

SUPPORTING STATEMENT

Information Collection for the Federal Family Education Loan Program, Federal Perkins Loan Program, William D. Ford Federal Direct Loan Program, and Teacher Education Assistance for College and Higher Education Grant Program

Discharge Application: Total and Permanent Disability (OMB No. 1845-0065)

A. Justification

1. Necessity of Information Collection

The Higher Education Act of 1965, as amended (HEA), established the Federal Perkins (Perkins) Loan Program, the Federal Family Education Loan (FFEL) Program and the William D. Ford Federal Direct Loan (Direct Loan) Program under Title IV, Parts B, D, and E. Section 437(a) of the HEA authorizes the discharge of a borrower's obligation to repay his or her FFEL Program loan(s) if the borrower is determined to be totally and permanently disabled in accordance with the U. S. Department of Education's (the Department's) regulations. Section 455(a)(1) of the HEA extends this loan discharge provision to Direct Loan Program borrowers, and section 464(c)(1)(F) of the HEA authorizes total and permanent disability loan discharges in the Perkins Loan Program.

The regulations related to total and permanent disability loan discharges are contained in 34 CFR 682.402(c) for the FFEL Program, in 34 CFR 685.212 and 34 CFR 685.213 for the Direct Loan Program, and in 34 CFR 674.61(b) for the Perkins Loan Program. These regulations require borrowers who seek disability discharges of their FFEL, Direct Loan, or Perkins loans to provide their loan holders with certain information in writing. The Discharge Application: Total and Permanent Disability (TPD Discharge Application) is the means by which a borrower who seeks a total and permanent disability loan discharge provides this information.

A final rule published on June 23, 2008 (73 FR 35472) established regulations for the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program in 34 CFR 686. In accordance with 34 CFR 686.42(b), a TEACH Grant recipient's teaching service obligation is discharged if the recipient is totally and permanent disabled in accordance with the definition in 34 CFR 682.200(b), and if the recipient satisfies the eligibility requirements for a total and permanent disability discharge in 34 CFR 685.213. A totally and permanently disabled TEACH Grant recipient will apply for a discharge of his or her TEACH Grant service obligation by submitting a completed TPD Discharge Application to the Department.

The Department is requesting an revision of the currently approved collection. We are amending the currently approved TPD Discharge Application to (1) incorporate changes to the terms and conditions of total and permanent disability discharges that were made by final regulations published on November 1, 2007 (72 FR 61960), and (2) add provisions for the discharge of a TEACH Grant recipient's service obligation based on a total and permanent disability, in accordance with the final regulations for the TEACH Grant Program that were published on June 23, 2008.

In addition to the changes noted above, we are also making substantive changes to the physician's certification section of the TPD Discharge Application. The Department's experience with the currently approved TPD Discharge Application has shown that in many cases, the physician who certifies the form does not provide sufficient information to enable the Department to determine whether the discharge

applicant is totally and permanently disabled as defined in the Department's regulations. To address this problem, the Department has revised the questions for the physician so that they request more detailed information about the applicant's disabling condition, and has added more space for physicians to provide the requested information.

2. Purpose and Use of Information Collected

The information collected on this form has been used by loan holders and the Department to determine whether a borrower meets the eligibility criteria for a total and permanent disability discharge of his or her loan(s), and it will continue to be used for this purpose. The revised form will also be used to determine whether a TEACH Grant recipient qualifies for a discharge of his or her TEACH Grant service obligation.

3. Consideration of Improved Information Technology

This collection does not involve the use of technological processes such as electronic submission of responses. The TPD Discharge Application requires a signature from both the discharge applicant and the physician who certifies the applicant's disability. In addition, the physician must provide additional information (sometimes including attached documentation) related to the applicant's disabling condition. The United States Postal Service, or some other mail delivery service, provides the only currently feasible means for loan holders to send the disability discharge application to borrowers, and for borrowers and TEACH Grant recipients to return the completed discharge application and any supporting documents.

