

**Supporting Statement**  
**Information Collection for the William D. Ford Federal Direct Loan Program**  
**Income Contingent Repayment Plan & Income-Based Repayment Plan**  
**Consent to Disclosure of Tax Information**

**A. Justification**

**1. Necessity of Information Collection**

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 ICR Plan has been available to borrowers since the Direct Loan Program was first established. The IBR Plan will be available to borrowers beginning July 1, 2009. The regulations that govern the ICR Plan are specified in 34 CFR §§685.208(f) and 685.209; the regulations for the IBR Plan are specified in 34 CFR §§685.208(m) and 685.221.

Under the ICR Plan, a borrower's monthly repayment amount is generally based on the borrower's Direct Loan Program loan debt, family size, and the adjusted gross income (AGI) reported by the borrower—and, if married, the borrower's spouse—for the most recent year for which the Department of Education (ED) has obtained income information.

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 that corresponds to 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 payment amount is calculated based on the AGI of both individuals. If a borrower is married but files a separate federal tax return, only the borrower's AGI is used in the calculation.

In order to participate in either the ICR Plan or the IBR Plan, a borrower (and, if applicable, the borrower's spouse) must provide written consent for the Internal Revenue Service (IRS) to disclose certain tax return information to ED and its agents. The ICR & IBR Consent to Disclosure of Tax Information form (consent form) is the means by which ED collects this written consent.

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

ED has used the information collected on the previously approved consent form to obtain the tax return information from the IRS that is needed to determine a borrower's monthly repayment amount under the ICR Plan. The information collected on the consent form included with this clearance package continues to be necessary and will be used for this same purpose. In addition, ED will now use the consent form to collect the same tax information that is needed for to determine the monthly payment amount for a borrower who selects the IBR Plan. ED has made the necessary changes to the currently approved consent form so that it may be used to collect the required tax information for either the ICR Plan or the IBR Plan.

Because the consent form is sent and collected by ED's Direct Loan Program servicing and loan consolidation contractors, there are two versions of the form. They are identical except for the contractor name and address that are listed on the form.

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. Because the IRS requires written consent from borrowers (and, in some cases, their spouses) for disclosure of tax information to ED, electronic submission of the consent form is not feasible at this time.

### **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 and IBR Plans must complete and submit the ICR and IBR consent form every five years. (NOTE: The tax years listed on the form are updated each year to include the current year, the two prior years, and the two following years.) Because this maximum five-year period is required under 26 U.S.C. §301.6103(d)(5), ED is unable to collect the information less frequently.

### **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 Consent to Disclosure of Tax Information form in this clearance package, we solicited recommendations for changes from loan servicing staff who assist Direct Loan borrowers with completing the form. In addition, we consulted with the IRS in developing both the currently approved consent form and the revised version included with this submission.

**9. Payment or Gifts to Respondents**

No payments or gifts will be provided to respondents.

**10. Assurance of Confidentiality**

The consent 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 and IBR Plans, 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 81,115 hours. The hour burden and cost estimates were calculated as follows:

Estimated annual number of respondents:		405,577
Number of responses per borrower:	x	1
Hours per response:	x	0.2 (12 minutes)
Annual hour burden:		<hr/> 81,115 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 \$289,757.00\*. This includes the following:

Mailing the form:		\$119,379
Printing the form:		\$18,312
Costs for processing the completed form:	3	\$152,066
TOTAL:		<hr/> \$289,757

\*This amount includes both ED contractor and IRS costs for processing consent forms.

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

ED is reporting an increase of 2,399 hours as a program change. The availability of the IBR Plan effective July 1, 2009 is expected to increase the number of respondents for this collection.

**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.