

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSION

Information Collections under the Proposed Regulations Governing the Student Assistance General Provisions – Subpart K Cash Management

A. Justification

1. Necessity of Information Collected

As provided by the Higher Education Opportunity Act, the proposed regulations would provide that a proprietary institution must derive at least 10% of its annual revenue from sources other than Title IV, HEA funds. The proposed regulations require an institution to disclose in a footnote to its audited financial statements the amounts of Federal and non-Federal revenues, by category, that it used in calculating its 90/10 ratio (see section 487(d) of the HEA).

These proposed regulations are a result of regulatory review of the program regulations to provide benefits to students, and protect the taxpayers' interest. This request is for approval of reporting requirements contained in the attached proposed regulations related to the administrative requirements of the non-Title IV revenue requirement (90/10) program. The information collection requirements in these proposed regulations are necessary to determine eligibility to receive program benefits and to prevent fraud and abuse of program funds.

General Provisions: (OMB control number: 1845-0038)

Section 668.23 contains information collections requirements. Under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), the Department of Education is submitting a copy of this section to the Office of Management (OMB) for its review. We are proposing the following changes to that section:

Section 668.23(d) – Audited financial statements

The proposed regulation adds an additional requirement that proprietary institutions include a footnote in its financial statement that reports the non-Federal and Federal revenue, by source, that was included in the 90/10 calculation.

2. Purpose and Use of Information Collected

The proposed regulations changed the information that must be collected from proprietary schools about the revenue source that must be reported to the Department.

3. Consideration of Improved Information Technology

The reporting of this information via the audited financial statements may be sent to the Department in an electronic format using the eZ-Audit process.

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 Business

No small businesses are impacted by this collection.

6. Consequences of Less Frequent Data Collection

Per statute, the information must be collected annually.

7. Special Circumstances Governing Data Collection

The information collection requirements require no special circumstances.

8. Consultation Outside the Agency

These proposed regulations were discussed with members of the higher education community and other interested parties in a series of Negotiated Rulemaking sessions in March, April and May of 2009. Additionally, we will allow for public comment by all interested parties using the publication of the Notice of Proposed Rulemaking and the Notice of Final Rulemaking.

9. Payment or Gift to Respondents

There are no payments or gifts to respondents.

10. Assurance of Confidentiality

These proposed requirements do not cover any confidential information.

11. Questions of a Sensitive Nature

ED is not requesting any sensitive data.

12. Annual Hour Burden for Respondents/Recordkeepers

We estimate the hours for proprietary schools to report the non-Title IV revenue (90/10) requirement in a footnote to its audited financial statement will be 5 minutes per institution as the calculation is done in a separate setting and this is strictly a reporting requirement.

Affected Entities and Burden:

New 668.23(d)(4) – Audited financial statements

	<u># of Respondents</u>	<u># of Responses</u>	<u># of Hours Burden</u>
Institutions:			
Proprietary	2,058	2,058	X.08 hours = 165 hours
TOTAL	2,058	2,058	165 hours

Annual Cost of Burden to Respondents

We estimate that the cost to the institutional respondents will be:

	<u># of Respondents</u>	<u>Est. \$/ Hour</u>	<u>Est. \$ Burden</u>
Institutions:			
Proprietary	2,058 X	\$15 X	165 hours = \$2,475
TOTAL	2,058		\$2,475

13. Start-up Cost Burden to the Respondents

There is no new system start-up costs associated with these proposed regulations.

14. Estimated Annual Cost to the Federal Government

There are no additional costs to the Federal government as a result of the proposed regulation.

15. Reasons for Changes to Burden Hour Estimated

This is required by a proposed change in the regulations due to implementing the statutory changes made by the Higher Education Opportunity Act (HEOA) (Pub. L. 110-315) that amends the Higher Education Act of 1965, as amended (HEA). A summary is provided below

Respondents, Responses and Burden Hours:

	<u># of Respondents</u>	<u># of Responses</u>	<u># of Hours Burden</u>
668.23(d)(4)	2,058	2,058	165
Current Inventory (as corrected, see note on next page)	22,079	1,030,355	965,713
Total Proposed Inventory	24,137	1,032,413	965,878

NOTE: Please note that in the process of preparing the new collection it was determined that the previous submission had the wrong data for both responses and hours due to several iterations of the documents that were created for version 7. We believe that the number of responses 1,075,198 and the number of hours 976,924 as reported on the Notice of OMB Action dated 2.27.09 are in error. The actual number of responses in the current inventory should be 1,030,355 to correct an over-reporting of 44,843. The actual number of hours in the current inventory should be 965,713 to correct an over-reporting of 11,211. Therefore, as a part of this collections package we are requesting a “Change due to Agency Adjustment” to decrease the number of responses from 1,075,198 to 1,030,355 and to decrease the number of hours from 976,924 to 965,713. The corrected figures are reported above in the “Current Inventory” listing.

16. Collection of Information with Published Results

The results of this collection will not be published

17. Approval to Not Display Expiration Date

ED is not seeking this approval.

18. Exception to the Certification Statement

ED is not requesting any exceptions to the “Certification for Paperwork Reduction Act Submissions” of OMB Form 83-1.