

**Supporting Statement for Paperwork Reduction Act  
Submissions  
2009-2010 Free Application for Federal Student Aid (FAFSA)**

**1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.**

Public Law 89-329, Sections 401-495, The Higher Education Act of 1965 as amended (HEA), mandates that the Secretary of Education "...produce, distribute and process free of charge a common financial reporting form to be used to determine the need and eligibility of a student for financial assistance." Section 483 of the HEA mandates that "the Secretary shall...use a common, simplified reapplication form..." that enables applicants who applied in previous years to submit a renewal application.

Federal Student Aid, an office of the U.S. Department of Education (hereafter "the Department"), subsequently developed the Free Application for Federal Student Aid (FAFSA) to collect the data necessary to determine a student's eligibility to receive Title IV, HEA program assistance. For students that have previously submitted a FAFSA, the Department developed a Renewal FAFSA that contains certain constant, preprinted data that the applicant need change only if the information has changed since the previous FAFSA submission. The Renewal FAFSA (renamed Pre-Filled FAFSA for 2009-2010) reduces the burden on applicants by presenting the information they previously submitted; enabling the applicant to provide changed data.

The FAFSA is used to determine student eligibility for the following Title IV, HEA, federal student assistance programs: the Federal Pell Grant Program; the Campus-Based programs (Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and the Federal Perkins Loan Program); the William D. Ford Federal Direct Loan Program; the Federal Family Education Loan Program; the Academic Competitiveness Grant; the National Science and Mathematics Access to Retain Talent (SMART) Grant; and the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program.

**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.**

As in the past, the 2009-2010 FAFSA will be made available to the public in both electronic and paper form. (For a description of each, see Question 12). Because the submission of paper FAFSA forms continues to decline dramatically, the Department is considering the elimination of the pre-printed paper FAFSA for the 2010-2011 processing cycle. In anticipation of this change, the Department has developed a FAFSA in portable document format (PDF) which individuals and institutions may access via the Department's web site. The FAFSA PDF is 'screen fillable' or users may opt to print out blank copies that can be filled out by hand. Applicants that fill out their FAFSA PDF on a computer will not have the option to save that information due to concerns about the security and privacy of the applicant's FAFSA data. The Department has worked closely with the higher education community to increase awareness of and access to the FAFSA PDF for students that do not have consistent, reliable access to the Internet, but who could obtain copies of the FAFSA PDF from a school or could access the Department's web site for a period of time sufficient to view and print a FAFSA PDF.

The purpose of the FAFSA is to collect personal and financial data from current or prospective students in order to determine a student's eligibility for financial aid and to perform a need analysis as described in Section 471 of the HEA. The need analysis results in an Expected Family Contribution (EFC) that postsecondary educational institutions use when determining the types and amounts of both federal and non-federal financial aid a student will receive. The information a student is required to provide on the FAFSA varies based upon his or her life circumstances. There are three regular EFC formulas for: dependent students, independent students without dependents other than a spouse, and independent students with dependents other than a spouse. The EFC formula for a dependent student uses parental data, and the two for independent students do not. Therefore, the burden hour calculation varies based upon applicant type. (For burden hour estimates for applicant type by product, see Question 12)

After completing the FAFSA, the student submits the form to the Central Processing System (CPS) via the Internet or via the postal service. The CPS processes the data from the FAFSA, sends the student a Student Aid Report (SAR), and sends to schools the student has listed on the FAFSA an electronic Institutional Student Information Record (ISIR). To assist states in the awarding of state financial aid, an ISIR is also sent to the student's state of legal residence as well as the states of the schools the student has listed on the FAFSA. Financial aid administrators at those schools, or other Title IV participating schools selected by the student, may award federal student assistance on the basis of either the student's valid SAR or ISIR, both of which contain a student's identification information, all the application data, and the official EFC as calculated by the CPS.

