

PLUS Loan Origination Rights Auction under the HEA, Title IV, Part I, Section 499, Competitive Loan Auction Pilot Program

SUPPORTING STATEMENT

Information Collections

A. Justification

1. Necessity of Information Collected

The Department of Education is requesting emergency clearance of all documents associated with this clearance by February 23, 2009 to meet Congressional legislative mandates. This data collection is necessary to conduct an auction for the rights to originate PLUS loans to parent borrowers under the Federal PLUS Program authorized by Section 428B of Title IV of the Higher Education Act of 1965, as amended (HEA) for the period beginning on or after July 1, 2009 and ending June 30, 2011. The HEA, as amended by the HEOA of 2008, requires that the right to originate PLUS loans to new parent borrowers under the Federal PLUS Program be determined through a competitive sealed bid, one-round auction to be conducted for each State, the District of Columbia, and Puerto Rico (State).

Two eligible lenders (as defined in Section 435(d) of the HEA) meeting the qualifications as set forth in this notice, with winning bids will be identified for each State and will be the only eligible lenders authorized to originate Federal PLUS loans to parent borrowers who are borrowing on behalf of a dependent student who will be enrolled in an eligible postsecondary educational institution in that State and who are new borrowers on or after July 1, 2009. Parents who are not new borrowers on or after July 1, 2009 may continue to receive loans from any eligible FFEL lender.

The auction will be conducted in two parts. First, lenders will submit a prequalification form that collects specific information necessary to determine if the lender has the resources necessary to make loans to parents under the PLUS loan program in the state(s) in which the lender will bid. Once pre-qualified, lenders will submit a bid which is the lowest special allowance payment (SAP), as defined in Section 438 of the HEA, they are willing to accept for Federal PLUS loans made pursuant to the auction.

2. Purpose and Use of Information Collected

The information requested is necessary to determine whether the winning bidders will be able to make and service the PLUS Loans made to parents as a result of the auction as well as to conduct the auction itself.

3. Consideration of Improved Information Technology

The number of lenders submitting prequalification and bidding forms is expected to be relatively small. As a result, the Department will make available Word, Excel, and Adobe Acrobat files that can be completed, password protected and submitted by email.

4. Efforts to Identify Duplication

The only duplicative information being collected is information identifying the lender.

5. Burden Minimization as Applied to Small Business

No small businesses are impacted by this collection.

6. Consequences of Less Frequent Data Collection

Without the information being requested, the Department would be unable to conduct the auction mandated by Sec. 499 of the HEA which requires the Department to conduct an auction prior to July 1, 2009 and then every other year.

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

We are seeking emergency clearance and we will publish a Federal Register Notice stating we're seeking emergency clearance. We will then follow this with a full information collection process allowing regular public comment.

9. Payments or Gifts to Respondents

No payments or gifts will be provided to the respondents.

10. Assurance of Confidentiality

Under the HEA, all bids received are sealed and can not be disclosed.

11. Questions of Sensitive Nature

The Department is not requesting any sensitive data.

12. Annual Hour Burden for Respondents/Record keepers.

Projected # of FFEL Participating Lenders	
Submitting PLUS Auction Prequalification Information:	25

Amount of time to complete prequalification form	.6 hours
Amount of time to complete a bid	.2 hours
Estimate of burden hour increase:	
estimated # of lenders submitting prequalification form	25
X average amount of burden increase	<u>X .6 hours</u>
Burden hour increase:	15 hours

Projected # of FFEL Participating Lenders Submitting PLUS Auction Bids	15
X average amount of burden increase	<u>X.2 hours</u>
Total burden hour:	3
hours	

Affected Entities:			
LENDERS:			
For-profit	18	X .72 hours =	12.96 hours
Not-for-profit	<u>7</u>	<u>X .72 hours =</u>	<u>5.04 hours</u>
Total	25		18 hours

13. Annual Cost Burden to Respondents

Not Applicable

14. Estimated Annual Cost to the Federal Government

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

15. Reasons for Changes to Burden Hour Estimated

This is a new data 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".

