

SUPPORTING STATEMENT

Information Collections Under the Proposed Regulations Governing the William D. Ford Direct Loan Program.

A. Justification

1. Necessity of Information Collected

The William D. Ford Direct Loan (Direct Loan) Program proposed regulations revise current regulations in the areas of program administration.

These proposed regulations are a result of regulatory review of the program regulations to reduce administrative burden for program participants, provide benefits to borrowers, 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 Direct Loan program. The information collection requirements in these proposed regulations are necessary to determine eligibility to receive program benefits and to prevent fraud and abuse of program funds.

Direct Loan Program: (OMB control number: 1845-0021)

Section 685.212 contains the proposed information collection requirements. Under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), the Department of Education has submitted a copy of these sections to the Office of Management (OMB) for its review.

We are making the following changes to that section:

Section 685.212 – Loan Discharge for Death.

The proposed TEACH Grant regulations provide for the conversion of a TEACH Grant to an unsubsidized Direct Loan when the borrower cannot meet the provisions of the Agreement to teach. TEACH Grant recipients who die will have their grant converted to an unsubsidized Direct Loan and therefore be eligible for a loan discharge under this provision. We project that a very small number of the TEACH Grant recipients will die therefore the amount of burden associated with a loan discharge for death is a modest increase in burden for individuals and loan holders.

2. Purpose and Use of Information Collected

Direct Loan Program:

The information collected, recorded, and/or disclosed in §685.212 will continue to be used as necessary in the discharge of loans.

3. Consideration of Improved Information Technology

Direct Loan Program:

We continue to maximize the use of available technology in making and servicing Direct Loan Program loans. This effort extends to requirements that the Direct Loan regulations impose on borrowers and schools.

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

These regulations were discussed at regulatory negotiated rulemaking meetings of the Department with the financial aid community over a five-month period, as detailed in the preamble to the Notice of Proposed Regulations published August 18, 2006, (71 FR 47756).

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 Application Form and Promissory Note. In this notice, the borrower is informed of the statutory authority for collecting the information requested. Although disclosure of the information is voluntary, the borrower is informed that in order to be considered for Direct Loan Program funds,

the information must be provided. The information provided is used to verify the borrower's identity, to determine the borrower's eligibility to receive a Direct Loan Program loan and benefits, to permit the servicing of the borrower's loan(s), and to locate the borrower and collect on the loan(s) if the loan(s) become delinquent or default. 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.

Direct Loan Program: (OMB 1845-0021)

Section 685.212 – Loan Discharge for Death

The TEACH Grant proposed regulations provide for loan discharge for death. When a TEACH Grant recipient dies the grant is converted into an unsubsidized Direct Loan thus increasing the burden to individuals and the loan holders consistent with the provisions of sections 685.212 and 686.42.

Total Projected # of TEACH Grant Recipients	31,000
X Current percentage of Borrowers who receive a Death Discharge	<u>X .0044335</u>

Projected # of TEACH Grants With death discharges	137
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Amount of time to: Submit Death Certification (Individuals on behalf of the recipient) or Process the Loan Discharge (Loan Holders)	<u>X .17 hours (10 min.)</u>
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<u>Total Burden Increase:</u>	23 hours
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<u>Affected Entities:</u>	% of entities	burden hours	net burden
DIRECT LOAN			
SURVIVOR OF BORROWER (TEACH Grant)	.6	23	14 increase

LOAN HOLDER (TEACH Grant)	.4	23	9 increase
			23 hour increase

Respondents, Responses and Burden Hours:

	# of Respondents	# of Responses	# Hrs/Response	=	#Hrs Burden
TEACH Grant					
Individuals	137	137	.17	=	14
Loan Holders	92	92	.17	=	9
	229	229			23

Annual Cost Burden to Respondents

Direct Loan Program:

No change from current inventory.

14. Estimated Annual Cost to the Federal Government

There are no additional costs to the Federal government as a result of the final regulations.

15. Reasons for Changes to Burden Hour Estimated

The implementation of the final regulations as a result of the Negotiated Rulemaking process created additional information collections burden. A summary below is provided:

Respondents, Responses and Burden Hours:

	# of Respondents	# of Responses	#Hrs Burden
Section 685.212 – Loan Discharge for Death	229	229	23
Current Inventory:			
	# of Respondents	# of Responses	#Hrs Burden
	926,890	1,202,024	79,369
Revised Inventory:			
	# of Respondents	# of Responses	#Hrs Burden
	927,119	1,202,253	79,392

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" of OMB Form 83-1.