

**SUPPORTING STATEMENT
FOR
PAPERWORK REDUCTION ACT SUBMISSION**

A. Justification

1. Circumstances Making Collection of Information Necessary

The Federal Pell Grant, the Academic Competitiveness Grant (ACG), and the National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) programs are student financial assistance programs authorized under the Higher Education Act of 1965 (HEA), as amended. These programs provide grant assistance to an eligible student attending an institution of higher education. The institution determines the student's award and disburses program funds to the student on behalf of the Department (ED). However, because ACG and National SMART were new grant programs for the 2006-2007 award year, the information in this submission is being revised to reflect actual ACG and National SMART Grant disbursement data. These interim final regulations are needed to implement provisions of the Higher Education Act of 1965 (HEA), as amended by the Ensuring Continued Access to Student Loans Act of 2008 (ECASLA) and the Higher Education Opportunity Act of 2008 (HEOA). We anticipate that these interim final regulations will be published in late Spring, 2009.

The data in this collection needs to be collected (in addition to the information collected for the Federal Pell Grant Program) to enable the institution to determine a student's eligibility under these programs. To account for the funds disbursed, institutions report student payment information to ED electronically. Electronic reporting is conducted through the Common Origination and Disbursement (COD) system. The COD system is used by institutions to request, report, and reconcile grant funds received from these programs. More information about the COD system is available on ED's website at <http://ifap.ed.gov> under the section "On-line References."

2. Use of Information

ED will use the revised information collected to help ensure compliance with fiscal and administrative requirements under the HEA for the Federal Pell Grant, ACG, and National SMART programs, and under 34 CFR 690 of the Federal Pell Grant Program regulations and 34 CFR 691 of the ACG and National SMART Grant program regulations.

3. Use of Information Technology

COD is a multi-functional application providing options to participating institutions for processing Federal grant program data electronically. COD may be used as a high volume transaction application, or as a fully web-enabled application for which ED provides the necessary software (EDExpress) for no charge. However, institutions are not required to use EDExpress – they may develop their own software, purchase software, or contract with a third-party servicer to report Pell Grant, ACG, or National SMART Program data to ED to the COD system.

4. Efforts to Identify Duplication

There is no information available from any other source that contains the information in

this data collection.

5. Methods to Minimize Burden on Small Entities

ED makes available for no charge software (EDExpress) that an institution may use to report Federal grant data in the XML format required under the COD system.

6. Consequences If Information Is Not Collected

Without this information, ED cannot process payments to institutions for students eligible to receive aid under the Federal Pell Grant, ACG, and National SMART Programs.

7. Special Circumstances

Institutions are required to report Federal grant data to ED more frequently than quarterly to account for the expenditure of Federal funds in a timely manner and to otherwise meet the program's statutory and regulatory requirements.

8. Federal Register Comments and Persons Consulted Outside the Agency

ED meets regularly with members of the financial aid community and at national, regional and state association conferences, as well as at the ED-sponsored conferences, on ways to improve the COD system. These requirements will be publishing in the Federal Register as an interim final regulation anticipated in late Spring 2009. The public will have the customary 30-day period to provide comments.

9. Respondent Payment or Gifts

The Department will not provide payment or gifts to the users of the COD system. The submission of Federal Pell Grant, ACG, and National SMART Grant data is mandatory.

10. Assurances of Confidentiality.

No assurance of confidentiality is provided to respondents.

11. Questions of Sensitive Nature

No questions of a sensitive nature are requested in COD.

12. Estimate of Hour Burden

Frequency of response: The minimum reporting requirement is one record for origination and disbursement data per student, per grant award, per award year. Institutions may correct an accepted COD record as many times as they wish, but are not required to submit changes unless the student's award amount changes from the accepted origination amount originally established in COD.

The total annual burden hours are estimated to be 507,362. The breakdown of how this was established follows:

A. Federal Pell Grant Program:

For the 2007-2008 award year, the number of student recipients for the Federal Pell Grant Program is estimated to be 5,542,295 multiplied by approximately .07 hours per recipient (to enter data for COD) = 387,961 hours. The burden per institution is estimated at

73 hours (387,961 total hours divided by 5,304 institutions currently participating in the Federal Pell Grant program).

We estimate the burden costs to be \$15 to \$20 per hour. The average burden cost estimate for an institution is between \$1,095 (73 hours X \$15 per hour) and \$1,460 (73 hours X \$20 per hour). For the 5,304 institutions the total cost is between \$5,807,880 and \$7,743,840. The average total cost is estimated at \$6,775,860.

B. ACG and National SMART Programs:

1. For the 2007-2008 award year, the number of student recipients for the ACG and National SMART programs is estimated to be 477,605 multiplied by approximately .08 hours per respondent (to enter data for COD) = 38,208 hours. The burden for institutions is estimated at 11 hours (38,208 total hours divided by 3,351 institutions that are participating in the ACG/National SMART Programs).

