

## SUPPORTING STATEMENT

Information Collections Under the Final Regulations Governing the Teacher Education Assistance for College and Higher Education Grants as amending the Student Assistance General Provisions.

### A. Justification

#### 1. Necessity of Information Collected

The Teacher Education Assistance for College and Higher Education Grants program (TEACH Grants) final regulations revises the current Student Assistance General Provisions regulations in the area of program administration. The Student Assistance General Provisions regulations in the final TEACH Grant regulations assure the Secretary that the integrity of the program is protected from fraud and other misuse of program funds.

These regulations are a result of regulatory review of the program regulations to reduce administrative burden for program participants, provide benefits to Title IV recipients, and protect the taxpayers' interest. This request is in response to the Notice of Action's Terms of Clearance to provide for updated burden estimates associated with reporting and recordkeeping requirements contained in the final regulations related to the administrative requirements of the Regulations Governing the Student Assistance General Provisions as revised by the TEACH Grant final regulations. The information collection requirements in these regulations are necessary to determine eligibility to receive program benefits and to prevent fraud and abuse of program funds.

**Student Assistance General Provisions:** (OMB control number: 1845-0038)

We are making the following changes to this section:

#### **General Provisions (OMB 1845-0038 – Cash Management)**

##### **Sections 668.165 -- Notices and authorizations.**

Section 668.165 contains information collection requirements under OMB Control Number 1845-0038. In §668.165, we modified the current notification and authorization requirements to include TEACH Grants in the notification and authorization process. Before an institution disburses title IV, HEA program funds for any award year, the institution must notify a student of the amount of funds that the student or his or her parent can expect to receive under each title IV, HEA program, and how and when those funds will be disbursed.

Except in the case of a post-withdrawal disbursement made in accordance with §668.22(a)(5), if an institution credits a student's account at the institution with Direct Loan, FFEL,

Federal Perkins Loan, or TEACH Grant Program funds, the institution must notify the student or parent of--

The anticipated date and amount of the disbursement;

The student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan, or the TEACH Grant proceeds returned the Secretary. However, if the institution releases a check provided by a lender under the FFEL Program, the institution is not required to provide this information; and

The procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement.

The institution must provide the notice described in paragraph (a)(2) of this section in writing--

No earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution, if the institution obtains affirmative confirmation from the student under paragraph (a)(6)(i) of this section; or

No earlier than 30 days before, and no later than seven days after, crediting the student account at the institution, if the institution does not obtain affirmative confirmation from the student under paragraph (a)(6)(i) of this section.

A student or parent must inform the institution if he or she wishes to cancel all or a portion of a loan, - loan disbursement, TEACH Grant, or TEACH Grant disbursement.

The institution must return the loan or TEACH Grant proceeds, cancel the loan or TEACH Grant, or do both, in accordance with program regulations.

If a student or parent requests a loan cancellation after the period set forth in paragraph (a)(4)(ii)(A) or (B) of this section, the institution may return the loan or TEACH GRANT proceeds, cancel the loan or the TEACH Grant, or do both, in accordance with program regulations.

An institution must inform the student or parent in writing regarding the outcome of any cancellation request.

For purposes of this section--

Affirmative confirmation is a process under which an institution obtains written confirmation of the types and amounts of title IV, HEA program loans that a student wants for an award year before the institution credits the student's account with those loan funds. The process under which the TEACH Grant Program is administered is considered to be an affirmative confirmation process; and

An institution is not required to return any loan or TEACH Grant proceeds that it disbursed directly to a student or parent.

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

Student Assistance General Provisions:

Subpart K - Cash Management of Part 668 of the Code of Federal Regulations (CFR) provide for the administration of Title IV, HEA program assistance funds. The information collected, recorded, and/or disclosed in §668.165 continues to be used as necessary for disbursing Title IV funds and in order to meet the requirements for notification and authorizations within the cash management regulations for effective Title IV program administration. The information collected, recorded, and/or disclosed in §668.165 will continue to be used as necessary. If we did not require the collection, recordation, and/or disclosure of information as specified in §668.165, we would not be able to ensure program compliance.

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

### **General Provisions:**

We have maximized the use of available technology to comply with the Cash Management requirements by permitting institutions greater flexibility to return Title IV credit balances through a variety of electronic processes.

## **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.

## **9. Payments or Gifts to Respondents**

No payments or gifts will be provided to the respondents.

## **10. Assurance of Confidentiality**

No assurance is required because no information is required that is of a confidential nature.

## **11. Questions of Sensitive Nature**

The Department is not requesting any sensitive data.

## **12. Annual Hour Burden for Respondents/Recordkeepers.**

### **Sections 668.165 -- Notices and authorizations.**

The final regulations modify current notification and authorization requirements to include the TEACH Grant program in the institution's required notification to the TEACH Grant recipient of the recipient's right to reduce or cancel their TEACH Grant prior to the institution disbursing the TEACH Grant, Title IV program assistance funds. These regulations also require an institution to inform the recipient in writing regarding the outcome of any cancellation request.

It is estimated that the changes will slightly increase the burden for institutions as they provide the recipient with information about the institution's procedures and time by which the TEACH Grant funds will be disbursed. Included in the institution's notification will be the anticipated date and amount of the disbursement, the student's right to cancel or reduce the amount of the disbursement.

The overall changes however will net a decrease in the burden for institution from the previous information collection filing due to the improved information gathered over the past 6 months regarding the number of institutions and student participating in the new TEACH Grant program.

Total Projected # of Eligible Institutions:	5,665
Projected % of Institutions participating in the TEACH Grant program	<u>X.1078</u>
Projected # Participating Institutions	611
Amount of time to provide notification To a TEACH Grant recipient	.25 hours
Estimate of burden hour increase:	
estimated # of Title IV recipients affected by the change	5,821
X average amount of burden increase	<u>X.25 hours</u>
Total burden hour reduction:	1,455 hours
estimated # of TEACH Grant recipients affected by the change	5,821
X Projected percentage of TEACH Grant recipients that reduce or cancel their TEACH Grant	<u>X.01 %</u>
Total burden hour increase for schools:	58 Recipients
X average amount of burden to contact school	X .25 hours

Total burden hour increase for students: 15 hours

Affected Entities:

INSTITUTIONS:			
For-profit	6	58 recipients	X .25 hours = 15 hours
Not-for-profit	324	3,085 recipients	X .25 hours = 771 hours
Public	<u>281</u>	<u>2,678 recipients</u>	X .25 hours = 669 hours
Total	611	5,821 recipients	<u>1,455 hours</u>

INDIVIDUALS:

58 recipients X .25 hours = 15 hours

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	#Hrs/Response	#Hrs Burden
669	5,879	.25	1,470

**Summary Current Burden Inventory:**

**Respondents, Responses and Burden Hours:**

# of Respondents	# of Responses	# Hrs Burden
22,818	1,080,834	978,333

**Revision to Burden Associated with the regulatory changes:**

**Respondents, Responses and Burden Hours:**

Sections 668.165 – Notices and authorizations

# of Respondents	# of Responses	# Hrs Burden
-739	-50,479	-12,620

**Revised Burden Inventory:**

# of Respondents	# of Responses	# Hrs Burden
22,079	1,030,555	965,713

**13. Annual Cost Burden to Respondents**

**Student Assistance General Provisions:**

No changes to the current inventory.

**14. Estimated Annual Cost to the Federal Government**

**Student Assistance General Provisions:**

There are no additional costs to the federal government as a result of these regulations.

**15. Reasons for Changes to Burden Hour Estimated**

The decrease in the estimated burden hours is due to a recalculation of respondents.

**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".