

**SUPPORTING STATEMENT FOR REQUESTS FROM OMB FOR APPROVAL**  
**UNDER THE PAPERWORK REDUCTION ACT OF 1995 AND 5 CFR 1320**  
**2009-2010 FISAP and 2008 Reallocation**

SUPPORTING STATEMENT FOR REQUESTS FROM OMB FOR APPROVAL  
UNDER THE PAPERWORK REDUCTION ACT AND 5 CFR 1320

A. Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

FISAP

The Higher Education Act of 1965, as amended, requires an institution to apply for participation and report the expenditures for the Federal Perkins Loan, the Federal Supplemental Educational Opportunity Grant (FSEOG) and the Federal Work-Study (FWS) Programs on an annual basis. The data submitted electronically in the 2008-2009 Fiscal Operations Report and 2009-2010 Application to Participate (FISAP) is by the Department of Education (ED or the Department) to determine the institution's funding need for the Award Year and monitor program effectiveness and accountability of fund expenditures. The data will be used in conjunction with institutional program reviews to assess the administrative capability and compliance of the applicant. There are no other sources for collecting this data. Sections of the Higher Education Act of 1965, as amended that govern these programs can be found at <http://edworkforce.house.gov/publications/heacomp/hea65003.pdf>

The legislative authority governing the application for the distribution of Federal Perkins Loan funds is 20 U.S.C. 1087bb (34 CFR 673.3); for FWS funds it is 42 U.S.C. 2752 (34 CFR 673.3); and for FSEOG funds it is 20 U.S.C. 1070b-3 (34 CFR 673.3).

The legislative authority governing the annual report on the use made of funds provided under the previous sections is (20 U.S.C. 1094) enacted October 3, 1980, P.L. 96-374, sec. 451(a), 94 Stat. 1451; amended April 7, 1986, P.L. 99-272, sec. 16034, 100 Stat. 356; amended October 17, 1986, P.L. 99-498, sec. 487(a), 100 Stat. 1486.

## Reallocation Form

The Higher Education Act of 1965, as amended, (HEA) requires that if an institution anticipates not using all of its allocated funds for the Federal Perkins Loan, Federal Work Study (FWS), and/or Federal Supplemental Educational Opportunity Grant (FSEOG) programs by the end of an award year, it must specify the anticipated remaining unused amount to the Secretary, who reduces the institution's allocation accordingly. The specifying of unused amounts would be done in Section A of this form.

The HEA also requires the Secretary to reallocate these unexpended funds before the appropriations expire on September 30, immediately following their release in this form. The data collected in Section B will provide the minimum information needed by the Secretary to determine a fair and equitable distribution of supplemental FWS allocations for the purpose of furthering the program's community service goals.

The legislative authority governing the reallocation of Federal Perkins Loan funds is 20 U.S.C. 1087bb (34 CFR 673.3); for FWS funds it is 42 U.S.C. 2752 (34 CFR 673.3); and for FSEOG funds it is 20 U.S.C. 1070b-3 (34 CFR 673.3).

Section 462(i), 442(d), and 413D(d), gives the Secretary the authority to reallocate to other institutions any funds returned to the Secretary by institutions with an excess in any of their allocations.

ED is requesting the review and continued approval for the requirements contained in 34 CFR 673.3, 674.19, 675.19, and 676.19.

2. **Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

### FISAP

The relative institutional financial need, which is the basis for computing by formula the amount of funds needed by each institution to operate one or more of the campus-based programs during the application year, is determined by the data reported in this submission. The data is used to assess program effectiveness and accountability of fund expenditures under the previously cited authority. In addition, the data is used along with institutional program reviews to help assess the administrative capability of the applicant and enforce compliance.

- a) Application data will allow a standard measure of institutional need culminating in a level of funds for institutions requesting participation in one

or more of the programs.

- b) Application data will allow for maintaining a database sufficiently comprehensive and reliable to calculate yearly funding formulas based on verifiable data input.
- c) Expenditure data will be used to calculate past utilization of funds awarded for our assessment of penalties, recovery of unexpended funds, and close-out of awards.
- d) Data regarding Perkins Loan collection activities will be used for computation of institutional default rates; the compilation of the Federal Perkins Loan Status of Default (orange book); and issuance of the teaching, military, volunteer, law enforcement and corrections officer, child, family, & early intervention, and nurse and medical technician services cancellation payments, as well as cancellation payments for surviving spouses of public service victims of the 9/11 terrorist attacks.
- e) Data is maintained and made readily available to Departmental staff and other agencies for analysis, historical research, budget evaluations, audits, program reviews, and Office of Inspector General (OIG) inquiries.
- f) The Campus-Based System processes all FISAP on the web information in a real-time format into the database. Institutions with outstanding compliance signature forms are automatically placed on a file to withhold funding until the forms have been received and validated.
- g) The data collected will be used for the identification of poorly administered operations that may require on-site monitoring, additional training of institutional personnel, or termination of funding in extreme cases.

