

SUPPORTING STATEMENT

Information Collections Under the Final Regulations Governing the Federal Perkins Loan Program

A. Justification

1. Necessity of Information Collected

The Federal Perkins Loan Program (Perkins Loan) final regulations revise current regulation in the areas of program administration.

These final regulations are a result of regulatory review of the program to reduce administrative burden for program participants, provide benefits to borrowers, and protect the taxpayer's interest. This request is for approval of reporting and recordkeeping requirements contained in the attached final regulation related to the administrative requirements of the Perkins Loan Program. The information collection requirements in these final regulations are necessary to determine eligibility to receive program benefits and to prevent fraud and abuse of program funds.

Perkins Loan Program: (OMB control number 1845-0023)

OMB control number 1845-0023

Sections 674.39, 674.41, 674.42, 674.43, 674.45, 674.47, 674.48, and 674.49 contain information collection requirements currently approved by OMB under control number 1845-0023. In addition to the currently approved burden for these sections we are requesting increased burden to the following sections as a result of regulatory changes generated as a result of negotiated rulemaking.

Section 674.39 – Loan rehabilitation.

Participating institutions are required to have a loan rehabilitation program for the purpose of rehabilitating defaulted loans. There is change to the burden assessed with the regulation. The number of Perkins loans in rehabilitation has significantly increased; however the number of schools has remained the same.

Section 674.41 – Due diligence – general requirements.

Institutions are required to inform the borrower on a timely basis and exercise due diligence in the collection of Perkins loans. Additionally, institutions are required to coordinate among the various campus administrative offices involved in the billing and collection process, all information that bears upon the borrower. There is an increase in the burden associated with this regulation.

Section 674.42 – Contact with the borrower.

Institutions are required to provide borrowers with information about the repayment of the loan, a description of the charges, an explanation of loan consolidation or other

refinancing, as well as other information about the amount of the repayment, the frequency, and to whom the payments must be made. Generally, this information is provided the borrower as part of the required exit interview process. The institution is required to maintain information substantiating the institution's compliance with these due diligence regulations. There is an increase to the burden associated with this regulation. The number of loans in rehabilitation has increased significantly; however the number of schools has remained the same.

Section 674.43 – Billing procedures.

Institutions are required to notify borrowers about the amount of repayment due, to remind borrowers when their payment is overdue, and to demand payment of overdue amounts. There is an increase to the burden associated with this regulation. The school's use of technology has not increased the burden of reminders to borrowers.

Section 674.45 – Collection procedures.

Borrowers who do not respond satisfactorily to demand notices for repayment of defaulted loans must be referred for intensive collection efforts. Those efforts include reporting default to a national credit bureau, either the use of institutional resources to collect or the use of a collection agency, and ultimately litigation to resolve the debt. There is an increase to the burden associated with this regulation due to borrowers pursuing consolidation and broadened eligibility for cancellation procedures.

Section 674.47 – Costs chargeable to the Fund

The regulation provide detail about the billing costs, late charge costs, other collection costs, as well as write-offs and waivers of collection costs and the limitations of those costs that can be charged to the Perkins fund. This is an increase to the burden associated with this regulation.

Section 674.48 – Use of contractors to perform billing and collection activities.

Institutions that use contractors to perform billing and collection activities retain all responsibility to comply with the Title IV program requirements and must insure that the third-party provider meets all the compliance requirements as well. There is an increase to the burden associated with this regulation.

Section 674.49 – Bankruptcy of borrower.

Institutions that receive a notice that a borrower has filed a petition for relief in bankruptcy must follow the procedures in this section of the regulations to avoid discharge of the loan. The institution must assert any defense consistent with its status under applicable law to avoid discharge. There is an increase in the burden associated with this regulation.

2. Purpose and Use of Information Collected

Perkins Loan Program:

The information collected, recorded, and /or disclosed in Sections 674.39, 674.41, 674.42, 674.43, 674.45, 674.47, and 674.49 under OMB control number 1845-0023 will continue to be used as necessary to provide for the making and servicing of Perkins Loans. (NOTE: The information collected, recorded, and/or disclosed in Sections 674.16, 674.19, 674.33 and 674.34 is under OMB control number 1845-0019.) If we did not require collection, recordation, and/or disclosure of information as specified in these sections, the processing of Perkins Loans would not be possible.

3. Consideration of Improved Information Technology

Perkins Loan Program:

We continue to revise our regulation so that they allow institutions to maximize the use of available technology in making and servicing Perkins loans.

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

These regulations were discussed at regulatory negotiated rulemaking meetings of the Department with the financial aid community annually, as detailed in the preamble to the Notice of Proposed Regulations published on June 12, 2007 (See 72 FR 32410)

9. Payments or Gifts to Respondents

No payments or gift will be provided to the respondents that provide this information.

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 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 a Perkins 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.

Perkins Loan Program:

The current inventory of number of respondents, responses, and burden hours is being disaggregated based upon affected parties for purposes of the submission to OMB. An Excel table gives the breakdowns by affected entity – with a further breakdown by requirement part. The explanation below gives further details by section of the requirements.

Section 674.39 – Loan rehabilitation.

Participating institutions are required to have a loan rehabilitation program for the purpose of rehabilitating defaulted loans.

of Perkins loans in rehabilitation:

Affected Parties:

Individuals	479,443	X	.011655836 hours	=	5,588 burden hours
Institutions	1,980	X	.449775112 hours	=	891 burden hours

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
481,423	481,423	6,479

Section 674.41 – Due Diligence – general requirements.