4. Efforts to Identify Duplication

A review of procedures indicates that current requirements avoid duplication. There is no information available from other sources that can be used to determine a borrower's or TEACH Grant recipient's eligibility for a total and permanent disability discharge.

5. Burden Minimization as Applied to Small Business

No small businesses are affected by this information collection.

6. Consequences of Less Frequent Data Collection

If a borrower or TEACH Grant recipient did not complete a TPD Discharge Application, the Department would not have the information needed to determine whether the individual meets the eligibility requirements for a total and permanent disability discharge. A borrower or TEACH Grant recipient will be required to complete a discharge application only one time.

7. Special Circumstances Governing Data Collection

The collection of this information will be conducted in a manner that does not involve any of the guidelines in 5 CFR 1320.5(d)(2).

8. Consultations Outside the Agency

The Department worked closely with the National Council of Higher Education Loan Programs (NCHELP) in developing both the currently approved TPD Discharge Application and the revised form

that was posted for public comment during the initial 60-day comment period.

In response to a notice that was published in the Federal Register on May 15, 2008 (73 FR 28103), the Department received multiple comments on the draft revised TPD Discharge Application from NCHERP and the National Consumer Law Center. We have made numerous changes to the form in response to the comments received during the 60-day comment period, and additional changes to reflect amendments to §§437(a) and 464(c)(1)(F) of the HEA that were made by the Higher Education Opportunity Act (Public Law 110-315).

Copies of the 60-day public comments, with the Department's responses, are included with this submission.

9. Payments or Gifts to Respondents

No payments or gifts will be provided to respondents.

10. Assurance of Confidentiality

The discharge form includes a Privacy Act Notice that (1) informs the discharge applicant of the statutory authority for the information collection, (2) explains that disclosure of the information is voluntary, but is required in order to determine the applicant's eligibility for a discharge, and (3) identifies the third parties to whom the information may be disclosed, and explains the circumstances under which such disclosures may occur.

11. Questions of a Sensitive Nature

The TPD Discharge Application requires the physician who completes the physician's certification section to provide information about the applicant's disabling condition. This information may be considered sensitive, but it is needed in order for loan holders and the Department to determine whether a borrower or TEACH Grant recipient meets the regulatory definition of totally and permanently disabled.

12. Annual Hour Burden for Respondents/Record keepers

The total estimated annual reporting hour burden for this information collection is approximately 15,000 hours. The burden estimate for this application was calculated as follows:

| | |
|---|---------------------------------|
| Estimated annual number of respondents: | 30,000 |
| Number of responses per applicant: | x 1 |
| Hours per response: | x <u>0.5 hours (30 minutes)</u> |
| Annual hour burden: | 15,000 hours |

The estimated annual cost burden to respondents for this collection is \$12,300.00. This estimate was calculated by multiplying the estimated number of respondents (30,000) by the cost of postage (\$0.41) required to return the completed discharge form to the loan holder or, for a TEACH Grant, to the Department.

13. Annual Cost Burden to Respondents

There are no capital/startup costs to respondents, nor are there any annual costs to respondents associated with operating or maintaining systems or purchasing services.

14. Estimated Annual Cost to Federal Government

The cost to the federal government is minimal for cancellation requests for the FFEL and Perkins programs as the loan holders distribute the form, collect the information, and process the discharge request forms. However, for the Direct Loan Program and the TEACH Grant Program, there is an estimated annual cost to the Federal Government of \$27,000.00 for printing, mailing, and processing the forms.

15. Reason for Changes to Burden Hour Estimate

The Department is reporting an upward adjustment of 7,500 hours to the estimated hour burden for this collection. This is due to an increase in the number of individuals applying for total and permanent disability discharges.

16. Collection of Information with Published Results

The results of this information collection will not be published.

17. Approval Not to Display Expiration Date

The Department is not seeking this approval.

18. Exceptions to the Certification Statement

The Department is not requesting any exceptions to the Certification for Paperwork Reduction Act Submissions of OMB Form 83-1.

B. Collection of Information Employing Statistical Methods

This collection of information will not employ any statistical methods.