ED would be unable to comply with authorizing legislation and appropriation legislation without the information collected in this submission.

#### Reallocation Form

The unused or unspent funds reported in Section A will be distributed by the Department as supplemental awards to qualifying institutions in accordance with provisions of the Higher Education Act. FWS funds will be awarded to eligible institutions that used at least 5 percent of the total FWS funds to compensate students employed as reading tutors of children or in family literacy activities as part of their community-service activities. Because FWS reallocated funds will be distributed on the basis of fair share, institutions must have a fair share shortfall to receive these funds. Institutions use the reallocated funds to compensate students employed in community service. If the unused funds are not

reported, they cannot be redistributed for use under the campus-based programs, as required by the legislation.

Failure to collect this information would prevent maximum utilization of the appropriated funds, deprive needy students of financial aid, and result in our non-compliance with the reallocation provisions of the HEA.

ED would be unable to comply with authorizing legislation and appropriation legislation without the information collected in this submission.

3. **Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

#### FISAP

For the 2009-2010 award year, institutions will continue to use the Department's electronic services to participate in the Title IV Programs. In order to submit information, all institutions requesting participation in the campus-based programs must submit FISAP data through e-Campus-Based FISAP on the web at: <http://cbfisap.ed.gov>.

- Institutions will print out the certification signature page directly from their computers for signature.
- FSA plans to implement an e-authentication process in the near future, which should alleviate the need for institutions to submit hard copy forms with signatures.

#### Reallocation Form

This form is now being transmitted to and received from campus-based institutions using the e-Campus-Based FISAP on the web. This procedure has eliminated printing costs, distribution expense, data entry time, and reduced the cycle time and completion mistakes. This process reduces institutional burden by using three years of information already contained in the Department's database to provide institutional characteristics to verify funding levels and reduce the number of staff necessary to process the information.

4. **Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in 2 above.**

## FISAP

No other agency collects the information needed to determine the allocation of campus-based aid. It was previously anticipated that small amounts of Federal Perkins Loan data could be retrieved from the National Student Loan Data System (NSLDS). However, as currently designed, the NSLDS does not and can not collect data that would sufficiently correspond to the type of data required from the FISAP for such items as award calculations, cohort default rate calculations, cumulative collections data, prior year account reconciliation data, etc.

There is also no statutory requirement for NSLDS to collect Perkins interest data. NSLDS does not collect any FSEOG disbursement data, only FSEOG overpayments. There is no data collected for the FWS Program in NSLDS. There remain a number of operational issues (such as the timing of the submission of NSLDS Federal Perkins Loan Program data to the Department and the manner in which it is collected) that will limit its use as a substitute for FISAP reporting.

Section A of the Perkins Loan Report (FISAP, Part III) contains 60 cells of data and Section C contains 30 data cells. NSLDS does not contain sufficient historical information to populate the cells in these two sections that require data to be cumulative from the beginning of an institution's participation. Section B of the Perkins Loan Report has 13 data cells. Two cells, loans advanced to students during the Report year and principal and interest repaid by borrowers for the same year, could conceivably be populated with data from NSLDS. Sections D and E contain cohort default rate data, which might also be available from NSLDS at some point in the future.

Summary: There are plans to address the interest issue when NSLDS is redesigned. In addition, NSLDS will be comparing the definitions used in both NSLDS and the FISAP to gain greater consistency. However, our review of the data needed for completion of the five sections of the Perkins Loan Report and the data available in NSLDS leads us to conclude that NSLDS data will not currently provide data that will be compatible with either the historical or annual data being collected on the FISAP. At this time, institutions will continue to be required to provide FISAP data in order for the Department to carry out required functions such as the calculation of allocations and cancellation reimbursements that use this information.

## Reallocation Form

Similar information is not available at the time it is needed. The Department must rely on this information being reported by institutions at the end of each June 30<sup>th</sup> award period. The reporting and redistribution must be complete prior to September 30<sup>th</sup>, or the authority to obligate these funds will expire.

## **5. If the collection of information impacts small businesses or other small entities,**

**describe the methods used to minimize burden.**

FISAP

The collection of this information does not involve small businesses or other small entities. Information is collected from Title IV eligible schools only.

Reallocation Form

This collection does not involve small businesses or other small entities.