The EFC is calculated in accordance with the statutory formula in Part F of the HEA and is intended to indicate a student's ability (and for dependent applicants, his or her family's ability) to contribute toward the student's cost of attending an institution of higher education. The following data elements are considered in determining the EFC:

- 1) The available income of (A) the student and the student's spouse, or (B) the student and the student's parents, in the case of a dependent student;
- 2) The number of dependents in the family of the student;
- 3) The number of dependents in the family of the student (excluding the parents) who are enrolled or accepted for enrollment, on at least a half-time basis, in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of Section 487 and for whom the family may reasonably be expected to contribute to their postsecondary education;
- 4) The net assets of (A) the student and the student's spouse, or (B) the student and the student's parents, in the case of a dependent student;
- 5) The marital status of the student;
- 6) The age of the older parent, in the case of a dependent student; and
- 7) Any additional expenses incurred (A) in the case of a dependent student, when both parents of the student are employed or when the family is headed by a single parent who is employed, or (B) in the case of an independent student, when the student is married and the student's spouse is employed or when the employed student qualifies as a surviving spouse or as a head of household under section 2 of the Internal Revenue Code of 1986.

The Secretary of Education uses a Simplified Needs Test (SNT) for calculating the EFC for families who meet the requirements of Part F, Section 479 of the HEA subsection. SNT applies to families who have adjusted gross incomes less than \$50,000 per year, and who file or are eligible to file a form 1040A or 1040EZ. The Higher Education

Reconciliation Act of 2005 added a provision that, regardless of the type of tax return filed, a dependent student and/or parent, or an independent student and spouse, is eligible for the SNT if they received benefits from any of the following five federal means-tested benefit programs: Supplemental Security Income (SSI), Food Stamp Program, Free or Reduced Price Lunch, Temporary Assistance for Needy Families (TANF), and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The College Cost Reduction and Access Act (CCRAA) extended the period of time for receipt of federally means-tested benefits from 12 months prior to the start of the processing cycle to 24 months prior to the start of the processing cycle and added 'dislocated worker' as an additional eligibility criterion.

The six components of the Simplified Needs Analysis are:

- 1) Adjusted gross income;
- 2) Federal taxes paid;
- 3) Untaxed income and benefits;
- 4) The number of family members;
- 5) The number of family members (excluding the parents) in postsecondary education; and
- 6) An allowance (A) for federal and other taxes, as defined in Section 475(c)(2) of the HEA for parents and dependent students and in Section 477(b)(2) for independent students with dependents, or (B) for federal and local income taxes, as defined in Section 476(b)(2) of the HEA for independent students without dependents.

Section 479(c) of the HEA further simplifies the process by permitting the automatic determination of an EFC of zero (Auto Zero) for families who have adjusted gross incomes of \$30,000 or less, and who file or are eligible to file a form 1040A or 1040EZ or who received benefits from one of the federal means-tested benefit programs described above. Other income and assets are not included for the purpose of calculating an automatic zero EFC. Independent students with no dependents other than a spouse are not eligible to receive an Auto Zero EFC determination.

The data element justification explains the purpose and use of each element in the need analysis determination for each of these programs. In addition to calculation of financial need for the various Title IV programs, the FAFSA also collects data that allows for a determination of a student's eligibility for state and school financial aid programs. If these data elements were not collected, the Department would be unable to make a determination of financial need and subsequently award any Title IV, HEA program assistance, as mandated by the HEA. A majority of states would also be greatly hindered in their calculation of state aid to students.

There are no uses of the FAFSA other than the ones previously described.

