

Supporting Statement for Clearance of the National Student Loan Data System Data Collection

A. Justification

1. **Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

Title IV, Part G of the Higher Education Act of 1965, as amended by the 1998 Amendments to the HEA (P.L. 105-244) section 485B, requires the Secretary of Education to establish a National Student Loan Data System (NSLDS) that contains information about Federal Family Education Loan (FFEL) Program loans, Federal Perkins loans (including National Direct Student Loans and National Defense Student Loans), William D. Ford Direct Student loans (Direct Loan), Federally Insured Student Loans (FISLs) and Federal Grants (including PELL, Academic Competitiveness Grants (ACG), National Science and Mathematics Access to Retain Talent (SMART) and Teacher Education Assistance for College and Higher Education (TEACH) Grants. NSLDS is used for research, policy analysis, monitoring student enrollment, identifying loan holders and servicers, calculating default rates, monitoring program participants, and verifying student aid eligibility.

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.**

NSLDS collects data from the following sources:

- **Central Processing System (CPS)**—CPS sends the NSLDS a daily prescreening feed identifying applicants for new or additional Title IV aid. The NSLDS returns to CPS financial aid history data for any applicant found in the NSLDS database. In addition, CPS submits demographic data on a daily basis. NSLDS loads the student demographic data into the database after a student/borrower has been created as a result of a data provider reporting title IV aid. The NSLDS notifies CPS when eligibility has changed using the post screening process.
- **Common Origination and Disbursement (COD)**—COD sends the NSLDS a daily feed containing data on Federal Pell, ACG, and National SMART Grants.
- **Conditional Disability Discharge Tracking System (CDDTS)**—CDDTS sends the NSLDS a monthly file containing data on loans assigned to ED because borrowers have applied for debt forgiveness due to total and permanent disability. CDDTS reports permanent or conditional discharges or notifies the NSLDS that the loan has been returned to a non-disability status.

- **Debt Management and Collection System (DMCS)**—DMCS sends the NSLDS a weekly file containing data on all loans held by the Department of Education (ED) in the Debt Management and Collection System portfolio including FISLs, Perkins loans, FDLP loans, FFELP loans, and TEACH loans. It also sends ED-held overpayments and fraudulent grants.
- **Direct Loan Servicing System (DLSS)**—DLSS sends the NSLDS a weekly file containing data on Direct loans from first disbursement until they are repaid or reported to the NSLDS with a closed status. DLSS also reports TEACH Grants. Based on an overlay file of all DL borrowers provided to the National Student Clearinghouse (NSC) from DLSS, NSLDS receives weekly updated enrollment data for DL borrowers outside of the normal roster process. NSLDS sends all Enrollment Reporting data (received from NSC and the Enrollment Reporting process) to DLSS weekly. The NSLDS also provides DLSS with financial aid history information to support exit counseling and consolidation services for FDLP borrowers.
- **ED FFELP Loan Servicer** – NSLDS receives data files containing FFELP loans that have been sold to ED and are now being serviced by an ED contracted servicer.
- **Federal Student Aid Information Center (FSAIC)**—The NSLDS sends financial aid history data for any student/PLUS borrower found in the NSLDS database based on a “real time” request from FSAIC. This interface is to support the FSAIC Integrated Voice Response System (IVR).
- **Financial Management Systems (FMS)**—FMS sends the NSLDS a daily file that contains changes to the lender participation information as well as a quarterly file that contains changes to interest rates and special allowances. The NSLDS provides summarized data about new guarantees, cancellations, and disbursements that support the Loan Processing and Issuance Fee (LPIF) payments by FMS, as well as data about Outstanding Principal Balance (OPB) on open loans that support Account Maintenance Fee (AMF) payments by FMS. Additionally, FMS provides Treasury summary data for the Loan Purchase Program (PUT loans).
- **Guaranty Agencies (GAs)**—GAs, or their servicers, send the NSLDS at a minimum a monthly feed containing data on FFELP loans held by lenders or by the GA itself. A Web page on the NSLDSFAP Web site allows GAs to set their submittal schedules and view submittal details. In turn, the NSLDS sends Enrollment Reporting data to GAs on a weekly basis and it sends backup detail data for payment of LPIFs quarterly, and AMFs annually. The NSLDS also sends Reasonability data monthly and annually to GAs. GAs also have ad hoc reporting capabilities to submit any teacher loan forgiveness (TLF) data or information about loans that are partially or totally discharged for the NSLDS to store and display.

