

## **SUPPORTING STATEMENT**

Information Collections Under the Proposed Regulations Governing the William D. Ford Direct Loan Program.

### **A. Justification**

#### **1. Necessity of Information Collected**

The William D. Ford Direct Loan (Direct Loan) Program proposed regulations revise current regulations in the area of program administration as described below.

The proposed regulations are a result of regulatory review of the program regulations to reduce administrative burden for program participants, provide benefits to borrowers, 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 Direct Loan 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.

**Direct Loan Program:** (OMB control number: 1845-0021)

Section 685.304 contains information collection requirements currently approved by OMB. 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 making the following change to this section:

#### **Section 685.304 – Counseling borrowers.**

The proposed regulations in 685.304 require that institutions provide initial counseling for Direct Loan borrowers and graduate or professional student PLUS Loan borrowers. Comprehensive information on the terms and conditions of the loan and on the responsibilities of the borrower with respect to the loan must be provided. Institutions are encouraged to use interactive programs that provide online borrower acknowledgement of receipt. The increase in burden for borrowers and institutions is as a result of expanding the counseling from the current requirements.

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

##### **Direct Loan Program:**

The information collected, recorded, and/or disclosed in §685.212 will continue to be used as necessary in the discharge of loans.

### **3. Consideration of Improved Information Technology**

#### **Direct Loan Program:**

We continue to maximize the use of available technology in making and servicing Direct Loan Program loans. This effort extends to requirements that the Direct Loan regulations impose on borrowers and schools.

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

A thorough review of procedures indicates that current requirements are minimal and avoid duplication. This review was done in conjunction with affected parties who have a vested interest in eliminating duplication.

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

No small businesses are impacted by this collection.

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

Recordkeeping requirements are imposed to assure accountability of program participants for proper program administration and less frequent collection could impair accountability of program participants.

### **7. Special Circumstances Governing Data Collection**

The collection of this information will be conducted in a manner that is consistent with the guidelines in 5 CFR 1320.5(d)(2).

### **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 publish relevant 30 and 60 day notices in the Federal Register allowing for public comment by all interested parties.

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

No payments or gifts will be provided to the respondents.

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

A Privacy Act Notice is included on the Application Form and Promissory Note. In this notice, the borrower is informed of the statutory authority for collecting the information requested. Although disclosure of the information is voluntary, the

borrower is informed that in order to be considered for Direct Loan Program funds, the information must be provided. The information provided is used to verify the borrower's identity, to determine the borrower's eligibility to receive a Direct Loan Program loan and benefits, to permit the servicing of the borrower's loan(s), and to locate the borrower and collect on the loan(s) if the loan(s) become delinquent or default. A listing of the persons and entities to which the information may be disclosed and for what purposes the information may be disclosed is also included.

**11. Questions of Sensitive Nature**

The Department is not requesting any sensitive data.

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

**Direct Loan Program: (OMB 1845-0021)**

**Section 685.304 – Counseling borrowers.**

We estimate that the additional burden on borrowers and institutions will increase slightly.

**AFFECTED ENTITIES and BURDEN:**

Entrance Counseling:

Number of Direct Loan (DL) borrowers:	2,723,751
Estimate of additional burden:	<u>X .08 hours (5 minutes)</u>
Total additional burden on BORROWERS:	217,900 hours

Number of DL Institutions:

Public institutions in the DL program:	1,363
Estimate of the additional burden:	<u>X 3 hours</u>
	4,089 hours

Private institutions in the DL program:	1,536
Estimate of the additional burden:	<u>X 3 hours</u>
	4,608 hours

Proprietary institutions in the DL program:	1,295
Estimate of the additional burden:	<u>X 3 hours</u>
	3,885 hours

Total additional burden on INSTITUTIONS:	12,582 hours
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**Section 685.304 – Determining the date of a student’s withdrawal.**

Exit Counseling:

Number of DL borrowers:	2,669,275
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Estimate of additional burden: X .08 hours (5 minutes)  
Total additional burden on BORROWERS: 213,542 hours

Number of DL Institutions:  
Public institutions in the DL program: 1,363  
Estimate of the additional burden: X 3 hours  
4,089 hours

Private institutions in the DL program: 1,536  
Estimate of the additional burden: X 3 hours  
4,608 hours

Proprietary institutions in the DL program: 1,295  
Estimate of the additional burden: X 3 hours  
3,885 hours

Total additional burden on INSTITUTIONS: 12,582 hours

**Annual Cost of Burden to Respondents**

**Direct Loan Program:**

We estimate that the cost will be insignificant.

**13. Start-up Cost Burden to the Respondent**

There are 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 final regulations.

**15. Reasons for Changes to Burden Hour Estimated**

This is a new collection that is required by a proposed change in the regulation 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:

	# of Respondents	# of Responses	#Hrs Burden
<b>Section 685.304 – Counseling borrowers.</b>	2,727,945	2,727,945	230,482
<b>Section 685.304 – Determining the date of a student’s withdrawal.</b>	2,673,469	2,673,469	226,124
<b>TOTAL</b>	<b>5,401,414</b>	<b>5,401,414</b>	<b>456,606</b>

Current Inventory:

# of Respondents	# of Responses	#Hrs Burden
927,119	1,202,253	79,392

Revised Inventory:

# of Respondents	# of Responses	#Hrs Burden
6,328,533	6,603,667	535,998

**16. Collection of Information with Published Results**

The results of the collection of information 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.