### **3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or forms of information technology.**

Section 483 of the HEA mandates that "The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, including private software providers, shall develop an electronic version of the form." Subsequently, the Department developed FAFSA on the Web and Renewal FAFSA on the Web (renamed Pre-filled FAFSA for 2009-2010) as companion pieces to the paper FAFSA. Both electronic applications are accessible via [www.fafsa.ed.gov](http://www.fafsa.ed.gov). For the

2009-2010-award year, the Department will offer the following electronic means of application:

***FAFSA on the Web & Pre-filled FAFSA on the Web (Formerly 'FAFSA Renewal')***

Since 1998, students and their families have been able to complete and submit an electronic application for student financial assistance via FAFSA on the Web. In the years since, this Internet-based application, available in both English and Spanish, has been the primary entry point for tens of millions of students who wish to be considered for federal, state and school financial aid. As electronic application submission rates soared, the Department endeavored to improve FAFSA on the Web each year. Below are some of the improvements and changes that are currently being implemented and will enhance the applicant experience during 2009-2010.

As of January 1, 2008, the processing of electronic applications was significantly streamlined through the use of a 'conditional PIN' that can be assigned to an individual before, during or after the completion of a FAFSA. The Department uses the PIN in combination with an applicant's Social Security Number, name, and date of birth to identify the applicant as someone who has the right to access personal information on Federal Student Aid Web sites, such as FAFSA on the Web. Parents who wish to electronically sign their child's FAFSA also need to obtain a PIN.

A PIN that is selected or viewed instantly online, or is sent to the applicant in an e-mail, is considered to be conditional until the applicant's information is verified with the Social Security Administration (1-3 days from the date of application). Applicants may sign their FAFSA using the PIN, but nothing else. Once the Department completes the verification with SSA, applicants are able to use their PIN for other purposes, such as correcting their SAR or accessing other Federal Student Aid Web sites. Individuals that wish to receive a conditional PIN prior to accessing FAFSA on the Web, may request one at [www.pin.ed.gov](http://www.pin.ed.gov).

***Other Changes Mandated by the College Cost Reduction and Access Act of 2007***

In response to the College Cost Reduction and Access Act (CCRAA) of 2007, the Department will remove certain questions from, and add new questions to, the 2009-2010 FAFSA. (For a complete description, see the 'Data Elements Justification' document, attached)

The most significant changes include the expansion of the dependency criteria (Step Three of the FAFSA) to designate individuals who were in foster care (age 13 or older); emancipated minors or minors in legal guardianship; and individuals that have been verified as an unaccompanied youth who are homeless children or youth or are at risk of homelessness, as independent students for FAFSA/Title IV, HEA program assistance purposes. Other changes include adding 'dislocated worker' to the list of criteria that could qualify an applicant for the Simplified Needs Test (SNT) and or Automatic Zero EFC (Auto Zero); adding the TEACH Grant question to the paper FAFSA; increasing the time period for measuring Federal means-tested benefits (Steps Four & Five of the FAFSA) from 12 months to 24 months; the deletion of Worksheet A from the FAFSA; and the deletion of two questions from Worksheet B (foreign income exclusion, and credit for federal tax on special fuels). As a result of the CCRAA, all worksheets have been deleted. Information formerly aggregated on Worksheets B and C is now collected on the form in sections labeled 'Additional

Financial Information' (formerly Worksheet C) and 'Untaxed Income and Benefits' (formerly Worksheet B).

As in years past, the Department has convened a FAFSA Design Group to determine how the changes can be implemented with minimal disruption to the application process and without adding undue burden or confusion for our applicants. The changes will be implemented across the suite of FAFSA products. We look forward to receiving public comment on the proposed changes mandated by the CCRAA during the public comment period.

Security of applicant data on the Internet continues to be an issue of great concern. FAFSA on the Web uses the commercial encryption protocols available in the most commonly used Internet browsers. Initially, the Department required the strongest encryption levels available commercially (128-bit encryption). As requested by the Office of Management and Budget (OMB), since March 8, 1998, the Department also gives applicants a choice to use both 40-bit and 56-bit encryption as well. This step has greatly improved customer access to FAFSA on the Web and Renewal FAFSA on the Web while still retaining necessary security safeguards for student and parent information. In compliance with the Americans with Disabilities Act, FAFSA on the Web will continue to be accessible to visually impaired applicants for the 2008-2009 award year cycle. Applicants who complete the paper FAFSA must provide a written signature.

