

SUPPORTING STATEMENT

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

A. Justification

1. Necessity of Information Collected

The Student Assistance General Provisions regulations revises current regulations in the areas of program administration. These proposed regulations assure the Secretary that the integrity of the program is protected from fraud and other misuse of program funds.

These regulations are a result of regulatory review of the program regulations to reduce administrative burden for program participants, provide benefits to Title IV 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 administrative requirements of the Regulations Governing the Student Assistance General Provisions. The information collection requirements in these regulations are necessary to determine eligibility to receive program benefits and to prevent fraud and abuse of program funds.

Student Assistance General Provisions: (OMB control number: 1845-0038)

Section 668.164(c) and 668.165(b) contain information collection requirements under OMB Control Number 1845-0038. In §§668.164(c) and 668.165(b), we modified current authorization and notification requirements when a school holds a Title IV credit balance that is to be paid directly to a Title IV recipient. The regulations provide the authority to pay such monies to a student through an electronic transaction.

We are making the following changes to these sections:

General Provisions (OMB 1845-0038 – Cash Management)

Sections 668.164(c) and 668.165(b)(1)(i) – Electronic Disbursements of Title IV Funds.

The regulations modify current authorization and notification requirements when the school holds credit balance funds that are to be paid to a student. The regulations would provide authority for an institution to pay such monies to a student through electronic funds transfer, debit card, stored-value card, ATM card or other device. We estimated that the changes will decrease the burden for institutions through the ability to use expanded electronic processes for paying credit balance funds.

2. Purpose and Use of Information Collected

Student Assistance General Provisions:

Subpart K - Cash Management of Part 668 of the Code of Federal Regulations (CFR) provide for the administration of Title IV, HEA program assistance funds. The information collected, recorded, and/or disclosed in §§668.164 and 668.165 will continue to be used as necessary for disbursing Title IV funds and in order to meet the requirements for notification and authorizations within the cash management regulations for effective Title IV program administration. The information collected, recorded, and/or disclosed in §§668.164 and 668.165 will continue to be used as necessary. If we did not require the collection, recordation, and/or disclosure of information as specified in §§668.164 and 668.165, we would not be able to ensure program compliance.

3. Consideration of Improved Information Technology

General Provisions:

We have maximized the use of available technology to comply with the Cash Management requirements by permitting institutions greater flexibility to return Title IV credit balances through a variety of electronic processes.

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) was published for public comment. The public will have the opportunity to comment on this collection at the same time of the NPRM. The final regulations were published Nov. 1, 2007.

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 Free Application for Federal Student Aid (FAFSA) application form. In this notice, the applicant (and his parents, for dependent students) is informed of the statutory authority for collecting the information requested. The applicant is informed we use the information provided on the form to determine if the applicant is eligible to receive federal student financial aid and the amount the applicant is eligible to receive and to verify the applicant's identity. 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.

Sections 668.164(c) and 668.165(b)(1)(i) -- Electronic Disbursements of Title IV Funds.

The regulations modify current authorization and notification requirements when the school holds credit balance funds that are to be paid to a student. The regulations would authority for an institution to pay such monies to a student through electronic funds transfer, debit card, stored-value card, ATM card or other device. It is estimated that the changes will decrease the burden for institutions through the ability to use expanded electronic processes for paying credit balance funds. The changes will decrease the burden for institution, which will be reflected in OMB 1845-0038.

| | |
|--|-----------------|
| Total # of Respondents in the Current Inventory: | 5,238 |
| % affected – an estimate of the % of respondents who could pay a Title IV credit balance to a student electronically | <u> X.97</u> |
| # affected by the proposed change | 5,081 |
| Total # of Responses in the Current Inventory: | 5,655,000 |

% affected – an estimate of the % of Title IV recipients who would have a Title IV credit balance after paying all institutional charges X .18
 estimated # of Title IV recipients affected by the change 1,017,900

Amount of time to provide a paper check or cash credit balance to a student .33 hours
 Amount of time to provide an electronic credit balance to a student less .08 hours
 Average amount of burden reduction .25 hours

Estimate of burden hour reduction:
 estimated # of Title IV recipients affected by the change 1,017,900
 X average amount of burden reduction X.25 hours
 Total burden hour reduction: 254,475 hours

Affected Entities:
 INSTITUTIONS:
 # of accounts with credit balances affected by the change 1,017,900
 X average amount of burden reduction X.25 hours
 Total burden hour reduction: 254,475 hours

Respondents, Responses and Burden Hours:

| # of Respondents | # of Responses | #Hrs/Response | #Hrs Burden |
|------------------|----------------|---------------|-------------|
| 5,081 | 1,017,900 | .25 | - 254,475 |

13. Annual Cost Burden to Respondents

Student Assistance General Provisions:

No changes to the current inventory.

14. Estimated Annual Cost to the Federal Government

Student Assistance General Provisions:

There are no additional costs to the federal government as a result of these regulations.

15. Reasons for Changes to Burden Hour Estimated

Current Burden Inventory:

| | | | |
|---------------------------|--|--|--|
| OMB 1845-0038 Version 4.0 | | | |
| | | | |

| # | Reg Section | # of respondents | Hrs/response | Burden hours |
|---|---------------|------------------|--------------|--------------|
| 1 | 668.163 | 3634 | 1.2265 | 4457 |
| 2 | 668.165(a)(1) | 6576 | 78.9 | 518846 |
| 3 | 668.165(a)(2) | 5944 | 116.7 | 693665 |
| 4 | 668.167 | 175 | 10 | 1750 |
| | Total | 16,329 | | 1,218,718 |

Summary Current Burden Inventory:

Respondents, Responses and Burden Hours:

| # of Respondents | # of Responses | #Hrs Burden |
|------------------|----------------|-------------|
| 6,576 * | 6,576 | 1,218,718 |

* Note: The number of respondents in the current burden inventory is 6,576. However, as indicated in the table above the correct number of respondents is 16,329, therefore a correction/adjustment has been made below to the number of respondents.

Correction/Adjustment:

| | | |
|-------|---|---|
| 9,753 | - | - |
|-------|---|---|

Corrected Current Burden Inventory:

| | | |
|--------|-------|-----------|
| 16,329 | 6,576 | 1,218,718 |
|--------|-------|-----------|

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 668.164(c) and 668.165(b)(1)(i) — Electronic Disbursements of Title IV Funds

| | | | |
|-------|-----------|-----|-----------|
| 5,081 | 1,017,900 | .25 | - 254,475 |
|-------|-----------|-----|-----------|

Revised Burden Inventory:

| # of Respondents | # of Responses | #Hrs Burden |
|------------------|----------------|-------------|
| 21,410 | 1,024,476 | 964,243 |

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".