

SUPPORTING STATEMENT

Information Collection for the Federal Family Education Loan Program and the William D. Ford Federal Direct Loan Program

Loan Discharge Application: Unpaid Refund (1845-0058)

A. Justification

1. Necessity of Information Collection

Section 437(c)(1) of the Higher Education Act of 1965, as amended, (the HEA) provides for the discharge of all or a portion of a borrower's Federal Family Education Loan (FFEL) Program or William D. Ford Federal Direct Loan (Direct Loan) Program loan when the borrower's school fails to refund loan proceeds that it owes to the borrower's lender. Regulations implementing this statutory provision are in 34 CFR 682.402(l) through (q) and in 34 CFR 685.216. These regulations require a borrower to submit a written application to request a loan discharge based on an unpaid refund.

The U.S. Department of Education (ED) is requesting a revision of the currently approved collection. The changes that ED is making to the current unpaid refund loan discharge application are minimal and do not affect any of the data elements on the form. The only substantive change is the addition of the word "parent" before all references to PLUS borrowers. This change is needed because graduate and professional students may now borrow PLUS loans, but all of the references to PLUS borrowers on the form apply only to parent PLUS borrowers. ED is also renumbering some of the items in Sections 2 and 3 of the form in order to simplify the current numbering system, and is making minor wording changes in certain areas for consistency with the language used on other loan discharge applications. In addition, ED is replacing the Privacy Act Notice in Section 8 with the most recent version of the notice that is being used on other loan program forms.

2. Purpose and Use of Information Collected

ED and FFEL Program loan holders have used the information collected on the unpaid refund loan discharge application to determine whether a borrower qualifies for a loan discharge. The collection will continue to be used for this purpose.

Borrowers generally obtain a copy of the unpaid refund loan discharge application by contacting their loan holder. However, borrowers may also download a copy of the discharge application from ED's "Direct Loan Servicing Online" web site (www.dl.ed.gov) or from ED's "Student Aid on the Web" site (www.studentaid.ed.gov). FFEL Program loan holders may also make the form available on their web sites.

3. Consideration of Improved Information Technology

Since borrowers who apply for unpaid refund discharges are requested to provide supporting documentation to assist the loan holder in determining their eligibility for discharge and the amount of the unpaid refund, electronic submission of unpaid refund loan discharge applications is not feasible. However, ED will continue its effort to maximize the use of available information technology in making and servicing Direct Loans, and will encourage FFEL Program loan holders to use computer technology

extensively, when it is feasible and cost-effective.

4. Efforts to Identify Duplication

There is no similar information already available from other sources that can be used for the purposes described in Item 2.

5. Burden Minimization as Applied to Small Businesses

No small businesses are affected by this information collection.

6. Consequences of Less Frequent Data Collection

A borrower who requests an unpaid refund loan discharge is required to submit a loan discharge application only one time.

7. Special Circumstances Governing Data Collection

This information collection does not involve any of the conditions listed in 5 CFR 1320.5(d)(2).

8. Consultations Outside the Agency

The final regulations for unpaid refund loan discharges were developed during regulatory negotiated rulemaking meetings with the financial aid community. In addition, ED considered comments from the public when developing the currently approved form. Prior to drafting the revised form that was posted for public comment during the initial 60-day comment period for this collection, ED solicited comments from the National Council of Higher Education Loan Programs (NCHELP), which represents lenders and other organizations that are involved in administering the FFEL Program. The draft form that was posted for public comment included changes that were recommended by NCHELP.

In response to a notice that was published in the Federal Register on December 14, 2007 (72 FR 71129), ED received 13 additional comments from NCHELP. ED has made all 13 of the recommended changes. NCHELP's comments and ED's responses are included with this submission. ED received no other public comments during the 60-day comment period.

9. Payment or Gifts to Respondents

No payments or gifts have been provided to respondents.

10. Assurance of Confidentiality

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

11. Questions of a Sensitive Nature

The unpaid refund loan discharge application does not require borrowers to provide any information of a sensitive nature.

12. Annual Hour Burden for Respondents/Recordkeepers

ED estimates the total annual number of respondents for this information collection to be 400. The estimated time required to complete the unpaid refund loan discharge application is 0.5 hours (30 minutes). Based on one response per respondent, this equates to a total estimated annual reporting burden of 200 hours, calculated as follows:

Estimated annual number of respondents:		400
Number of responses per borrower:	x	1
Hours per response:	x	0.5 (30 minutes)
Annual hour burden:		<u>200 hours</u>

The total estimated annual cost burden to respondents is \$164.00, calculated as follows:

Estimated annual number of respondents:		400
Number of responses per borrower:	x	1
Postage cost per response:	x	\$0.41
Annual cost burden:		<u>\$164.00</u>

13. Estimated Annual Cost Burden to Respondents/Recordkeepers

There are no capital/startup costs to respondents, nor are there any annual costs to respondents associated with operating or maintaining systems or purchasing services.

14. Estimated Annual Cost to Federal Government

There is no significant cost to the federal government related to unpaid refund loan discharge requests from FFEL Program borrowers, since FFEL Program loan holders distribute and process the loan discharge application.

For unpaid refund loan discharge requests involving loans held by ED, the estimated annual cost to the federal government is \$2,000.00. This includes costs for printing, processing, and mailing the loan discharge applications.

15. Reason for Program Changes/Adjustments Reported in Items 13 or 14 of OMB Form 83-I

ED is not reporting any changes.

16. Collection of Information with Published Results

The results of this information collection 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-I.

B. Collection of Information Employing Statistical Methods

This collection of information will not employ any statistical methods.