

## **SUPPORTING STATEMENT**

Information Collections Under the Proposed Regulations Governing the Federal Family Education Loan Program.

### **A. Justification**

#### **1. Necessity of Information Collected**

The Federal Family Education Loan (FFEL) Program notice of proposed rulemaking regulations propose revisions to the current regulations for 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 FFEL 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.

**FFELP:** (OMB control number: 1845-0020)

Sections 682.200, 682.208, 682.209, 682.210, 682.211, 682.401, 682.402, 682.406, 682.409, 682.411, 682.414, 682.602, 682.603, and 682.604 contain information collection requirements currently approved by OMB. Under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), the Department of Education is submitting a copy of these sections to the Office of Management (OMB) for its review. We are making the following changes to those sections:

#### **Sections 682.211 – Forbearance.**

The proposed changes to §682.211 provide for a period of forbearance not to exceed 60 days necessary for the lender to collect and process documentation supporting the borrower's eligibility for loan forgiveness under the income-based repayment program. The lender must notify the borrower that the requirement to make payments on the loans for which forgiveness was requested has been suspended pending approval of the forgiveness by the guaranty agency.

The entities affected by the proposed changes are lenders and guaranty agencies. The addition of the new forbearance under the income-based repayment program we estimate will increase the burden hours.

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

### **Federal Family Education Loan Program:**

The Federal Family Education Loan Program loans are maintained by three major groups: guaranty agencies, lenders, and schools. Recordkeeping requirements are imposed to assure accountability of program participants for proper program administration and to justify the payment of funds by the federal government. Not collecting the information described would be likely to result in a loss of billions of dollars of Federal money due to waste, fraud, and abuse.

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

#### **FFELP:**

Guaranty agencies conduct business with the Department electronically. Schools and lenders utilize electronically the National Student Loan Data System to verify accuracy of records.

### **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**

Under the Administrative Procedure Act (APA) (5 U.S.C.553), the Department is generally required to publish a noticed of proposed rulemaking and provide the public with an opportunity to comment on proposed regulations prior to establishing a final rule. In addition, all Department regulations for programs authorized under the title IV, HEA programs are subject to the negotiated rulemaking requirements of section

492 of the HEA. However, both the APA and the HEA provide for exemptions from these rulemaking requirements. The APA provides that an agency is not required to conduct notice and comment rulemaking when the agency for good cause finds that notice and public procedures thereon are impracticable, unnecessary or contrary to the public interest. Similarly, section 492 of the HEA provides that the secretary is not required to conduct negotiated rulemaking for title IV, HEA program if the Secretary determines that applying that requirement is impracticable, unnecessary or contrary to the public interest within the meaning of the APA.

**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 FFEL 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 an FFEL 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.**

**FFELP:**

**Sections 682.211 – Forbearance.**

The proposed changes to §682.211 provide for a period of forbearance not to exceed 60 days necessary for a lender to collect and process documentation supporting the borrower’s eligibility for loan forgiveness under the income-based repayment program. The lender must notify the borrower indicating that the requirement to make payments on the loans for which forgiveness was requested has been suspended pending approval of the forgiveness by the guaranty agency.

The entities affected by these proposed changes are lenders and guarantee agencies.

Projected # Borrowers Applying for IBR: 125,654

Projected Amt. of Time to Collect  
Documentation, Make a Determination  
And Notify the Borrower: .25 hours    

Total Amount of Increased Burden: 31,414 hours  
DK Stopped here

Affected Entity:  
BUSINESS or OTHER FOR PROFITS:  
Lenders 31,100 hours

NOT-FOR-PROFIT:  
Guaranty Agencies: 314 hours

Total: 31,414 hours

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# Hrs/Response	=	#Hrs Burden
125,654	125,654	.25	=	31,414

**13. Annual Cost Burden to Respondents**

There are no additional costs.

**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 proposed 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/Response	=	#Hrs Burden
Section 682.211 – Forbearance 125,654	125,654	.25	=	31,414

Current

Inventory:	# of Respondents	# of Responses	#Hrs Burden
	1,112,626	2,658,302	9,890,224
Revised Inventory:	# of Respondents	# of Responses	#Hrs Burden
	<b>1,238,280</b>	<b>2,783,956</b>	<b>9,953,052</b>

#### **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.