- 6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

FISAP

The Department would be unable to comply with authorizing legislation and appropriation legislation that requires annual distribution of appropriated funds on the basis of an annual application from colleges and universities.

Reallocation Form

If the collection were done less frequently, the authority to redistribute the excess funds would expire on September 30<sup>th</sup>, and there would be no reallocation of funds as legislatively required.

- 7. Explain any special circumstances that the collection to be conducted was done in a manner inconsistent with the guidelines in 5 CFR 1320.5.**

FISAP

There are no special circumstances inconsistent with the guidelines.

Reallocation Form

There are no special circumstances inconsistent with the guidelines.

- 8. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instruction and record keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.**

## FISAP

Campus-based staff members in both operations and policy areas provide presentations and support for a number of national and regional conferences. During these activities, staff members take all comments, recommendations, and suggestions made by institutions for use in determining the need for improvement or change to existing policies and procedures.

Frequent communication with institutions by our Call Center and campus-based staff provides additional information on the data being collected and on problems with electronic processing requirements. Comments from schools are shared with staff members and frequently included as possible upgrades to existing procedures. Institutions continue to favorably respond about the ease in completing and submitting the data on-line.

The Department's OMB clearance process allows further opportunity for comment on the FISAP through an announcement in the Federal Register at the onset of the clearance process. ED accepts public comments on the FISAP during this 60-day time period. Historically institutions rarely make comments on the FISAP. The campus-based programs have been in operation for more than 40 years, and completion of the annual FISAP is a common practice for institutions.

## Reallocation Form

The reporting of unused or unspent funds by institutions participating in the campus-based programs is a requirement of the Higher Education Act of 1965, as amended. Institutions submit part of this information annually in the FISAP, at a later date. The collection of this data is frequently discussed at financial aid conferences, and the financial aid community provides unsolicited comments through their contacts with our Call Center and campus-based staff members.

### **9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

## FISAP

Participants receive only those funds that have been calculated for them according to previously cited statutes in the Higher Education Act of 1965, as amended.

## Reallocation Form

There is no payment of gift to respondents other than the allocation of Federal funds that result from the information collected.



- 10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

FISAP

FISAP data is public information.

Reallocation Form

This is public information.

- 11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.**

FISAP

No questions of a sensitive nature are asked.

Reallocation Form

This collection does not include information of a sensitive nature.

- 12. Provide estimates of the hour burden of the collection of information.**

FISAP

The data collection is composed of six parts. Parts I and II are the application, Part III is the Federal Perkins Loan Report, Part IV is the FSEOG Report, Part V is the FWS Report and Part VI is the Program Summary. The range of time required to complete the various parts of the form depends on several variables: (1) the number of programs in which respondents are currently participating; (2) whether the respondent is a "first-time" or "continuing" applicant; and (3) the type of institution.

We estimate a total of 4,048 respondents, approximately 100 being "first-time" applicants, with an estimated average response time of 6.86 hours and a total of 27,774 hours for all institutions. Burden hours for new schools are minimal since they are only required to complete the first two Parts (Identifying Information, Certifications and Warning and the Application to Participate).

The following matrix will show the respondent participation in the various parts of the submission. The total amounts shown by institutional type are unduplicated counts. The part breakdowns under each category of institution are duplicated counts, based on the variables mentioned above.

Proprietary institutions use less time to prepare the FISAP than public and private institutions. A recent random sampling of institutions revealed that proprietary institutions were more likely to use servicers to prepare their FISAP. Since servicers prepare FISAPS in volume, they tend to keep their computerized data systems updated, and have totally encompassed ED's electronic processes into their systems which results in less FISAP preparation time.

Most public and private institutions have restructured their data collection processes so that information is readily accessible to complete the eCampus-Based FISAP on the web. Identifying information is pre-populated on the FISAP from prior year data and common mathematical computations are automatically displayed, which reduces the institutional burden.

<u>Respondent Type</u> <u>By Part</u>	<u>Estimated</u> <u>Number</u>	<u>Est. of Avg.</u> <u>Person Hours</u> <u>Per Respondent</u>	<u>Total</u> <u>Hours</u>
<u>Proprietary</u>			
Application	916	1.65	1,511.40
Federal Perkins Loan	494	1.34	661.96
FSEOG	955	1.05	1,002.24
FWS	426	.55	233.68
Summary	<u>982</u>	.41	<u>400.25</u>
<b>Total Proprietary</b> <b>Schools</b>	<b><u>1,106</u></b>		<b><u>3,809.53</u></b>
<u>Public</u>			
Application	1,395	2.88	4,017.60
Federal Perkins Loan	928	2.58	2,394.24
FSEOG	1,465	1.60	2,343.84
FWS	1,481	2.09	3,087.46
Summary	<u>1,500</u>	1.48	<u>2,220.55</u>
<b>Total Public</b> <b>Schools:</b>	<b><u>1,497</u></b>		<b><u>14,063.69</u></b>