Institutions are required to inform the borrower on a timely basis and exercise due diligence in the collection of Perkins loans. Additionally, institutions are required to coordinate among the various campus administrative offices involved in the billing and collection process, all information that bears upon the borrower.

of Perkins borrowers:

Affected Parties:

Individuals	2,675,273	X .0166665975 hours =	44,588 burden hours
Institutions	1,980	X 1.4602 =	2,892 burden hours

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
2,677,253	2,677,253	47,480

Section 674.42 – Contact with the borrower.

Institutions are required to provide borrowers with information about the repayment of the loan, a description of the charges, an explanation of loan consolidation or other refinancing, as well as other information about the amount of the repayment, the frequency, and to whom the repayments must be made. Generally, this information is provided the borrowers as part of the required exit interview process. The institution is required to maintain information substantiating the institution’s compliance with these due diligence regulations.

of Perkins borrowers:

Affected Parties:

Individuals	2,675,273	X .0166665975 hours =	44,588 burden hours
Institutions	1,980	X 1.4602 =	2,892 burden hours

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
2,677,253	2,677,253	47,480

Section 674.43 – Billing procedures.

Institutions are required to notify borrowers about the amount of repayment due, to remind borrowers when their payment is overdue, and to demand payment of overdue amounts.

of Perkins Loans

Individuals	2,675,273	X	.0166665975 hours =	44,588 burden hours
Institutions	1,980	X	1.4602 =	2,892 burden hours

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
2,677,253	2,677,253	47,480

Section 674.45 – Collection procedures.

Borrowers who do not respond satisfactorily to demand notices for repayment of defaulted loans must be referred for intensive collection efforts. Those efforts include reporting the default to a national credit bureau, either the use of institutional resources to collect or the use of a collection agency, and ultimately litigation to resolve the debt.

of Perkins loans:

Affected Parties:

Individuals	622,004	X	.016666 hours =	10,366 burden hours
Institutions	1,980	X	1.005 hours =	1,989 burden hours

# of Respondents	# of Responses	# of Burden Hours
623,984	623,984	12,355

Section 674.47 – Costs Chargeable to the Fund

The regulations provide detail about the billing costs, late charge costs, other collection costs, as well as write-offs and waivers of collection costs and the limitations of these costs that can be charged to the Perkins fund.

of Perkins loans:

Affected Parties:

Individuals	622,004	X	.016666 hours	=	10,366 burden hours
Institutions	1,980	X	1.005 hours	=	1,989 burden hours

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
623,984	623,984	12,355

Section 674.48 – Use of contractors to perform billing and collection activities.

Institutions that use contractors to perform billing and collection activities retain all responsibility to comply with the Title IV program requirements and must insure that the third-party provider meets all the compliance requirements as well.

of Perkins loans:

Affected Parties:

Individuals	479,443	X	.0166663823 hours	=	7,991 burden hours
Institutions	1,980	X	.9295 hours	=	1,839 burden hours

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
481,423	481,423	9,830

Section 674.49 – Bankruptcy of borrower.

Institutions that receive a notice that a borrower has filed a petition for relief in bankruptcy, must follow the procedures in this section of the regulations to avoid discharge of the loan. The institution must assert any defense consistent with its status under applicable law to avoid discharge.

of Perkins loans:

Affected Parties:

Individuals	85,005	.0166662347 hours	=	1,417 burden hours
Institutions	1,980	.169	=	336 burden hours

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
86,985	86,985	1,753

13. Annual Cost Burden to Respondents

Perkins Loan Program:

No change from current inventory.

14. Estimated Annual Cost to the Federal Government

There are no additional costs to the Federal government.

15. Reasons for Changes to Burden Hour Estimated

There are program changes of 185,209 that are the result of changes in the administrative requirements that were generated as a result of negotiated rulemaking and are in the final regulations of the Perkins Loan program. A summary table is provided illustrating the current burden to the various affected parties. (NOTE: There are slight differences in the numbers between these breakdowns and those in reported in Rocis. This is due to rounding as well as the fact that burden and responses have been reported by affected parties in Rocis.)

Section 674.39 – Loan rehabilitation.

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
481,431	481,431	6,473

Section 674.41 – Due diligence – general requirements.

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
2,677,253	2,677,253	47,480

Section 674.42 – Contact with borrower.

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
2,677,253	2,677,253	47,480

Section 674.43 – Billing procedures

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
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2,677,253

2,677,253

47,480

Section 674.45 – Collections procedures.

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
623,984	623,984	12,355

Section 674.47 – Costs Chargeable to the Fund

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
623,984	623,984	12,355

Section 674.48 – Use of contractors to perform billing and collection activities.

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
481,423	481,423	9,830

Section 674.49 Bankruptcy of borrower.

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
86,985	86,985	1,753

FINAL REG TOTAL:

# of Respondents	# of Responses	# of Burden Hours
10,329,566	10,329,566	185,209

Current Inventory:

# of Respondents	# of Responses	# of Burden Hours
2,800,642	2,800,642	61,879

Revised Inventory:

# of Respondents	# of Responses	# of Burden Hours
13,130,208	13,130,208	247,088

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”.