

## Supporting Statement

### Student Assistance General Provisions – Subpart E:

#### Verification of Student Aid Application Information

#### **1. Circumstances Making Collection of Information Necessary**

This request is for the approval of recordkeeping requirements that are contained in the Student Assistance General Provisions Regulations – Subpart E. Under the authority granted in sections 484 and 487 of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. 1091 and 1094, and pursuant to the regulations the Secretary promulgated to implement those sections in the Subpart E, and in 34 CFR 668.14 and 668.16, the Secretary establishes the verification of student applicant data by participating institutions. The data to be verified by the institution includes the adjusted gross income, or income earned from work (for a non-tax filer), the amount of U.S. income tax paid, household size, the number of household members who are attending post-secondary education enrolled as at-least half-time students, and untaxed income and benefits. Acceptable documentation to be collected by participating institutions from applicants (and their parents in the case of a dependent student or from a student's spouse if the student is married) include a copy of Internal Revenue Service (IRS) income tax returns, a signed statement reporting the number of family members in the household, as well as the number of household members who are attending a post-secondary institution at-least on a half-time basis. Additionally, statements on the amounts and types of untaxed income that the applicant (and parents or spouse, where applicable) received are collected. This information is required to verify the previously submitted data on the Free Application for Federal Student Aid. The collection of this documentation helps ensure that students (and parents in the case of PLUS loans) receive the correct amount of title IV program assistance.

#### **2. Use of Information**

Participating institutions use the information collected in the verification process to determine the proper amount of aid a student is eligible to receive, and to update (or assist the student in updating) applicant data. Institutions are required to maintain records relating to its administration of the title IV programs for three years after the end of the award year for which the aid was awarded and disbursed under those programs as required under section 437(a) of the General Provisions Act, 20 U.S.C. 1232f.

#### **3. Use of Information Technology**

The use of the Department's approved verification form is not required. Institutions can chose to create their own form to assist in the collection of documentation that will verify required data elements. Institutions are encouraged to use computer and Internet technology to image, transmit, and receive the approved verification form, as well as other supportive documents.

**4. Efforts to Identify Duplication**

The student completes the Free Application for Federal Student Aid (FAFSA) using self-reported data and submits the data by paper or electronically to the Department. Those students selected for verification from the edits as established by the Secretary must submit documentation to support the data as originally provided on the FAFSA. The submission of supporting documentation (including the Department's verification form) is not duplicated during any other part of the application process.

**5. Methods to Minimize Burden on Small Entities**

The information recorded does not impact small business entities.

**6. Consequences if Information is Not Collected**

Institutions would not be able to comply with the statutory verification requirements, resulting in students receiving more aid than they would otherwise be eligible to receive, based solely upon self-reported data. The Department's selection of applicants for the verification process is based upon annual studies conducted to identify applicants who are most prone to report erroneous data.

**7. Special Circumstances**

No special circumstances apply to this information collection.

**8. Federal Register Comments and Persons Consulted Outside the Agency**

The 60 day Federal Register notice was published on September 4, 2007 on page 50675. There have been no comments received from the public after the initial publication in the Federal Register.

**9. Respondent Payment or Gifts**

There are no payments or gifts to respondents.

**10. Assurances of Confidentiality**

No assurance of confidentiality is provided to respondents. Submission of required documents is mandatory for applicants selected for verification.

**11. Questions of a Sensitive Nature**

No questions of a sensitive nature are included.

## 12. Estimate of Hour Burden

The regulations require participating institutions to inform an applicant selected for verification with a clear explanation of the documentation needed to satisfy the verification requirements, the deadline for the submission of those documents, and the consequences of an applicant’s failure to provide the required documentation within the specified time period.

Subsequently, the institution will review the submitted documentation and compare the data with that which was originally submitted on the FAFSA. When the data contained on the verification documentation differs from the FAFSA data, such as the adjusted gross income reported on the FAFSA is less than that reported on the IRS tax report, the original FAFSA data must be corrected.

The burden numbers being requested for this submission are the same as requested for the previous submission. The breakdown for the affected parties is provided below.

Affected Parties:

Individuals 3,030,215 X .33333333 hours (20 minutes) = 1,010,072 burden hours

The recordkeeping burden for information collection uses estimates obtained through conversations with institutions.

Based on an average of approximately two hours per year for an institution to review and update its written policies and procedures, the total number of hours for the 6,156 participating institutions of higher education would be 12,312 hours.

Affected Parties

Institutions 6,156 X 2 hours = 12,312 burden hours

### Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
3,036,371	3,036,371	1,022,384

### Institutional Cost:

Institutions will incur costs for notifying applicants selected for verification, for analyzing and comparing the data in the submitted documentation, and for helping students update their application with corrected data. The annual cost burden is based upon an average hourly rate of \$15.00 per hour.

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<u>Institutional Staff</u>	<u>Hourly Rate</u>	Total Response Burden <u>In Hours</u>	Total <u>Cost</u>
Financial Aid Advisor	\$15.00	1,010,072	\$15,151,080

Institutions will also incur costs for reviewing and updating their required written policies and procedures. Based on an average of 2 hours per year, (at \$15.00 per hour), the cost is estimated to be \$30 for each of the 6,156 participating institutions of higher education. The recordkeeping burden for review and updating required written policies and procedures at \$15.00 per hour is \$184,680.00

<u>Institutional Staff</u>	<u>Hourly Rate</u>	Burden <u>In Hours</u>	Number of Participating <u>Institutions</u>	Total <u>Cost</u>
Financial Aid Advisor	\$15.00	2 hours	6,156	\$184,680.00

Combined total institutional cost: \$15,151,080 + \$184,680.00 = \$15,335,760.00.

**13. Annual Cost Burden to Respondents**

The only cost that institutions incur to comply with the burden associated with this data collection is staff salary as indicated in Item 12 above.

**14. Estimate of Annual Cost to the Federal Government**

There are no additional costs to the government.

**15. Program Changes or Adjustments**

There are no actual program changes. When the previous information was migrated to ROCIS, only the Individual respondent numbers were recorded on the Notice of Action (NOA) and not the number of Institution respondents. As a result, a revision is required to add the number of Institutional respondents and responses. There is no change in the burden hours from the previous submission approved by OMB.

**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**

The Department requests OMB approval to delete the expiration date on the Verification Forms. The Verification Forms are available for an award year

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beginning on the first date of processing, January 1<sup>st</sup> of the initial year and continues until June 30<sup>th</sup> of the subsequent year (18 months later). The expiration date of this information collection will not correspond to the dates the form is in use. To require the inclusion of the expiration date on the form is confusing to the public. Moreover, in those cases where the ending date of the award year does not match the expiration date of this collection, if OMB approves the omission of the expiration date on the verification forms, the number of calls to the Department by applicants and their parents asking if a new form is required to be submitted will be reduced.

**18. Explanation of Exceptions**

No exceptions are requested.