

Supporting Statement for Paperwork Reduction Act Submissions 2010-2011 Student Aid Report (SAR)

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.

Public Law 89-329, Sections 401-495, The Higher Education Act of 1965 as amended (HEA), mandates that the Secretary of Education "...produce, distribute and process free of charge a common financial reporting form to be used to determine the need and eligibility of a student for financial assistance." Section 483 of the HEA mandates that "the Secretary shall...use a common, simplified reapplication form..." that enables applicants who applied in previous years to submit a renewal application.

Federal Student Aid, an office of the U.S. Department of Education (hereafter "the Department"), subsequently developed the Free Application for Federal Student Aid (FAFSA) to collect the data necessary to determine a student's eligibility for participation in the following federal student assistance programs identified in the HEA: the Federal Pell Grant Program; the Federal Supplemental Educational Opportunity Grant, Federal Work-Study, the Federal Perkins Loan programs, (collectively called the campus-based programs); the William D. Ford Federal Direct Loan Program; the Federal Family Education Loan Program; the Academic Competitiveness Grant (ACG) Program; the National Science and Mathematics Access to Retain Talent (SMART) Grant Program; and the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program. The FAFSA is made available in both electronic and paper formats, as well as, both English and Spanish languages.

After receiving and processing FAFSA data, the Department sends FAFSA applicants an output document called a Student Aid Report (SAR). SARs are produced in both English and Spanish languages and an applicant will receive a SAR in the same language as the FAFSA that he or she submitted. For example, if an applicant files a Spanish FAFSA, he or she will receive a Spanish SAR. The SAR contains the results of eligibility determination, including the student's expected family contribution (EFC), information that the student originally reported on the FAFSA, and information about the applicant's financial aid history from the Department's National Student Loan Data System (NSLDS). The Department may also note on the SAR that the applicant's FAFSA information should be verified consistent with the provisions of Subpart E - Verification of Student Aid Application Information of Part 668 - Student Assistance Provisions. These procedures "...govern[s] the verification by institutions of information submitted by applicants for student financial assistance in connection with the calculation of their expected family contributions (EFC)" for the federal student assistance programs listed above.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

Title IV funds must be awarded to applicants based upon accurate and complete information so that only eligible students receive Title IV funds and the amounts they receive reflect legal requirements. Accordingly, SAR recipients are expected to review the information on the SAR and (1) correct errors in the reported information, (2) update the following information that has changed since filing the FAFSA such as dependency status (for all applicable applicants), as well as household size or number in college (updating these two data elements is limited to students selected for verification either by the Department or the institution), (3) verify the responses if so requested, and (4) supply missing information.

An applicant who corrects and/or updates (as defined in 34 CFR 668.55) any information is instructed to return the modified SAR to the Department. The Department, in turn, processes the new information and sends the applicant a revised SAR. If an applicant does not submit a corrected SAR where applicable, the applicant could receive Title IV funds that he or she is not eligible to receive. There are three types of SARs that a FAFSA applicant can receive: 1) Traditional paper SAR; 2) SAR Acknowledgment; or 3) SAR Electronic. The traditional paper SAR is a ten-page (English) or eleven-page (Spanish) letter that is mailed to FAFSA applicants who did not provide an e-

mail address. The SAR Acknowledgment is a condensed paper SAR for electronic FAFSA filers who did not provide an e-mail address, but who submitted their data electronically and therefore, have access to the Internet. The SAR electronic is an e-mail with a hyperlink to an electronic SAR for FAFSA filers who provided an e-mail address. Applicants who receive a paper SAR can make hand-written corrections or additions on form and return it to the Department via the U.S. Postal Service. Applicants who receive a SAR Acknowledgment or SAR Electronic must make corrections or additions via the Internet through a process called Corrections on the Web at www.FAFSA.gov. As in 2009-2010, the SAR will be formatted to be machine readable with imaging and scanning technology. The front of the paper SAR is in a letter format and provides information about the student's eligibility status, verification requirements (if selected for verification) and information on how to correct any errors found during processing. The SAR contains all information reported on the student's application with space to add or correct data elements that are missing or inconsistent according to the processing system edits. The Financial Aid Administrator (FAA) information section allows FAAs to find information relevant to a student's eligibility in one place. Also, the section contains pertinent NSLDS loan history information needed for awarding federal student loans.

