

To: OMB Desk Officer

From: Daniel T. Madzelan
Delegated the Authority to Perform
the Functions and Duties of the
Assistant Secretary for Postsecondary Education
U.S. Department of Education

Subject: Request Emergency Clearance: Competitive Loan Auction PLUS Pilot
Program

Date February 5, 2009

The Department of Education's (the Department) Office of Postsecondary Education requests that OMB grant an emergency clearance for all documents associated with this clearance by March 2, 2009 so that Congressional legislative mandates may be satisfied.

The Competitive Loan Auction Pilot Program for PLUS loans is a new Federal Family Education Loan program. This pilot program was mandated by Congress in the College Cost Reduction and Access Act of 2007 (CCRAA) and in the Higher Education Act (HEA) of 1965, as amended, Title IV, Part I, Section 499, Competitive Loan Auction Pilot Program.

We are requesting permission for an emergency clearance to allow eligible lenders to participate in the prequalification process. We must meet the deadline set by Congress to have the pilot program in place and running by July 1, 2009, so that lenders may process student aid applications

The Department will conduct The Competitive Loan Auction Pilot Program in two parts. First, lenders must submit a prequalification form that collects specific information necessary for the Department to determine if the lender has the financial and technological resources necessary to make loans to parents under the PLUS loan program in the state(s) in which the lender will bid.

Secondly, once pre-qualified, lenders may 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.

Only two eligible lenders (as defined in Section 435(d) of the HEA) meeting the pre-qualification requirements will be identified for each State and they will be the sole eligible lenders authorized to originate Federal PLUS loans to new parent borrowers.

The Department requests emergency clearance of the documents by March 2, 2009. Members of the higher education community have informed us of the urgency of getting the auction done and identifying the appropriate lenders so that they may complete the packaging of financial aid for student borrowers entering institutions within their state in a timely manner.

The Department must have clearance of the documents by February 23, 2009, so that the prequalification process can be started, the subsequent auction held and winning bidders notified and announced so they will have sufficient time to operationalize their business processes.

Please let me know if you have questions related to this emergency clearance request. I can be reached at (202) 502- 7816, or by email at: dan.madzelan@ed.gov.

Thanks in advance.