

SUPPORTING STATEMENT

Information Collections Under the Final Regulations Governing the Federal Family Education Loan Program – Income-based repayment.

A. Justification

1. Necessity of Information Collected

The Federal Family Education Loan (FFEL) Program final regulations revise the current regulations for program administration.

These final 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 final regulations related to the administrative requirements for participating institutions of higher education when Income-based repayment is provided to a borrower consistent with the final changes to 34 CFR 682.215 in the FFEL Program. The information collection requirements in these final regulations are necessary to determine eligibility to receive program benefits and to prevent fraud and abuse of program funds.

FFELP: (OMB control number: 1845-0086)

Section 682.215 contains new information collection requirements which have been submitted to OMB for approval. Under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), the Department of Education is submitting a copy of this section to the Office of Management (OMB) for its review. This is a new paperwork collection.

Sections 682.215 – Income-based repayment.

The final regulations in §682.215 provide that a borrower may elect the income-based repayment plan only if the borrower has a partial financial hardship where the borrower's aggregate monthly loan payments are limited to no more than 15 percent of the amount by which the borrower's AGI exceeds 150 percent of the poverty line income applicable to the borrower's family size, divided by 12. The loan holder requires the borrower to establish his or her eligibility for an income-based repayment plan, by providing written consent to the disclosure of adjusted gross income (AGI) and other tax return information by the Internal Revenue Service (IRS) to the loan holder. The borrower annually certifies his or her family size, otherwise the loan holder assumes a family size of one. To qualify for loan forgiveness after 25 years, the loan holder must make a determination that the borrower has established eligibility for loan forgiveness through making payments for 25 years or through a combination of monthly payments and economic hardship deferments, the borrower has made the equivalent of 25 years of payments. The loan holder is required, no later than 60 days after it makes the determination that the borrower is eligible for

loan forgiveness, to request payment from the guaranty agency. Within 45 days of receiving the loan holder's request for payment, the guaranty agency must determine if the borrower meets the eligibility requirements for loan forgiveness and must notify the loan holder. If the guaranty agency determines that the borrower is eligible for loan forgiveness, it must pay the loan holder within the same 45-day period. The holder must notify the borrower within 30 days the holder is notified by the guaranty agency. We estimate that burden will increase by 186,788 hours for borrowers, lenders and guaranty agencies. The increased burden associated with these final regulations changes are reflected under OMB Control Number 1845-0086.

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. Borrowers, 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 were provided to the respondents.

10. Assurance of Confidentiality

A Privacy Act Notice is included on the Application Form and Promissory Note. 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 682.215 – Income-based repayment.

The final regulations in §682.215 provide that a borrower may elect the income-based repayment plan only if the borrower has a partial financial hardship where the borrower's aggregate monthly loan payments are limited to no more than 15 percent of the amount by which the borrower's AGI exceeds 150 percent of the poverty line income applicable to the borrower's family size, divided by 12. The loan holder requires the borrower to establish his or her eligibility for an income-based repayment plan, by providing written consent to the disclosure of adjusted gross income (AGI) and other tax return information by the Internal Revenue Service (IRS) to the loan holder. The borrower annually certifies his or her family size, otherwise the loan holder assumes a family size of one. To qualify for loan forgiveness after 25 years, the loan holder must make a determination that the borrower has established eligibility for loan forgiveness through making payments for 25 years or through a combination of monthly payments and economic hardship deferments, the borrower has made the equivalent of 25 years of payments. The loan holder is required, no later than 60 days after it makes the determination that the borrower is eligible for loan forgiveness, to request payment from the guaranty agency. Within 45 days of receiving the loan holder's request for payment, the guaranty agency must determine if the borrower meets the eligibility requirements for loan forgiveness and must notify the loan holder. If the guaranty agency determines that the borrower is eligible for loan forgiveness, it must pay the loan holder within the same 45-day period. The holder must notify the borrower within 30 days, the holder is notified by the guaranty agency. We estimate that burden will increase by 186,788 hours for borrowers, lenders and guaranty agencies. The increased burden associated with this final regulation will be reflected under OMB Control Number 1845-0086.

Projected # of Institutions with Preferred Lenders Lists:

Projected # of borrowers applying for IBR	125,654
Average projected time to collect and submit a request to IRS to provide income tax data to the lender and annually update family size	<u>X</u> .75 hours
Projected amount of burden for borrowers	94,241 hours

Projected Amount of Burden for Lenders:

Projected # of borrowers applying for IBR	125,654
Average projected time to review and make a determination about IBR eligibility	<u>X</u> .50 hours

Projected amount of burden for borrowers	62,827 hours
<u>Projected Amount of Burden for Guarantors:</u>	
A. Projected # of borrowers eligible for IBR	44,421
Average projected time to review and make a determination about IBR eligibility and notifies the guarantor	<u>X .50 hours</u>
Sub-total of burden	22,211 hours
B. Projected # of borrowers ineligible for IBR	81,233
Average projected time to review and make a determination about IBR eligibility and notifies the guarantor	<u>X .08 hours</u>
Sub-total of burden	6,499 hours
C. Total Hours of Burden Affecting Guarantors	28,709 hours

Affected Entities:

INDIVIDUALS:	94,241 hours
PRIVATE SECTOR – lenders	62,827 hours
NOT-FOR-PROFIT – guarantors	28,709 hours
Total:	<u>185,777 hours</u>

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# Hrs/Response	#Hrs Burden
376,962	376,962		185,777

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

This is a new collection.

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.