

**SUPPORTING STATEMENT**  
**Information Collection for the**  
**Federal Perkins Loan Program/NDSL Program**

**Federal Perkins Loan Program/NDSL Assignment Form**

**A. Justification**

**1. Necessity of Information Collection**

Schools participating in the Federal Perkins Loan Program, formerly the National Direct/Defense Student Loan Program (NDSL), currently use this form to assign defaulted loans to the U.S. Department of Education (ED) for collection. These defaulted loans may, as outlined in 20 U.S.C. 1087cc and under program regulations 34 CFR 674.50, be assigned to the Federal government (i.e., Department of Education) for collection when the school has exhausted all efforts in the recovery of the outstanding loan.

In addition, schools use this form to assign loans for which a school has approved a total and permanent disability discharge request, in accordance with 34 CFR 674.61(b) (2) (v).

In response to the “Terms of Clearance” with the last approval action, the Department planned to implement a system that would allow schools to submit the Perkins loan assignment information electronically. Although it was originally expected that the new system would be operational by 2009, unanticipated issues involving the contractor that was developing the system required us to negotiate a new contract. As a result, the new system that would have allowed for electronic submissions was not implemented. We are currently working on a new procurement to replace our current Debt Management and Collections System (DCMS) with a new system that will be more automated and interactive than the current DCMS, and that will allow for electronic submission of the information required for assignment of Perkins loans. We estimate that the new system will be implemented in FY 2013. Therefore, the assignment form can only be submitted through the U.S. Postal Mail Service until the implementation of the new system.

The Department is requesting a continuation of the currently approved collection reflecting minor technical corrections and updating contact information. There are no changes to any of the data elements.

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

The Perkins Assignment Form is the transmitting document for this assignment process. It collects pertinent information required by ED on the loans being submitted for assignment. Except for total and permanent disability discharges, schools are not required to assign accounts to ED. For non-disability discharge assignments, schools assign loans to ED in an effort to cease their loan servicing responsibilities and costs, and to reduce their paperwork burden.

**3. Consideration of Improved Information Technology**

As noted above the Department is working on implementing a new system to allow for electronic submission of this form. However, the current system used to track this process would not allow for electronic submission. We discovered that we are unable to have this information collection electronically submitted because of the various supporting documentation that must accompany assigned loans. For example, schools must submit the original promissory note when it assigns loans. Another example: If a borrower applies for a total and permanent disability discharge, it must be submitted with the assigned loan. However, the total and permanent disability discharge form requires a third party “wet” signature. Therefore, this can only be submitted through the U.S. Postal Mail Service.

#### **4. Efforts to Identify Duplication**

There is no duplication of data as a result of the collection of this information.

#### **5. Burden Minimization as Applied to Small Businesses**

No small businesses are affected by this collection.

#### **6. Consequences of Less Frequent Data Collection**

The frequency and timing of reporting will vary with the reason for reporting the information. For example, a school might submit assignments for the following reasons: the school withdrew from the Perkins Program; the school exhausted its collection efforts; or the school determined that the borrower meets the preliminary criteria for total and permanent disability.

#### **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**

ED receives input from the schools participating in the Perkins Loan program through negotiated rulemaking, numerous conferences attended by ED employees, such as the National Association of College and University Business Offices (NACUBO), the National Association of Student Financial Aid Administrators (NASFAA), and the Coalition of Higher Education Assistance Organizations (COHEAO) conferences. COHEAO represents Perkins schools, Perkins loan servicers, and Perkins loan collection agents.

Additionally, the community and other interested parties will be given the opportunity to provide input on the forms and completion times during the two public comment periods provided for by the Federal Register notices.

#### **9. Payments or Gifts to Respondents**

The Department of Education provides no payment or gifts to respondents.

#### **10. Assurance of Confidentiality**

ED will comply with the Privacy Act in its applications of information collected through the Perkins Assignment Form.

This information collection does not include a Privacy Act Notice to borrowers because borrowers are not providing this information to ED but to their schools, which must comply with the Family Education Rights and Privacy Act (FERPA). When ED receives this information further disclosure is restricted under our current systems of records notice, which 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**

There are no questions of a sensitive or private nature in this information collection package.

**12. Annual Hour Burden for Respondents/Recordkeepers**

The submission of accounts to ED for collection is at the option of the participating school. Therefore, the number of annual responses and burden hours can only be estimated based on current usage. The number of submissions reported here is based on the actual submissions reported to ED. If a significant difference occurs on an annual basis from this number, a change sheet will be submitted to OMB with an explanation of the change in responses and burden hours.

ED estimates the total annual number of respondents for this information collection to be 21,262. The estimated response time to complete the form in this submission is 0.4 hours (24 minutes). The burden estimate for each form in this information collection was calculated as follows:

|   |                          |
|---|--------------------------|
| Estimated annual number of respondents: | 21,262                   |
| Number of responses per borrower:       | 1                        |
| Hours per response:                     | <u>x .4 (24 minutes)</u> |
| Annual hour burden:                     | 8,505 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 this information collection is \$212,620.00. This is the cost for review and entry of this information.

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

No program change or adjustment to burden hours is being reported at this time.

**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**

There are no exceptions to the certification statement identified in Item 20, Certification for Paperwork Reduction Act Submissions, of OMB Form 83-1

**B. Collection of Information Employing Statistical Methods**

This information collection does not employ statistical methods.