The Department continues to be committed to providing electronic applications. All methods of electronic application share the following benefits:

- 1) Faster processing than paper FAFSAs;
- 2) Reduced rate of rejection. (Approximately 8% for all paper FAFSAs and 0.5% for electronic FAFSAs. These percentages exclude signature rejects.);
- 3) Internal and end-of-entry edits to ensure that all required fields are completed and all conflicting data are resolved prior to submission. (Contributes to reduced rejection rate, above);
- 4) Skip logic, which helps shorten FAFSA on the Web by allowing applicants to skip questions that do not pertain to them;
- 5) FAFSA on the Web pre-fills certain questions based on earlier answers; and
- 6) Availability of on-line help.

### ***FAA Access to CPS Online***

Since 2002, Financial Aid Administrators (FAA's) at participating Title IV postsecondary educational institutions have had the ability to input and transmit a student's original or pre-filled FAFSA data over the Internet via FAA Access to CPS Online. Providing this tool to FAA's greatly increases the likelihood that prospective college students from traditionally underrepresented or economically disadvantaged groups will complete the financial aid application process electronically.

### ***FAFSA4caster***

In addition to helping families make informed decisions as they plan for college well in advance of the student's senior year in high school, the FAFSA4caster also reduces the application time when students file a FAFSA in their senior year in high school. The FAFSA4caster pre-fills certain data that the applicant needs to adjust only if the information has changed since the previous FAFSA4caster submission. This significantly reduces the time it takes for the student to complete the FAFSA in their senior year of high school. FAFSA4caster instantly calculates an estimate of the student's eligibility for federal student aid, including grants; reduces the time it will take to complete the Free Application for Federal Student Aid (FAFSA); and simplifies the financial aid process for students and families.

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

The collection requirements for the FAFSA do not contain any duplication of data elements. The Pre-filled FAFSA contains the same questions as the FAFSA, but the Pre-filled FAFSA is filed in place of, not in addition to, an original FAFSA. The Pre-filled FAFSA does not require responses to items that were reported previously and do not need updating. Required responses are limited to income and asset questions that are likely to change from year to year.

The SAR collects some corrected information that duplicates information collected by the FAFSA. However, the SAR is the output document containing data that are derived from the application and does not duplicate the process of initial data collection.

**5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-1), describe any methods used to minimize burden.**

Title IV participating postsecondary educational institutions may contract with small businesses as third-party servicers to perform work normally completed by the institution. The tasks the third-party servicer would complete with regard to the completion and submission of FAFSA data mirrors the process that the institution would follow, therefore, burden is minimized to the extent that these changes have brought about a reduction in burden to the user, whether it is the institution or the institution's contracted third-party servicer. Otherwise, the FAFSA is not used by small businesses or other small entities.

**6. Describe the consequences 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.**

Within the HEA, the Secretary is mandated to determine a student's need for financial aid on an annual basis. If the data were collected less frequently, the Department would be in violation of the law. Although a student must reapply and receive a new need analysis for every year that financial aid is requested, use of the Pre-filled FAFSA reduces the amount of new data that a student must provide.

**7. Explain any special circumstance impacting the information collection.**

The 2009-2010 FAFSA does not collect information in a manner that would invoke special circumstances, as described in the Paperwork Reduction Act submission instructions.

**8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB.**

A Notice opening the 60-day public comment period was posted in the Federal Register on August 28, 2008 (Volume 73, No. 168, Page 50785). As a result of this Notice, the Department received more than 100 public comments. Two separate

documents (attached) provide information about each comment and the Department's disposition on each.

A second Notice opening a 30-day public comment period was posted in the Federal Register on November 3, 2008 (Volume 73, Number 213, Page 65298).