Institutions also have the ability to correct student application data using 'FAA Access to CPS On-Line' for students with any type of SAR. FAA Access to CPS On-Line is a Web product that allows institutions to submit initial FAFSAs, renewal FAFSAs, and corrections via the Internet. Title IV participating institutions receive processed student information electronically on Institutional Student Information Records (ISIR).

For 2010-2011 some changes have been made to the SAR to increase applicant's aid eligibility awareness. Specific information about an applicant's Federal Pell Grant (Pell Grant) eligibility, including the maximum Pell Grant award the student may be eligible to receive based on his or her Expected Family Contribution (EFC). Links to detailed information about federal grants and loans is provided to foster student awareness about federal grant and loan eligibility and a link to the Department's College Navigator Website is also included to provide students with information about the colleges that they have listed on their FAFSA. New for 2010-11, every paper SAR will have a customer ID and calculated Check Digit generated and encoded within the bar code and printed directly below the bar code on each page of the paper SAR. This information will be used by the Image and Data Capture System to match the SAR with the original applicant record. Previously, the student's SSN was encoded within the bar code and printed directly below the bar code on each page of the SAR. This change is being implemented to align with Federal Student Aid's security mandate to protect applicant's Personal Identifying Information (PII).

Also, for 2010-11, the student's SSN will be protected by only printing the last 4 digits of the SSN on the SAR when the student receives a successful match on his or her personal identifiers (which are: SSN, last name, first name, and date of birth) at the Social Security Administration (SSA). This match process verifies a student's identity. When the match at SSA is not successful, the full SSN will print on the SAR. The student will also receive a SAR comment that explains the SSN provided on the application did not match records at SSA. The student will be instructed to provide the correct SSN on the SAR or follow-up with SSA to resolve any discrepancies.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision of adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

The electronic FAFSA, titled FAFSA on the Web, is accessible at www.FAFSA.gov. The processing of electronic FAFSAs is facilitated by the use of a Federal Student Aid PIN, which can be assigned to an individual before, during or after the submission of the FAFSA. FAFSA applicants who obtain a PIN may use it to electronically sign their FAFSA. As an alternative to providing written corrections on a paper SAR, applicants can make corrections electronically via Corrections on the Web. Individuals with PINs can electronically sign their corrections online, making this corrections process virtually paperless. Parents with PINs can also electronically sign corrections to their student's FAFSA if the student has logged onto FAFSA on the Web using the student PIN. Independent and

dependent students who correct only student data are required to provide a student signature but are not required to provide a parental signature. The web site continues to use field and end-of-entry edits and easily accessible help text to help students provide accurate data.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use of the purposes described in Item 2 above.

The SAR is an output document containing the processed data from the FAFSA and does not duplicate the process of initial data collection.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

Title IV participating postsecondary educational institutions may contract with small businesses for handling of financial aid administrative services. Otherwise, the SAR is not used by small businesses or other small entities.

6. Describe the consequences to federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

Ideally, collection of data from FAFSA filers occurs only once a year. However, if the information provided on the FAFSA is questionable, incomplete, or the student or parent wishes to make corrections, they are able to do so by correcting the SAR. The corrections process is crucial in assuring that comprehensive, accurate data is used to calculate the student's EFC and overall financial aid eligibility. If the Department were unable to request verification or correction of submitted data, the EFC could be calculated using questionable or erroneous data. In addition, errors discovered as a result of multiple federal database matches (SSA, DHS, VA, etc.) could not be corrected. The result would be countless incomplete or errant FAFSA applications and, potentially, millions of incorrect eligibility determinations that would result in the loss of taxpayer dollars by awarding Title IV program assistance based on erroneous applicant data.

