

**SUPPORTING STATEMENT
FOR
PAPERWORK REDUCTION ACT SUBMISSION**

1. Circumstances Making Collection of Information Necessary

The U. S. Department of Education is requesting OMB clearance of the attached data collection instrument that constitutes paperwork requirements. The Secretary selects institutions for voluntary participation in the Experimental Sites Initiative. Institutions volunteer to become an experimental site to provide recommendations on the impact and effectiveness of proposed regulations or new management initiatives. Participants are exempt from specific statutory and regulatory requirements while conducting the experiments. Initially, the Department approved alternative approaches in 13 areas of student financial aid processes to test ways to address federal objectives and meet the needs of aid administrators and recipients. Eight of those areas remain active experiments:

- Entrance Loan Counseling
- Exit Loan Counseling
- Overaward Tolerance
- Credit Title IV Aid to Institutional Charges
- Ability-to-Benefit
- Loan Fees in Cost of Attendance
- Loan Proration for Graduating Borrowers
- Credit Title IV Aid to Prior Term Charges

The experiments above relate to a number of programs authorized under Title IV of the Higher Education Act, such as the Federal Family Education Loan Program, the William D. Ford Federal Direct Loan Program, Federal Pell Grant Program, and the Campus-Based Programs (Federal Perkins Loan Program, Federal Work-Study Program, and Federal Supplemental Education Opportunity Grant Program). Institutions report annually on their experiences. The collection of this information is authorized under section 487A(b) of the Higher Education Act of 1965, as amended. (**Attach statute**)

In addition, this initiative allows the Department to work collaboratively with institutions to find possible ways to reduce the cost, complexity, and burden of administering the Title IV programs to institutions and their students.

2. ***Use of Information***

Federal Student Aid (FSA) was established as a Performance Based Organization (PBO) in December 1998 to improve the management of the student financial aid delivery system. A PBO is a results-driven organization created to deliver the best possible services – it is a new way of getting things done in the public sector, allowing more flexibility to promote innovation and increased efficiency. FSA and its partners can change the way policy fosters or impedes the administration of student aid. The elements of customer satisfaction, simplification, fewer burdens for students and institutions, and easy access to funds, are truly a part of the PBO's regulatory reform. Thus, FSA has committed to reform current practices and operations by engaging in an interactive process of collecting information and using it to improve program services and processes. The Experimental Sites Initiative is one approach FSA can use for change.

Institutions are given the flexibility to test different procedures to carry out the intent of regulations, whereby the Department can analyze the data and obtain information for Title IV regulatory and legislative changes. Thus, the Department needs this information in its on-going initiative to improve the financial aid delivery services to students and the postsecondary institutions they attend. Additionally, working with Congress, the Department can use this data to make informed decisions for future reauthorization.

To obtain uniform data, the Department and participating institutions developed this data collection instrument. This data collection instrument focuses on eight remaining approved experiments.

3. ***Use of Information Technology***

This data collection effort is a web-based format supported by the security architecture environment and staff from the Chief Information Office. This website requires institutions to securely logon and submit data.

There is an email address and telephone number available for participants to contact staff with questions or requests for assistance. The email address and telephone number is posted on the Experimental Sites website. Within the reporting tool is a database that collects information in order for institutions to meet their annual requirement. This database will help ensure the efficiency and completeness of the data collection process.

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

This reporting tool is the Department's effort to evaluate the experiments. The information necessary to review the experimental data focuses on "experimental" descriptions and therefore does not represent a duplication of other information collected for other purposes or by other entities.

There is no information available from any other source that will enable ED/FSA to evaluate the results of this data collection under the provisions of the Higher Education Amendments of 1998.

5. *Methods to Minimize Burden on Small Entities*

The information is collected from 2- and 4-year institutions of higher education rather than from small businesses or by other entities.

6. *Consequences If Information Is Not Collected*

This information must be collected in order to implement the provisions of section 487A(b) of the HEA. Under Section 487A(b) institutions will participate as experimental sites to provide recommendations to the Secretary on the impact and effectiveness of proposed regulations or new management initiatives.

This data collection instrument provides needed information. The report formats will:

- Provide a more comprehensive picture of aggregated data
- Provide more detailed information
- Identify impacts of regulatory relief
- Examine impact on Federal student assistance programs

The results of these experiments will help the Department in its continuing efforts to improve Title IV program administration. When feasible, the Department will use the information gathered through this initiative to revise existing regulations and to make recommendations to Congress for statutory changes. Failure to collect and analyze this information will prevent the Department from evaluating important information that may impact simplification in the Federal student assistance programs.

7. *Special Circumstances*

None of the special circumstances listed apply to this data collection.

8. *Federal Register Comments and Persons Consulted Outside the Agency*

A notice about the data collection instrument was published in the [insert date here] Federal Register, which provided the opportunity for public comment. No comments were received. This is a continuation of previously improved collections that have been developed in consultation with schools participating in the Experiments.

9. ***Respondent Payment or Gifts***

The Department will not provide payment or gifts to the respondents participating in this initiative. All participation will be voluntary.

10. ***Assurances of Confidentiality***

No assurance of confidentiality is provided to the respondents. There is no requirement for such an assurance in statute.

11. ***Questions of a Sensitive Nature***

No questions of a sensitive nature will be included in the data collection information package.

12. ***Estimate of Hour Burden***

Each participant will submit a report format for one or more of the eight experiments. The estimated total of the hour burden for the first year of the data collection effort is 1650 hours for an estimated cost of \$40,766.00. This total includes both the monetary costs for devising computer programs to obtain the necessary information and for financial aid/clerical personnel responding to the collection effort.

Exhibit 2

RESOURCE	HOURS/RATE	NUMBER	MONETARY COST
Computer personnel	4 hours/\$50	109 schools	\$21,800
Financial aid personnel	5 hours/\$30	109 schools	\$16,350
Clerical personnel	2 hours/\$12	109 schools	\$2,616
TOTAL			\$40,766

13. ***Estimate of Cost Burden to Respondents***

There are no additional respondent costs associated with this data collection other than the hour burden estimated in item A12. Respondents are conducting required Title IV statute and regulations activities in an alternative manner.

14. ***Estimate of Annual Cost to the Federal Government***

The annualized cost to the Federal Government is \$21,200. This cost estimate was derived in the following manner:

Program Analysts, GS-13 (\$40/hr) $\$40 \times 3\text{hrs} \times 109 \text{ respondents} = \$13,080$

Estimated cost for data analysis and final report =

Program Analyst, GS-13 (\$40/hr) $\$40 \times 80\text{hrs} = \3200

Total cost to the Department estimated to be \$16,280

15. ***Program Changes or Adjustments***

The only changes or adjustments' taking place is the update of the award year and program names on the previously approved collection. This is a continuation of a previously approved collection package. Upon reauthorization these templates will be replaced with new experiments and reporting details.

16. ***Plans for Tabulation and Publication of Results***

Participating institutions are required to submit an annual report describing the results, any corrective actions taken, and specific information relating to the performance measure or alternative used in each experiment.

After each year of data collection, FSA will produce an annual report based on analysis of the data. These reports should provide critical information to help FSA/ED/Congress consider streamlining Title IV regulations and requirements.

With the automated data collection effort, the focus of the reports has moved toward judgments about impact and effectiveness and/or special reports.

17. ***Approval to not Display OMB Expiration Date***

All data collection instruments will include the OMB expiration date.

18. ***Explanation of Exceptions***

No exceptions are requested.