In addition to soliciting feedback from the public via the formal Notices, again this year the Department established a 'FAFSA workgroup' for the 2009-2010 FAFSA which included representatives from National Association of State Student Grant and Aid Programs (NASSGAP), National Association of Student Financial Aid Administrators (NASFAA), Federal Student Aid, the Department, and Title IV participating postsecondary educational institutions. Department staff also actively solicited comments on the draft 2009-2010 FAFSA at conferences, including Federal Student Aid's two national conferences, the NASFAA conference, and through smaller venues such as college fairs and community presentations.

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

Individuals who choose to complete the 2009-2010 FAFSA are applying for federal benefits. They do not receive payments or gifts for the completion and submission of the FAFSA.

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

The confidentiality of the data collected by the 2009-2010 FAFSA is discussed in the Routine Uses section of the System of Records Notice for the Federal Student Aid Application File published on page 30159 of the Federal Register dated June 4, 1999 and updated on page 72407 on December 27, 1999; page 11294 on March 2, 2000; and on page 18758 on April 11, 2001. A section on Privacy, printed on Page 8 of the application package, informs the student that the postsecondary educational institutions and state agencies to which the student requests his or her data be sent will have access to the data, and that the financial aid agency(ies) in his or her state of legal residence will receive certain information, even if the student does not consent. In addition, agencies such as law enforcement agencies, OMB, the Department of Justice, the Government Accountability Office, Congress, and entities such as the Inspector General's office have access to the data.

**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.**

Except for question 23 (have you been convicted for the possession or sale of illegal drugs for an offense that occurred while you were receiving federal student aid) and questions 24 and 25 (what is your parents' level of education), the FAFSA does not contain questions of a sensitive nature beyond those needed to obtain the information necessary to determine an EFC.

Question 23 is used to determine a student's eligibility for Title IV assistance in accordance with section 484(r) of the HEA. Questions 24 and 25 are used by some state grant and scholarship programs, some institutions, and the TRIO programs, which give special consideration to first-generation college students. The FAFSA instructions inform applicants that their responses to questions 24 and 25 do not affect their eligibility for federal student assistance.

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

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**information.**

The number of responses for the 2009-2010 FAFSA is estimated on the basis of one response per FAFSA submitted. The total applicant population comprises significant cohorts of individuals who, by statute, are required to complete only certain segments of the FAFSA. The HEA mandates certain data elements for specific populations. The following estimate takes into consideration the burden hour calculations for each unique applicant subpopulation (e.g., dependent vs. independent students) and the type of application (Web or paper) filed by each applicant.

	<b>Type of FAFSA Respondent</b> (Independent or Dependent)	<b>Estimated Number of FAFSA Respondents</b> (Volume)	<b>Estimated Hours to Complete FAFSA</b> (Percent)	<b>Estimated Total Burden Hours</b>
<b>FAFSA Paper Form</b> <i>(Traditional paper FAFSA that is printed by the government and distributed nationally to schools, libraries, etc.)</i>	Dependent 54%	92,466	.97	89,692
	Independent 46%	78,768	.87	68,528
	Subtotals	<b>171,234</b> <b>1%</b>		<b>158,220</b>
<b>FAFSA on the Web</b> <i>(Web-based version of the FAFSA that is available via the Internet.)</i>	Dependent 54%	4,438,383	.62	2,751,797
	Independent 46%	3,780,845	.42	1,587,955
	Subtotals	<b>8,219,228</b> <b>48%</b>		<b>4,339,752</b>
<b>FAFSA Electronic (Also known as 'FAA Access')</b> <i>(Electronic version of the FAFSA that can be used by Financial Aid Administrators, third-party servicers, etc.)</i>	Dependent 30%	359,591	.82	294,865
	Independent 70%	839,046	.69	578,942
	Subtotals	<b>1,198,637</b> <b>7%</b>		<b>873,807</b>
<b>FAFSA EZ</b> <i>(FAFSA on the Web is front-loaded with questions that identify certain applicants as being eligible for an "automatic zero EFC." This reduces the information collection burden for those applicants who are most in need of financial aid.)</i>	Dependent 35%	119,864	.20	23,973
	Independent 65%	222,604	.20	44,521
	Subtotals	<b>342,468</b> <b>2%</b>		<b>68,494</b>
<b>Pre-Filled FAFSA on the Web</b> <i>(The Pre-Filled FAFSA contains certain constant, preprinted data and an applicant need only update those data elements that have changed from the prior year. Data elements contained on the Renewal FAFSA are identical to those on the FAFSA, but fewer responses are required of applicants.)</i>	Dependent 46%	3,071,937	.42	1,290,214
	Independent 54%	3,606,186	.39	1,406,413
	Subtotals	<b>6,678,123</b> <b>39%</b>		<b>2,696,627</b>
<b>Pre-Filled FAFSA Electronic</b> <i>(Electronic version of the Pre-Filled FAFSA that can be used by financial aid administrators, third-party servicers, etc.)</i>	Dependent 30%	154,111	.42	64,727
	Independent 70%	359,591	.39	140,240
	Subtotals	<b>513,702</b> <b>3%</b>		<b>204,967</b>
<b>Total</b>		<b>17,123,392</b>		<b>8,341,867</b>



