

SUPPORTING STATEMENT

Information Collections Under the Proposed Regulations Governing the Federal Perkins Loan Program

A. Justification

1. Necessity of Information Collected

The Federal Perkins Loan Program (Perkins Loan) proposed regulations revise current regulation in the areas of program administration.

This proposed regulation is a result of regulatory review of the program to reduce administrative burden for program participants, provide benefits to borrowers, and protect the taxpayer's interest. This request is for approval of recordkeeping requirements contained in the attached proposed regulation related to the administrative requirements of the Perkins Loan Program. The information collection requirements in this proposed regulation is necessary to determine eligibility to receive program benefits and to prevent fraud and abuse of program funds.

Perkins Loan Program: (OMB control number 1845-0023)

OMB control number 1845-0023

Sections 674.39, 674.41, 674.43, 674.45, 674.47, 674.48, and 674.49 contain information collection requirements currently approved by OMB under control number 1845-0023. We are not making changes to these sections. We are asking for continued approval of these sections.

Section 674.42 contains information collection 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 making the following change to this section:

Section 674.42 – Contact with the borrower.

Institutions are required to provide borrowers with information about the repayment of the loan, a description of the charges, an explanation of loan consolidation or other refinancing, as well as other information about the amount of the repayment, the frequency, and to whom the payments must be made. Generally, this information is provided the borrower as part of the required exit interview process. The institution is required to maintain information substantiating the institution's compliance with these due diligence regulations. There is an increase to the burden associated with this regulation. The number of loans in rehabilitation has increased significantly; however the number of schools has remained the same.

2. Purpose and Use of Information Collected

Perkins Loan Program:

The information collected, recorded, and /or disclosed in Sections 674.39, 674.41, 674.42, 674.43, 674.45, 674.47, and 674.49 under OMB control number 1845-0023 will continue to be used as necessary to provide for the making and servicing of Perkins Loans. (NOTE: The information collected, recorded, and/or disclosed in Sections 674.16, 674.19, 674.33 and 674.34 is under OMB control number 1845-0019.) If we did not require collection, recordation, and/or disclosure of information as specified in these sections, the processing of Perkins Loans would not be possible.

3. Consideration of Improved Information Technology

Perkins Loan Program:

We continue to revise our regulation so that they allow institutions to maximize the use of available technology in making and servicing Perkins loans.

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 regulations were discussed at regulatory negotiated rulemaking meetings of the Department with the financial aid community, as detailed in the preamble to the Notice of Proposed Regulations published for public comment.

9. Payments or Gifts to Respondents

No payments or gift will be provided to the respondents that provide this information.

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 Perkins 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 Perkins 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.

Perkins Loan Program:

The current inventory of number of respondents, responses, and burden hours is being disaggregated based upon affected parties.

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of Perkins borrowers:

Affected Parties:

INDIVIDUALS:	2,675,273	X	.08 hours =	214,022 burden hours
INSTITUTIONS:	1,980	X	3.0 hours =	5,940 burden hours

Proprietary	713 X 3.0 hours =	2,139 hours
Private	614 X 3.0 hours =	1,842 hours
Public	653 X 3.0 hours =	1,959 hours

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
2,677,253	2,677,253	219,962

Annual Cost of Burden to Respondents

Perkins Loan Program:

No change from current inventory.

13. Start-up Cost Burden to the Respondents

There is no start-up costs associated with these proposed regulatory changes.

14. Estimated Annual Cost to the Federal Government

There are no additional costs to the Federal government.

15. Reasons for Changes to Burden Hour Estimated

There is a change in the resulting burden hour changes in this package. A summary table is provided illustrating the current burden to the various affected parties.

Section 674.42 – Contact with borrower.

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# of Burden Hours
2,677,253	2,677,253	219,962

Current Inventory:

# of Respondents	# of Responses	# of Burden Hours
13,130,200	13,130,200	247,091

Revised Inventory:

# of Respondents	# of Responses	# of Burden Hours
15,807,453	15,807,453	467,053

NOTE: Please note that during the development of this collection package we discovered an apparent data entry error that resulted in the number of responses in the current inventory to be over-reported and the number of hours in the current inventory to be under-reported. We believe that the number of responses 13,130,216 and the number of hours 247,085 as reported on the Notice of OMB Action dated 1.7.08 are incorrect. The actual number of responses in the current inventory should be 13,130,200 to correct an over-reporting of 16. The actual number of hours in the current inventory should be 247,091 to correct an under-reporting of 6. Therefore, as a part of this collections package we are requesting a “Change due to Agency Adjustment” to decrease the number of responses from 13,130,216 to 13,130,200 and increase the number of hours from 247,085 to 247,091 as originally reported in OMB 1845-0023 v3. The correct figures are reported above in the “Current Inventory” listing.

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”.