7. Explain any special circumstance impacting the information collection.

The 2010-2011 SAR does not collect information in a manner that would invoke special circumstances as described in the instructions for Paperwork Reduction Act submissions.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB.

This section will be updated following the Secretary's approval and the subsequent publishing of the Federal Register Notice.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

SAR recipients have applied for federal benefits and do not receive payments or gifts.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

A section on privacy, printed on page 10 of the paper FAFSA and linked from the homepage of FAFSA on the Web, informs the student that postsecondary educational institutions and state financial aid agencies to which the

student requests his or her data be sent will have access to the data, and that the financial aid agency (ies) in his or her state of legal residence will receive certain information even if the student does not provide consent pursuant to section 483(a) of the HEA. SAR recipients are informed of the Privacy Act statement on page 2 of the SAR. In addition, agencies such as law enforcement agencies, the Office of Management and Budget (OMB), the Department of Justice (DOJ), the Government Accountability Office (GAO), Congress, and other entities have access to the data. No other individuals have access to this information without the express written consent of the student. The confidentiality of the data collected by the 2010-2011 FAFSA is discussed in the Routine Uses section of the System of Records Notice for the Federal Student Aid Application File published in the Federal Register on page 72407 on December 27, 1999; page 11294 on March 2, 2000; and page 18788 on April 11, 2001.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

Except for question 23 (have you been convicted for the possession or sale of illegal drugs for an offense that occurred while you were receiving federal student aid) and questions 24 and 25 (what is your parents' level of education), the FAFSA does not contain questions of a sensitive nature beyond those needed to obtain the information necessary to determine an EFC.

Question 23 is used to determine a student's eligibility for Title IV assistance in accordance with section 484(r) of the HEA. Questions 24 and 25 are used by some state grant and scholarship programs, some institutions, and the TRIO programs, which give special consideration to first-generation college students. The FAFSA instructions inform applicants that their responses to questions 24 and 25 do not affect their eligibility for federal student assistance.

12. Provide estimates of the hour burden of the collection of information.

While all applicants are expected to thoroughly review the data on their SAR, the majority will be able to complete their review in 6-10 minutes and will not need to take further action. SAR recipients who need to make corrections will require an additional 6 to 24 minutes to, review instructions, search existing data resources, gather the data needed and make the necessary corrections.

Information out to FAFSA applicants:

(FAFSA applicants receive and review an initial SAR in one of three SAR formats below. No further action is required unless the applicant needs to make an update or correction to their data.)

<i>SAR data is distributed to FAFSA filers through the output formats listed below:</i>	Frequency of Response:	Quantity Sent:	Time to Review:	Total Burden Hours for Review:
SAR (Traditional Paper SAR)	None (Unless corrections are needed)	650,900 (3%)	.17 (10 minutes)	110,653
SAR Acknowledgment (Condensed paper SAR for electronic FAFSA filers who didn't provide an e-mail address)	None (Unless corrections are needed)	2,169,668 (10%)	.10 (6 minutes)	216,967
SAR Electronic (E-mail with hyperlink to electronic SAR for FAFSA filers who provided an e-mail address)	None (Unless corrections are needed)	18,876,107 (87%)	.10 (6 minutes)	1,887,611
Totals		21,696,675		2,215,231

Information in from SAR recipients making corrections:

(SAR recipients make corrections to initial SAR data and submit to the Department for processing using one of the four inputs below. No further action is required)

<i>SAR data can be changed or corrected through the input sources listed below:</i>	Frequency of Response:	Quantity Sent:	Time to Review & Correct:	Total Burden Hours for Correction:
SAR (Traditional paper SAR recipients may write corrections directly on the SAR)	Once (Unless additional corrections are needed)	282,057 2%	0.4 (24 minutes)	112,823
Corrections on the Web (SAR Acknowledgment and SAR Electronic recipients may make corrections at FAFSA on the Web)	Once (Unless additional corrections are needed)	9,166,845 65%	0.34 (20 minutes)	3,116,727
Federal Student Aid Information Center (FAFSA filers may phone 1-800-4-FED-AID to make corrections to their non-financial FAFSA information)	Once (Unless additional corrections are needed)	141,028 1%	0.1 (6 minutes)	14,103
Other Electronic (With the FAFSA filer's permission, corrections can be made via: a school's third party)	Once (Unless additional corrections are needed)	4,512,908 32%	0.34 (20 minutes)	1,534,389

servicer, a school's mainframe computer, FAA Access or a school's proprietary software)			
Totals	14,102,838		4,778,042