- **Lenders/Lender Servicers**—Approved Lenders or Lender Services can access NSLDS information through the Web site. Loans that are sold from the FFELP to ED as part of the Loan Purchase Program (PUT loans) are provided weekly to NSLDS at the same time the data is being provided to FMS.
- **Office of the Inspector General (OIG)**—The NSLDS sends data on a monthly basis to the OIG for purposes of populating the OIG–OIG Data Analytic System (ODAS) Data Warehouse. The data sent consist of both transactional data limited to changes that have occurred in select tables and non-transactional data that provide the entire content of tables.
- **Ombudsman**—Ombudsman sends batches of student identifiers to the NSLDS, as needed. The NSLDS returns loan details.
- **Participation Management (PM)**—PM sends the NSLDS daily files containing data on organizations and persons who have enrolled for NSLDS services. Files include organizations that will exchange batch files via SAIG with NSLDS and individuals who will access and perform functions on the NSLDS Web site. NSLDS sends a daily file to PM containing information of Guaranty Agencies and Lenders/Lender Servicers received from FMS and school data received from the Postsecondary Education Participants System. The NSLDS also sends a file of users whose online access is to be deleted.
- **Postsecondary Education Participants System (PEPS)**—PEPS sends the NSLDS a daily file of all schools, which is used to update the school tables. The NSLDS computes draft and official cohort default rates. School, lender, and GA rates, as well as school-appealed rates, are sent to PEPS. The NSLDS also provides a means to convert Campus-Based School codes, FFEL School IDs, and Pell Institution codes, to Office of Postsecondary Education Identifiers (OPEIDs). The NSLDS provides ED users with a Web page detailing current school information.
- **Schools**—Schools, or their servicers, send the NSLDS data on Perkins loans on a monthly basis. Schools use the NSLDS Web site to report Pell, ACG, National SMART, TEACH, Perkins, and FSEOG overpayments. Student enrollment status is reported on a scheduled and an ad hoc basis as required by ED either via batch submission or online update. Schools participate in the Transfer Student Monitoring (TSM) process to supply and update a list of students identified as transferring from one institution to another during an academic year.
- **Student Aid Internet Gateway (SAIG)**—This is a private, wide area network (WAN) that serves as a store-and-forward file transfer service between the NSLDS and its many end users.

- **Student Personal Identification Number (PIN) Site**—Students making inquiries of the NSLDS student site are first directed to the PIN site for authentication.

NSLDS users are from a variety of government and non-government organizations, as well as individuals including:

- Students;
- Congressional Budget Office (CBO);
- Department of Education headquarters and regional office employees and contractors;
- Office of Management and Budget (OMB);
- Guaranty agencies;
- Postsecondary schools; and
- Other independent researchers.

The data are collected and used for the following purposes:

- **Aid Overpayment**—The Web Aid Overpayment function allows data providers to update the NSLDS when a student owes or repays an overpayment on a Pell, ACG, National SMART, TEACH Grant, FSEOG, or Perkins loan. This function also facilitates the reporting of fraud by schools and DCS.
- **Audit Support**—Audits and risk assessments are supported by a combination of audit logs, audit reports, and Web queries.
- **Cohort Default Rate (CDR) Calculations**—The NSLDS calculates draft and official default rates for schools participating in FFELP and FDLP, lenders, and GAs. NSLDS stores the numerator, denominator, and back detail, and processes appeal rates. The cohort default rates are made available to each organization through the NSLDS Web site. The school rates are made available to schools through the electronic CDR (eCDR) process. The NSLDS also calculates a draft and an official National default rate for each cohort year. Draft CDRs will be published in the winter and the official rates will be published in the summer of each year. NSLDS also calculates two monthly rates for research and monitoring purposes. The first rate mimics the default rate calculation but for more current time frames. It is available to schools and the Department of Education (ED) via the NSLDS web site. The second rate is the cohort default rate calculation run at the national level and is for internal use only.
- **Credit Reform Act Support** - The Credit Reform Act and related OMB circulars require the Department to identify loans by loan program, cohort year, and risk category. NSLDS is the Department's only source of this loan-level data. NSLDS makes available the data that ED's Budget Service requires for this purpose.

