

SUPPORTING STATEMENT

Information Collections Under the Final Regulations Governing the Institution and Lender Requirements Relating to Education Loans.

A. Justification

1. Necessity of Information Collected

The Institution and Lender Requirements Relating to Education Loans final regulations for program administration are new.

These final 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 recordkeeping requirements contained in the attached final regulations related to the administrative requirements of the Institution and Lender Requirements Relating to Education Loans. The information collection requirements in these final regulations are necessary to determine eligibility to receive program benefits and to prevent fraud and abuse of program funds.

EDUCATION LOANS: (OMB control number: 1845-XXXC)

Sections 674.53, 674.56, 674.57, 674.58 and 674.59 contain information collection requirements approved by OMB. Under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), the Department of Education has submitted a copy of this section to the Office of Management (OMB) for its review. We are adding the following sections:

Section 674.53 – Teacher cancellation-Federal Perkins, NDSL and Defense loans.

The final regulations extend new cancellation categories to current Federal Perkins Loan borrowers with outstanding balances on loans already in repayment and all new borrowers who perform eligible service that includes August 14, 2008, or begins on or after that date, regardless of whether information on the expanded cancellation categories appears on the borrower's promissory note.

The final regulations provide that a teacher who is employed by an educational service agency, or a full-time special education teacher, including teachers of infants, toddlers, children, or youth with disabilities, who is working in a system administered by an educational service agency, is eligible for cancellation benefits.

Section 674.56 – Employment cancellation – Federal Perkins, NDSL and Defense loans.

The final regulations add new public service cancellation categories for borrowers in the Federal Perkins Loan program who are performing qualifying service as: full-time

faculty members at a Tribal College or University; full-time fire fighters who serve a local, State, or Federal fire department or fire district; librarians with a master's degree in library science who are employed in an elementary or secondary school that qualifies for Title I funding, or in a public library that serves a geographic area that includes one or more Title I-eligible schools; or full-time speech-language pathologists with a master's degree who are working exclusively with Title I-eligible schools.

Under these final rules, current borrowers with outstanding balances on loans already in repayment and all new borrowers who perform eligible service that includes August 14, 2008, or begins on or after that date, in these new cancellation categories, will qualify for cancellation, regardless of whether the cancellation category appears on the borrower's promissory note.

Section 674.57 – Cancellation for law enforcement or corrections officer service.

The final regulations amend the cancellation provisions for law enforcement or correction officer regulations to include borrowers who are employed full-time as an attorney in Federal Public Defender Organizations or Community Defender Organizations.

Section 674.58 – Cancellation for service in a Head Start program.

The final regulations also amend the Head Start cancellation provisions by expanding cancellation benefits to include borrowers who are performing qualifying service as full-time staff members in a pre-kindergarten or childcare program that is licensed or regulated by the state.

Section 674.59 – Cancellation for military service.

The final regulations amend the cancellation rate for each year of qualifying service for the military service cancellation. Borrowers who are serving in areas of hostility are now eligible to receive a cancellation of up to 100 percent of the loan for each full year of active duty service that includes August 14, 2008, or begins on or after that date in the following increments: 15 percent for the first and second years; 20 percent for the third and fourth years of service; and, 30 percent for the fifth year of service.

2. Purpose and Use of Information Collected

Institution and Lender Requirements Relating to Education Loans regulations:

The Institution and Lender Requirements Relating to Education Loans regulations are maintained by two major groups: lenders and schools. Recordkeeping requirements are imposed to assure accountability of program participants for proper program administration and to justify the payment of funds by the federal government. Not collecting the information described would be likely to result in a loss of Federal money due to waste, fraud, and abuse. Not collecting the information described would place borrowers of private educational loans at risk.

3. Consideration of Improved Information Technology

Institution and Lender Requirements Relating to Education Loans:

Lenders and schools conduct business with the Department electronically. Schools and lenders utilize electronically the National Student Loan Data System (NSLDS) to verify accuracy of records.

4. Efforts to Identify Duplication

A thorough review of procedures indicates that current requirements are minimal and avoid duplication. This review was conducted 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

We published 60 and 30-day *Federal Register* notices allowing the public to provide their comments.

9. Payments or Gifts to Respondents

No payments or gifts were provided to the respondents.

10. Assurance of Confidentiality

A Privacy Act Notice is included on the Free Application for Federal Student Aid completed by each student in order to receive Title IV, HEA program assistance. 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 Title IV education loan funds, the information must be provided. 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.

Institution and Lender Requirements Relating to Education Loans:

Section 674.53 – Teacher cancellation-Federal Perkins, NDSL and Defense loans.

We estimate that there are 4,579 borrowers eligible for this cancellation. We estimate the burden on each borrower for submission of documentation to obtain this cancellation will take .5 hours per borrower.

We estimate that each institution will have additional burden of .25 hours to process the cancellations per eligible borrower.

**AFFECTED ENTITIES and BURDEN:
BORROWERS:**

$$4,579 \quad X \quad .5 \text{ hours (30 minutes)} \quad = \quad 2,290 \text{ hours}$$

INSTITUTIONS:

Proprietary Institutions:

$$92 \text{ (.02 X 4,579 borrowers)} \quad X \quad .25 \text{ hours (15 minutes)} \quad = \quad 23 \text{ hours}$$

Private Institutions:

$$2,427 \text{ (.53 X 4,579 borrowers)} \quad X \quad .25 \text{ hours (15 minutes)} \quad = \quad 607 \text{ hours}$$

Public Institutions:

$$2,061 \text{ (.45 X 4,579 borrowers)} \quad X \quad .25 \text{ hours (15 minutes)} \quad = \quad \underline{515 \text{ hours}}$$

$$\text{Total Burden on Institutions:} \quad 1,145 \text{ hours}$$

Section 674.56 – Employment cancellation – Federal Perkins, NDSL and Defense loans.

