

**Supporting Statement**  
**Information Collection for the William D. Ford Federal Direct Loan Program**  
**Electronic Debit Account Application (OMB No. 1845-0040)**

**A. Justification**

**1. Necessity of Information Collection**

In 1996, the U.S. Department of Education (ED) implemented an Electronic Debit Account (EDA) repayment option for William D. Ford Federal Direct Loan (Direct Loan) Program borrowers. The EDA option allows Direct Loan borrowers to have their monthly loan payments automatically debited from their checking or savings accounts and sent to ED.

In March 2002, ED implemented an online repayment option called *Make A Payment*. This repayment option allows Direct Loan borrowers to go to the Direct Loan Servicing Online Web site and make payments on their loans at any time from their savings or checking accounts

Direct Loan borrowers who choose to use the EDA repayment option to make their monthly student loan payment must authorize ED to debit their bank accounts by completing the EDA Application. The EDA Application also collects the information needed by ED to process these payments. In order to process payments made electronically through the *Make A Payment* option, ED must collect the same information from a borrower that is collected on the EDA Application.

ED is requesting a revision of the currently approved collection. ED is making minor changes to the language on the current EDA Application in order to explain the EDA repayment option more clearly. There are no changes to any of the data elements on the EDA Application, nor is ED adding any new data elements.

**2. Purpose and Use of Information Collected**

ED has used the collection of information on the currently approved EDA Application to establish electronic debiting for Direct Loan borrowers who have requested to have their monthly student loan payments debited from their bank accounts. The EDA Application will continue to be used for this purpose.

Borrowers have two options for completing an EDA Application. They may complete a paper EDA Application and return it to ED's Direct Loan Servicing Center, or they may complete an EDA Application electronically on the Direct Loan Servicing Online web site by using their ED-issued PIN. Borrowers may obtain paper EDA Applications by contacting the Direct Loan Servicing Center or by downloading the application from the Direct Loan Servicing Online web site.

ED will also continue to use the same information that is collected on the currently approved EDA Application for processing payments under the *Make A Payment* option for Direct Loan borrowers who want to pay their monthly Direct Loans bills online. There is no paper application for the *Make A Payment* repayment option because this process is entirely electronic. Therefore, Direct Loan borrowers will have to access the Direct Loan Servicing Online web site with their ED-issued PIN before they are able to participate in the *Make A Payment* repayment option. Once they have entered the secure web site, they must read ED's privacy act notice and

provide the same bank account information that is required to participate in the EDA repayment option before they can make a payment on the web site.

### **3. Consideration of Improved Information Technology**

As explained in Item 2, borrowers have the option of submitting an EDA Application electronically, and the *Make A Payment* option is available only electronically through the Direct Loan Servicing Online web site. We estimate that 25 percent of the respondents who choose the EDA option will complete and submit their EDA Application via the Internet at [www.dl.ed.gov](http://www.dl.ed.gov). The remaining respondents who do not have Internet access or who do not want to download their application via the Internet can request that an application be sent through the United States Postal Service by contacting the Direct Loan Servicing Center.

We estimate that 3.5 percent of EDA participants will use the *Make A Payment* repayment option to make payments in addition to their EDA payments, and 1.5 percent of non EDA Direct Loan borrowers will use the *Make A Payment* option to pay their monthly Direct Loan bills.

### **4. Efforts to Identify Duplication**

There is no information available from other sources that can be used for the purposes described in Items 1 and 2.

### **5. Burden Minimization as Applied to Small Business**

No small businesses are affected by this information collection.

### **6. Consequences of Less Frequent Data Collection**

A borrower may be required to complete an EDA Application more than once if (1) the borrower's banking information changes or (2) the borrower was participating in EDA, stopped, and wants to participate in the EDA again.

Once a borrower has provided banking information for the *Making A Payment* repayment option, the borrower does not have to provide that information again unless it changes.

### **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 U.S. Department of Education developed the Electronic Debt Application with the assistance of the Direct Loan Servicer, which processes the application. In addition, the Department has solicited comments from the public during the paperwork clearance process. However, we have not received any public comments during prior clearances of this collection.

### **9. Payments or Gifts to Respondents**

No payments or gifts will be provided to respondents.

### **10. Assurance of Confidentiality**

The EDA Application and the web page that hosts the *Make A Payment* repayment option include a Privacy Act Notice that (1) informs the borrower of the statutory authority for collecting the information; (2) explains that the disclosure of the information is voluntary, but is required in order for the borrower to be considered for EDA or to participate in *Make A*

*Payment*; 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**

The EDA Application and the web page that will host the *Make A Payment* repayment option do not contain any sensitive questions.

**12. Annual Hour Burden for Respondents/Recordkeepers**

ED estimates the total annual hour burden for this information collection to be 8,363 hours, calculated as follows:

**EDA Application**

Estimated annual number of respondents:	235,400
Number of responses per borrower:	x 1
Hours per response:	<u>x .0333 (2 minutes)</u>
Annual hour burden:	7,839 hours

**Make A Payment**

Estimated annual number of respondents:	15,729
Number of responses per borrower:	x 1
Hours per response:	<u>x .0333 (2 minutes)</u>
Annual hour burden:	524 hours

The total annual cost burden associated with the hour burden for this collection is estimated to be \$96,514.00. This estimate was calculated by multiplying the estimated number of respondents for the EDA Application (235,400) by the cost of postage required to return the EDA Application (\$0.41). Although this estimate assumes that the postage cost applies to all borrowers who complete the EDA Application, approximately 25 percent of respondents complete the application electronically and thus incur no costs other than minimal costs that may be imposed by Internet providers. ED expects that any Internet access fees charged for the time needed to complete an EDA Application would generally be less than the cost of postage.

**13. Estimated Annual Cost Burden for 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**

The total estimated annual cost to the Federal Government for the EDA Application is \$383,400. This includes the following:

Printing the applications:	\$142,000
Mailing the applications:	\$ 81,400
Processing the applications:	\$170,000
Total:	\$393,400

There is no cost to the Federal Government for the *Make A Payment* repayment option because the collection of information is totally electronic. There are no applications to print or mail, and no salaries to pay for processing.

**15. Reason for Changes to Annual Reporting/Recordkeeping Hour Burden and Annual Reporting/Recordkeeping Cost Burden to Respondents**

In Item 13 of OMB Form 83-I, ED is reporting an upward adjustment of 547 hours due to an increase in the number of borrowers entering repayment each year and because more borrowers are choosing to make loan payments through the EDA or *Make a Payment* options.

**16. Collection of Information with Published Results**

The results of this collection will not be published.

**17. Approval Not to Display Expiration Date**

ED is not seeking this approval.

**18. Exceptions to the Certification Statement**

ED 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 information collection does not employ statistical methods.