Total Burden Hour Calculation:

(SAR recipients' total burden hours to receive, review, correct (if necessary) and submit the SAR to the Department)

Information Out	Total Burden Hours for Review	2,215,231
Information In	Total Burden Hours for Corrections	4,778,042
Grand Total		6,993,273

The number of respondents for the 2010-2011 SAR was projected from data gathered in the three previous FAFSA processing cycles. The estimated number of unduplicated respondents (i.e., those correcting FAFSA data) is 14,102,838. The estimated total reporting burden for all SAR recipients (those reviewing and, if necessary, correcting data) is 6,993,273 hours.

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information.

Applicants have three options to make updates to their application. We encourage them to use the electronic method which is Corrections on the Web. They can also follow-up directly with the financial aid office at the college they attend or are planning to attend. There has been a dramatic decrease over the past few processing cycles in the number of applicants that opt to mail in the SAR for processing. Based on the current trend, we project less than 100,000 applicants will return them by mail, thus a resulting cost of approximately \$44,000.

14. Provide estimates of annualized postage cost to the Federal government.

Below are the estimated postage costs for distributing SAR's to FAFSA applicants for 2010-2011. This calculation includes the cost for sending Initial SAR's to FAFSA applicants and also to send SAR's to individuals that have corrected their initial SAR. While the current postage cost of a single letter has grown to \$.44, the contract maintains a postage cost of \$.382 per SAR. (For more information on SAR types, please see 'Information Out' under question 12 above.)

Estimated Postage Distribution Costs:

Item:	Quantity:	Cost per Unit:	Cost:
SAR and SAR Acknowledgment Mailings	2,820,568	.382	\$1,077,457

In addition, the Department pays for the annual development, testing, deployment and processing of the Central Processing System (CPS). CPS processing is responsible for printing all SAR and SAR Acknowledgments, producing and distributing all SAR electronic emails and processing incoming and outgoing FAFSA and SAR documents. The figures below are estimates of the cost of the CPS for the 2010-2011 processing cycle:

Estimated Development and Processing Costs:

Item:	Cost:
Data Entry	\$ 4,343,558
FY10-11 Processing Cycle	\$ 6,049,559
FY10-11 Development Cycle	\$15,052,945

Subtotal	\$25,446,062
----------	--------------

The chart below shows the total estimated cost for producing, distributing and processing incoming and outgoing FAFSA and SAR documents and associated communications for 2010-2011:

Total Cost Calculation:

Item:	Cost:
Estimated Postage Distribution Costs	\$ 1,077,457
Estimated Development and Processing Costs	\$25,446,062
Grand Total	\$26,523,519

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

The Department projects that there will be a significant increase in the total number of FAFSA submissions during the 2010-2011 FAFSA processing cycle. Consequently the SAR volumes will coincide. This growth is due to the weakening national economy (individuals historically return to school during economic downturns) and a growth in the college age population in the U.S. from the previous year. These factors have resulted in an overall burden increase. The total burden hour will increase by 1,314,819 hours and is reflected in this submission as an 'Adjustment'.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The results of the collected information will not be published for tabulation or publication.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

The expiration date for OMB approval will not be included on the 2010-2011 SAR for design reasons, although the OMB control number is displayed. The term of approval and use of the form is apparent in the first-page instructions that inform applicants to send in the form between January 1, 2010 and June 30, 2011.

18. Explain each exception to the certification statement identified in Item 20, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

Exceptions to the certification requirement are not requested for this information collection.