that the physician is licensed to practice. |
| Physician's signature, date, and printed name | Used to collect the physician's certification that the eligible public servant/eligible victim became permanently and totally disabled as a result of injuries suffered in the September 11 terrorist attacks. Printed name confirms the physician's identity if the signature is unclear. |
| Address (including city, state, zip), telephone, fax, e-mail address | Used by the loan holder as necessary to contact the physician if additional information is needed. |