<u>Private</u>			
Application	1,328	2.45	3,253.60
Federal Perkins Loan	1,130	2.15	2,429.50
FSEOG	1,320	1.01	1,331.49
FWS	1,375	1.19	1,630.19
Summary	<u>1,417</u>	.89	<u>1,255.95</u>
<b>Total Private</b>			
<b>Schools:</b>	<b><u>1,445</u></b>		<b><u>9,900.73</u></b>
<b>Grand Total:</b>	<b><u>4,048</u></b>	<b>6.86</b>	<b><u>27,773.95</u></b>

Reallocation Form

This form is composed of two sections. Section A requests unexpended allocation figures for the three campus-based programs. Section B requests information regarding supplemental FWS funds. The range of time required to complete the two sections of the form depends on several variables: (1) the number of programs in which respondents are currently participating; and (2) whether or not an institution requires supplemental Federal funds for community service activities.

The following matrix will show the respondent participation in the various sections of the form. The total amounts shown are unduplicated counts. The section breakdowns under Estimated Number and Estimated Average of Person Hours Per Respondent are duplicated counts, based on the variables mentioned above.

<u>Respondent Type</u> <u>By Section</u>	<u>Estimated</u> <u>Number</u>	<u>Est.of Avg.</u> <u>Person Hours</u> <u>Per Respondent</u>	<u>Total</u> <u>Hours</u>
<u>Section A</u>			
Proprietary	187.50	00.15	28.13
Public	412.50	00.15	61.87
Private	<u>150.00</u>	<u>00.15</u>	<u>22.50</u>
<b>Total Section A</b>	<b><u>750.00</u></b>	<b><u>00.15</u></b>	<b><u>112.50</u></b>
<u>Section B</u>			
Proprietary	250.00	00.05	12.50
Public	550.00	00.05	27.50
Private	<u>200.00</u>	<u>00.05</u>	<u>10.00</u>
<b>Total Section B</b>	<b><u>1,000.00</u></b>	<b><u>00.05</u></b>	<b><u>50.00</u></b>
<b>Grand Total:</b>	<b><u>1,750.00</u></b>	<b><u>00.20</u></b>	<b><u>162.50</u></b>

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Total for FISAP and Reallocation Form

The combined total for the FISAP and Reallocation form has an estimated total of 5,798 respondents, with an estimated response time of 4.82 hours for a total of 27,936 hours for all institutions. The estimated total cost to respondents would be \$558,720.00.

**13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information.**

FISAP

The nature of business for educational institutions (ED's respondents) is such that purchases of equipment and provision of services that are required for electronic FISAP processing are a part of their customary and usual business practice. They are the type of equipment and services normally necessary to successfully operate any educational entity.

The requirement to transmit FISAP data through eCampus-Based FISAP on the web is not considered an increase in burden for most institutions. Since thousands of institutions are already participating in other Title IV programs, they would have access to the Internet (web) in order to do business with the Department.

Reallocation Form

The nature of business for educational institutions (ED's respondents) is such that purchases of equipment and provision of services that are required for electronic FISAP processing are a part of their customary and usual business practice. They are the type of equipment and services normally necessary to successfully operate any educational entity. Therefore, no special equipment or services are required for completing the Reallocation Form.

**14. Provide estimates of annualized cost to the Federal Government.**

FISAP

Cost for Development of eCampus-Based FISAP on the Web

Many tasks must be performed in order to develop the FISAP on the Web and make it available to campus-based participants. Some of the major costs include the costs for contractor services, the development of web server programs, the Technical Reference, documents for posting on the web (i.e. Dear Partner Letters), and the FISAP Form and Instructions Booklet. The amount below reflects all of these campus-based programs cost to the Department.

Total.....  
\$458,220

(The FISAP on the Web cost is replacing the old Publication & Distribution Cost calculation because it is no longer needed)

Operation & Maintenance Costs to the Federal Government

Monthly Data Collection & Maintenance.....\$88,750  
2020, LLC  
3110 Fairview Park Drive  
Suite 950  
Falls Church, VA 22042

Total Yearly Cost (12 months-1 month).....  
\$976,250

The cost of collecting and maintaining the data is justified because FISAP data is made available to, and widely used, throughout the Department for analysis, historical research, budget evaluations, audits, program reviews, OIG inquiries, etc. In addition, the information collected justifies institutional funding for the next award period.