We estimate the burden costs to be \$15 to \$20 per hour. The average burden cost estimate for an institution is between \$165 (11 hours X \$15 per hour) and \$220 (11 hours X \$20 per hour). For the 3,351 institutions the total cost is between \$552,915 and \$737,220. The average total cost is estimated at \$645,068.

2. In addition, because ACG and National SMART were new programs starting in the 2006-2007 award year, some additional information relating to whether a student completed a rigorous high school program (as provided in 34 CFR 691.15) needs to be analyzed to award the grant, and that information needs to be maintained by the institution as provided in 34 CFR 691.82. With regard to evaluating documentation of a rigorous high school program, and subsequent reporting to COD, we estimate the burden to be .17 hours per student recipient multiplied by the total number of estimated recipients 477,605, or 81,193 burden hours. The burden for institutions is estimated at 24 hours (81,193 total hours divided by 3,351 institutions that qualify to participate in the ACG/National SMART Programs).

We estimate the burden costs to be \$15 to \$20 per hour. The average burden cost estimate for an institution is between \$360 (24 hours X \$15 per hour) and \$480 (24 hours X \$20 per hour). For the 3,351 institutions the total cost is between \$1,206,360 and \$1,608,480. The average total cost is estimated at \$1,407,420.

3. For a small number of student recipients, institutions that do not normally request high school transcripts as part of their admissions process would need to obtain documentation that a student completed a rigorous high school program from the student's high school or other cognizant authority, and maintain that documentation as provided in 34 CFR 691.16 & 691.82. The burden associated with the collection and maintenance of this documentation from the cognizant authority is analyzed in OMB 1845-XXXX.

Affected Entity:

A. Pell reporting:	5,542,295	X	.07 hours/response = 387,961 hours
B. ACG/SMART B1.	477,605	X	.08 hours/response = 38,208 hours
B2.	X		.17 hours/response = 81,193 hours

Sub-total:	# of Responses	# Burden Hours
	6,019,900	507,362

All Institutions:

A. Pell reporting	387,961 hours / 5,304 institutions = 73 hours per institution
B. ACG/SMART B1.	38,208 hours/ 3,351 institutions = 11 hours per institution
B2.	81,193 hours/ 3,351 institutions = 24 hours per institution

All Institutions broken out by Institution Type:

Business – for-profit

A. Pell reporting	1,768 for profit institutions with 129,320 hours of burden
B. 1&2. ACG/SMART	335 for profit institutions with 11,940 hours of burden

Business – not-for-profit

A. Pell reporting	1,768 for profit institutions with 129,320 hours of burden
B. 1&2.ACG/SMART	1,508 for profit institutions with 53,730 hours of burden

State, Local or Tribal Governments

A. Pell reporting	1,768 for profit institutions with 129,321 hours of burden
B. 1&2. ACG/SMART	1,508 for profit institutions with 53,731 hours of burden

TOTAL:	# of Respondents	# of Responses	# Burden Hours
8,655	6,019,900	507,362	

13. Estimate of Cost Burden

There are no additional costs to respondents other than those listed above in #12.

14. Estimate of Annual Cost to the Federal Government

The annual cost to the Federal Government for the processing of this information is estimated to be \$24,700,000. This cost includes ED labor costs, contractor staff time in preparing and electronically transmitting the information; contractor costs associated with processing the payment data submitted by institutions; and recording and analyzing the data for funding decisions and ensuring the institution’s compliance with the program statute and regulations.

ED labor and program administration costs = \$2,700,000.

Contractor costs for processing the student payment data = \$22,000,000.

15. Program Changes or Adjustments

The Budget Reconciliation Act (Public Law 109-171) created two new Federal Grant programs, ACG and National SMART, increasing burden by a total of 12,412 hours.

The implementation of these PROPOSED / INTERIM FINAL regulations created additional information collections burden. A summary is provided below:

Respondents, Responses and Burden Hours:

	# of Respondents	# of Responses	# Burden Hours
Section 691.15 – Eligibility to receive a grant			
8,655	6,019,900	507,362	
Current Inventory:	5,238	5,655,000	494,950
Revised Inventory:	8,655	6,019,900	507,362
Difference:	3,417	364,900	12,412

16. Plans for Tabulation and Publication of Results

No tabulation or publication of the results will take place.

17. Approval to not Display OMB Expiration Date

All data collection instruments will include the OMB expiration date.

18. Explanation of Exceptions

Except for the new documentation requirements related to a rigorous high school program, as provided in 34 CFR 691.83, the record retention and recordkeeping requirements are not specified in this collection because those requirements apply to all Federal Student Aid programs and are set forth in Title IV Program regulations, particularly 34 CFR 668.24.