We estimate that there are 6,872 borrowers eligible for this cancellation. We estimate the burden on each borrower for submission of documentation to obtain this cancellation will take .5 hours per borrower.

We estimate that each institution will have additional burden of .25 hours to process the cancellations per eligible borrower.

**AFFECTED ENTITIES and BURDEN:
BORROWERS:**

6,872 X .5 hours (30 minutes) = 3,436 hours

INSTITUTIONS:

Proprietary Institutions:

137 (.02 X 6,872 borrowers) X .25 hours (15 minutes) = 34 hours

Private Institutions:

3,642 (.53 X 6,872 borrowers) X .25 hours (15 minutes) = 911 hours

Public Institutions:

3,092 (.45 X 6,872 borrowers) X .25 hours (15 minutes) = 773 hours

Total Burden on Institutions: 1,718 hours

Section 674.57 – Cancellation for law enforcement or corrections officer service.

We estimate that there are 770 borrowers eligible for this cancellation. We estimate the burden on each borrower for submission of documentation to obtain this cancellation will take .5 hours per borrower.

We estimate that each institution will have additional burden of .25 hours to process the cancellations per eligible borrower.

**AFFECTED ENTITIES and BURDEN:
BORROWERS:**

770 X .5 hours (30 minutes) = 385 hours

INSTITUTIONS:

Proprietary Institutions:

15 (.02 X 770 borrowers) X .25 hours (15 minutes) = 4 hours

Private Institutions:

408 (.53 X 770 borrowers) X .25 hours (15 minutes) = 102 hours

Public Institutions:

347 (.45 X 770 borrowers) X .25 hours (15 minutes) = 87 hours
 Total Burden on Institutions: 193 hours

Section 674.58 – Cancellation for service in a Head Start program.

We estimate that there are 5,296 borrowers eligible for this cancellation. We estimate the burden on each borrower for submission of documentation to obtain this cancellation will take .5 hours per borrower.

We estimate that each institution will have additional burden of .25 hours to process the cancellations per eligible borrower.

**AFFECTED ENTITIES and BURDEN:
 BORROWERS:**

5,296 X .5 hours (30 minutes) = 2,648 hours

INSTITUTIONS:

Proprietary Institutions:

106 (.02 X 5,296 borrowers) X .25 hours (15 minutes) = 27 hours

Private Institutions:

2,807 (.53 X 5,296 borrowers) X .25 hours (15 minutes) = 702 hours

Public Institutions:

2,383 (.45 X 5,296 borrowers) X .25 hours (15 minutes) = 596 hours

Total Burden on Institutions: 1,325 hours

Section 674.59 – Cancellation for military service.

We estimate that over a five year period of submission required to receive 100% cancellation that there will be 41,064 borrowers eligible for this cancellation. We estimate the burden on each borrower for submission of documentation to obtain this cancellation will take .5 hours per borrower.

We estimate that each institution will have additional burden of .25 hours to process the cancellations per eligible borrower.

AFFECTED ENTITIES and BURDEN:

BORROWERS:

$$41,064 \quad X \quad .5 \text{ hours (30 minutes)} \quad = \quad 20,532 \text{ hours}$$

INSTITUTIONS:

Proprietary Institutions:

$$821 \text{ (.02 X 41,064 borrowers)} \quad X \quad .25 \text{ hours (15 minutes)} = \quad 205 \text{ hours}$$

Private Institutions:

$$21,764 \text{ (.53 X 41,064 borrowers)} \quad X \quad .25 \text{ hours (15 minutes)} = \quad 5,441 \text{ hours}$$

Public Institutions:

$$18,749 \text{ (.45 X 41,064 borrowers)} \quad X \quad .25 \text{ hours (15 minutes)} = \quad \underline{4,620 \text{ hours}}$$

$$\text{Total Burden on Institutions:} \quad 10,266 \text{ hours}$$

	# of Respondents	# of Responses	#Hrs Burden
BORROWERS	58,581	58,581	29,291
INSTITUTIONS	<u>58,581</u>	<u>58,581</u>	<u>14,647</u>
TOTAL	117,162	117,162	43,938

Annual Cost of Burden to Respondents

No significant additional costs.

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 as a result of the final regulations.

15. Reasons for Changes to Burden Hour Estimated

The implementation of the final regulations as a result of the Negotiated Rulemaking process created additional information collections burden. A summary below is provided:

Respondents, Responses and Burden Hours:

	# of Respondents	# of Responses	#Hrs Burden
Section 674.53 – Teacher cancellation-Federal Perkins, NDSL and Defense loans.	9,158	9,158	3,435
Section 674.56 – Employment cancellation – Federal Perkins, NDSL and Defense loans.	13,744	13,744	5,154
Section 674.57 – Cancellation for law enforcement or corrections officer service.	1,540	1,540	578
Section 674.58 – Cancellation for service in a Head Start program.	10,592	10,592	3,973
Section 674.59 – Cancellation for military service.	82,128	82,128	30,798
Current Inventory:	# of Respondents	# of Responses	#Hrs Burden
	-0-	-0-	-0-
Revised Inventory:	# of Respondents	# of Responses	#Hrs Burden
	117,162	117,162	43,938

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.