Staffing, Operations, & Overhead Costs

A staff of 12 is required for the effective and complete operation of the campus-based programs. As the driving force in these operations, the FISAP is the instrument by which institutions request campus-based funding and report program expenditures. The FISAP provides the data that is required to perform a variety of processes such as funding calculations, program compliance, analysis, customer service, information publication and distribution, accounting and fund control, etc. The types of program staff include managers, accountants, financial management specialists, technicians, systems analysts, and clerical staff.

Yearly staff costs.....  
\$977,129

The 12 employees worked 2,087 hours per year for a total 25,044 hours worked for the office. The average cost per hour was calculated by using the \$989,216 total salaries divided by 25,044 total hours worked for an average cost per hour of \$39.50. All but approximately one month is spent working on FISAP related tasks. The remaining time is spent working on Reallocation Form tasks, so \$12,087 was deducted from the total cost (102 hours X 3 employees X \$39.50 average hourly rate).

Yearly overhead costs.....\$156,341

A standard budget estimate of 16% was used to determine the overhead costs of staff operations including such items as equipment, utilities, work materials, etc.

Total staff and overhead costs.....\$1,113,470

Reallocation Form

Publication and Distribution

Publication and distribution cost to the campus-based programs has been eliminated. The conversion to the eCampus-Based FISAP on the web has transferred all costs, including software production and distribution, into the overall contract for services made by the Department.

Total.....  
\$0

Operation & Maintenance Costs to the Federal Government

Monthly Collection & Maintenance for 2 half months.....\$88,750  
2020, LLC  
3110 Fairview Park Drive  
Suite 950  
Falls Church, VA 22042

Total Yearly Cost..... \$88,750

Staffing, Operations, & Overhead Costs

A staff of 3 is required for the effective and complete operation of the campus-based programs Reallocation process. While the FISAP is the instrument by which institutions request campus-based funding and report program expenditures, the Campus-Based Reallocation Form is used to provide information that is needed prior to the annual submission of the FISAP.

Yearly staff costs.....\$12,087

The 3 program staff members include managers, accountants and systems analysts. Of that staff, each of the three employees worked 34 hours per year on the Reallocation process for a total of 102 hours worked for the office. This process takes approximately two half-months to complete for a yearly cost of \$12,087 (102 hours x 3 employees x \$39.50 average hourly rate).

Yearly overhead costs.....  
\$1,934

A standard budget estimate of 16% was used to determine the overhead costs of staff operations including such items as equipment, utilities, work materials, etc.

Total staff and overhead costs.....\$14,021

Total for FISAP and Reallocation Form

Costs for Development of eCampus-Based FISAP on the Web.....\$458,220  
Operations & Maintenance Costs to the Federal Government.....\$1,065,000  
Staffing Operations and Overhead Costs.....\$1,127,491  
Total Costs.....\$2,650,711

**15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-1.**

FISAP

There are no changes in burden. We are adding a total line in Part II, Section E, but this will be automatically calculated and provides no extra burden.

Reallocation Form

There are no changes in burden.

**16. For collections of information whose results will be published, outline plans for tabulation and publication.**

Proposed changes to future FISAP submissions would be to have schools report data on an annual basis instead of cumulative. The Department will reach out to schools to alert them of this change and see what the burden would be to the school. The Department would like to make this change on the FISAP clearance package that would be submitted to OMB in 2009 and have schools begin reporting the annual data on funds received in 2010.

The Department is also working to revise the information on the FISAP form Section F – Information on Eligible Aid Applicants Enrolled in Your School for Award Year 200X – 200X, lines 26 – 40. Changes to this information would have an impact on the amount of awards schools would receive. These changes would have to be carefully reviewed before being implemented. We plan to implement changes either in the FISAP Clearance Package submitted in 2009 depending how soon these changes can be decided upon, reviewed and implemented.

The Department may also add two lines to Part III, Section A to collect data for Perkins Loans that fall under the Mandatory Assignment laws in the CCRAA.

FISAP

This information is not collected for statistical publication. However, the Department includes data extrapolated from the FISAP in the Office of Planning and Evaluation's Bi-Annual Evaluation Report, which is sent to Congress.

Reallocation Form

This information is not collected for statistical publication.

- 17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

FISAP

Displaying the expiration date on the FISAP is appropriate.

Reallocation Form

Displaying the expiration date on the Campus-Based Reallocation Form is appropriate.

- 18. Explain each exception to the certification statement identified in item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.**

FISAP

There are no exceptions to the certification statement.

Reallocation Form

There are no exceptions to the certification statement.