**Application volume projections:**

2005-2006	13,852,804 (actual volume as of 8/6/06 - projected to increase slightly prior to CPS close-out)
2006-2007	14,867,558
2007-2008	15,952,890
2008-2009	16,787,640
2009-2010	17,123.392 (based upon 2% increase from 2008-2009)

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

There is no annual cost burden to respondents or record keepers.

**14. Provide estimates of annualized cost to the federal government.**

Below are the estimated costs to the federal government to produce, process, and distribute the 2009-2010 FAFSA, FAFSA on the Web, Renewal FAFSA on the Web, and the electronic versions of these applications, including the CPS system.

A. CPS Projected Costs at the Virtual Data Center

FY 2007 (includes parts of the 2006-2007 and 2007-2008 award year processing cycles.)

\$18,956,011 Includes mainframe processing; software; system security and protection; capacity; storage (tape backup and optical); printing; etc.

Data Entry, System Development, Data Processing

The CPS is responsible for a category called Data Entry or Image and Data Capture (IDC) - delivery of data entry services resulting from the paper FAFSA and other related forms transmitted through a reliable and secure data capture system. Processing operations will include the receipt of FAFSA forms and the timely imaging, data capture and transmission of data and images for processing:

FY 2008 total data entry cost.....	\$7,622,645
FY 2008-09 processing cycle.....	\$5,536,204
FY 2008-09 development cycle.....	\$12,508,165

B. Other Costs

FAFSAs (paper)	
Printing	\$2,527,153
Distribution/Postage	\$1,335,028
FAFSA related customer responses	
Telephones	\$20,822,647
Correspondence	\$890,000
FAFSA Design Group	
Contractor Support/Usability Testing	\$60,000
SUBTOTAL	\$25,634,828

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

The Department projects that there will be a 3 percent increase in the total number of FAFSA submissions during the 2009-2010 FAFSA processing cycle. This growth is

due to the weakening national economy (individuals historically return to school during economic downturns) and a growth in the college age population in the U.S. from the previous year. The total burden hour will increase by 37,520 hours and is reflected in this submission as an 'Adjustment'.

**16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used.**

The results of the collected information will not be published for tabulation or 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.**

The expiration date for OMB approval will not be included on the 2009-2010 FAFSA for design reasons, although the OMB control number is displayed. The term of approval and use of the form is apparent in the first-page instructions that inform applicants to send in the form between January 1, 2009 and June 30, 2010.

**18. Explain each exception to the certification statement identified in Item 20, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.**

Exceptions to the certification requirement are not requested for this information collection.