

Supporting Statement
Information Collection for the William D. Ford Federal Direct Loan Program
Income Contingent Repayment Plan & Income-Based Repayment Plan
Alternative Documentation of Income (OMB No. 1845-0016)

A. Justification

1. Necessity of Information Collection

Section 455(d) of the Higher Education Act of 1965, as amended (the HEA), authorizes the Income Contingent Repayment (ICR) Plan and the Income-Based Repayment (IBR) Plan as two of the repayment options available to borrowers who obtain student loans through the William D. Ford Federal Direct Loan (Direct Loan) Program. The regulations that govern the ICR and IBR plans are specified in 34 CFR 685.209 and 34 CFR 685.221, respectively.

Under the ICR Plan, a borrower's monthly repayment amount is based on the borrower's Direct Loan Program loan debt, family size, and adjusted gross income (AGI) as reported on the borrower's most recently filed federal income tax return. If the borrower is married, the income of the borrower's spouse is also used in determining the monthly repayment amount. In accordance with the regulations governing the ICR Plan, the Department of Education (ED) has the authority to collect alternative documentation of a borrower's income if the borrower's AGI is unavailable or does not reasonably reflect the borrower's current income and ability to repay a Direct Loan Program loan.

Under the IBR Plan, the required monthly payment amount for a borrower who is experiencing a partial financial hardship may not exceed 15 percent of the difference between the borrower's (and spouse's, if applicable) AGI and 150 percent of the federal poverty line for the borrower's family size and the state, divided by twelve. If a married borrower files a joint federal tax return with his or her spouse, the IBR Plan payment amount is calculated based on the AGI of both individuals. If a married borrower files a separate federal tax return, only the borrower's AGI is used in the calculation. As is the case with the ICR Plan, the Direct Loan Program regulations provide for alternative documentation of income if the AGI of a borrower who is repaying his or her loans under the IBR Plan is not available, or if ED believes that the borrower's reported AGI does not reasonably reflect the borrower's current income.

2. Purpose and Use of Information Collected

ED has used the information collected on the previously approved Alternative Documentation of Income form to determine the monthly repayment amount under the ICR Plan for borrowers whose AGI is unavailable or does not reasonably reflect their current income, as described in Section 1 of this Supporting Statement. The information collected on the Alternative Documentation of Income form included with this clearance package continues to be necessary and will be used for this same purpose, and will also be used for the same purpose in connection with borrowers who are repaying their loans under the IBR Plan.

ED provided justifications for the data elements with the previous clearance packages for this form that were submitted to the Office of Management and Budget (OMB). ED is not adding any new data elements.

3. Consideration of Improved Information Technology

ED continues to maximize the use of available information technology in making and servicing Direct Loan Program loans. Currently, there is no automated means of collecting the required supporting documentation for the income reported on the Alternative Documentation of Income form.

4. Efforts to Identify Duplication

There is no information available from other sources that can be used for the purposes described in Item 2.

5. Burden Minimization as Applied to Small Businesses

This information collection does not affect small businesses.

6. Consequences of Less Frequent Data Collection

Borrowers who continue to repay their Direct Loan Program loans under the ICR or IBR plans must complete and submit the Alternative Documentation of Income form annually for as long as the borrower's monthly loan payment is based on income information other than the borrower's AGI. Less frequent data collection would restrict ED's ability to establish a monthly payment amount based on a borrower's current income information.

7. Special Circumstances Governing Data Collection

This information collection does not involve any of the conditions listed in 5 CFR §1320.5(d)(2).

8. Consultations Outside the Agency

In creating the Alternative Documentation of Income form in this clearance package, we solicited recommendations for changes from loan servicing staff who assist Direct Loan borrowers with completing the form.

9. Payment or Gifts to Respondents

No payments or gifts will be provided to respondents.

10. Assurance of Confidentiality

The Alternative Documentation of Income form includes a Privacy Act Notice that (1) informs borrowers of the statutory authority for the information collection, (2) explains that disclosure of the information is voluntary, but is required in order for borrowers to repay their loans under the ICR or IBR plan, 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

ED is not requesting any sensitive information.

12. Annual Hour Burden for Respondents/Recordkeepers

The total estimated annual hour burden for this collection is 123,868 hours. The hour burden and cost estimates were calculated as follows:

Estimated annual number of respondents:		375,357
Number of responses per borrower:	x	1
Hours per response:	x	0.33 (20 minutes)
Annual hour burden:		<hr/> 123,868 hours

13. Estimated Annual Cost Burden to Respondents/Recordkeepers

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 the Federal Government

The total estimated annual cost to the federal government for this information collection is \$777,295.00. This includes the following:

Printing the form:	\$55,254
Mailing form	\$107,332
Costs for processing the completed form	\$614,709
TOTAL:	<hr/> \$777,295

15. Reasons for Program Changes/Adjustments Reported in Items 13 or 14 of OMB Form 83-I

Although the number of respondents completing the Alternative Documentation of Income form is expected to increase as a result of the availability of the IBR Plan effective July 1, 2009, ED is reporting a downward adjustment of 165,099 hours because the burden hours were calculated incorrectly for the previous submission. For the previous submission, the number of respondents was correctly reported as 363,357, but the hour burden was incorrectly calculated based on 863,657 respondents.

ED expects the number of respondents to increase by approximately 12,000, resulting in a total of 375,357 respondents. This results in an annual hour burden of 123,868 hours, as shown above in Item 12.

16. Collection of Information with Published Results

The results of this information collection will not be published.

17. Approval Not to Display Expiration Date

ED is not seeking this approval.

18. Exceptions to the Certification Statement

ED is not requesting any exceptions to the “Certification for Paperwork Reduction Act Submissions” of OMB Form 83-I.

B. Collection of Information Employing Statistical Methods

This information collection does not employ statistical methods.