- **Customer Support**—NSLDS personnel from the Customer Service Center (CSC), Business Operations Support, Data Integrity Group (DIG), and Quality Assurance (QA) document, research, negotiate, and resolve NSLDS data conflicts. Customer help involves providing full service help to all NSLDS customers and authorized users. NSLDS customers and users include schools, guaranty agencies, lenders, FSA staff, FSA contractors, state agencies, and third party servicers. Users require technical assistance with all the required business services provided by NSLDS. Assistance topics include: website security; navigation of the website; updating data on the database; batch processing, which includes enrollment reporting, student transfer monitoring, data provider submittals, financial aid history requests, user reports/queries; and production control. NSLDS customers require a central source for resolving and negotiating data conflicts that impede awarding financial aid to students. Responding to the users requesting technical assistance as described above needs support from professionals with higher education financial aid experience. Additionally, research of these technical issues requires use of the NSLDS database and tools. International customers need to be able to contact NSLDS in the same manner as the continental United States customers. NSLDS is also required to provide customer help services to Spanish-speaking customers. The hours of availability for customer help need to reflect customer needs across United States time zones. Additional customer help includes providing formal training for ED staff on NSLDS, its functions and uses--in particular, how to query the database--as well as providing informal training for NSLDS customers in PC labs and sessions at various student financial aid conferences. Customer help also includes preparation of user documentation and assistance with interpreting the documentation.
- **Enrollment Reporting**—The NSLDS generates and sends Enrollment Reporting Rosters to schools. Schools or their servicers (often the National Student Clearinghouse) can respond to the reports by batch submission or by entering data online. The NSLDS then updates its database to reflect any changes in student enrollment status and forwards enrollment status change data to the loan-holding community.
- **Federal Emergency Management Agency (FEMA)**—The NSLDS provides an interface with FEMA for individuals affected by disasters. Through the application process, disaster victims can apply for assistance on FEMA’s Web site and will be given the opportunity to review their Federal Student Aid information that is stored in NSLDS. The interface takes applicants seamlessly to the NSLDS Student Access Web site where they must verify their identifiers and enter their PINs.
- **Loan Purchase Program (PUT)** – NSLDS matches FFELP records that have been purchased by ED and are now reported from an ED Servicer. NSLDS applies the servicers’ loan identifier to the record to facilitate continued reporting and updating by the servicer. NSLDS also provides online match resolution

options to allow the servicer to indicate loans for which they now have reporting responsibility but was not updated based on data provided from the servicer.

- **Online Loan Update**—The NSLDS allows approved GAs and designated ED users to update their loan data via the Web. This instantaneous update feature helps to reduce the turnaround time for problem resolution and error corrections.
- **Post screening for Title IV Aid Eligibility**—The NSLDS postscreens Title IV aid applicants to identify those whose eligibility status has changed since the time of their original aid application. The process screens for default, overpayment, and fraud convictions, as well as loan eligibility criteria.
- **Preparation of Financial Aid History (FAH) Information**—The NSLDS generates FAH information and forwards it to CPS as part of the prescreening process. The NSLDS also generates FAH information outside the prescreening process in response to ad hoc requests from schools. These requests can be made online or by batch submittal, and are part of Transfer Student Monitoring. GA can make FAH requests by batch submittal and the returned data are restricted to borrowers with whom they hold or held a loan. The FAH information they receive contains only borrower and loan data. No grant information is included in the FAH for GAs.
- **Prescreening for Title IV Aid Eligibility**—The NSLDS prescreens all Free Application for Federal Student Aid (FAFSA) applicants for Title IV Aid to identify those applicants who are in default on an existing Title IV loan; who owe overpayments on Pell, ACG, National SMART Grants, TEACH Grants, FSEOGs, or Perkins loans; or who have come close to or exceeded aggregate loan limits.
- **Real Time Data Inquiries**—The NSLDS generates FAH information in response to “real time” requests from ED applications. The following applications use this functionality:
 - Direct Loan Exit Counseling using extensible markup language (XML)
 - FSAIC Integrated Voice Response (IVR) System
- **Repayment (Notional) Information**—The NSLDS provides schools summary and detail student repayment data for informational purposes.
- **Security Control**—ED and Contractor User IDs, and the access these IDs have to NSLDS resources, are maintained by the Systems Security Officer (SSO)/Alternate via the NSLDSFAP Web site.
- **Security Monitoring**—The NSLDS provides monitoring tools that an organization’s Primary Destination Point Administrator (PDPA) and Federal Student Aid (FSA) can use to ensure that users are compliant with NSLDS rules of access. NSLDS systematically monitors and provides e-mail notifications to PDPAs so they are alerted and can take the appropriate and necessary actions.

NSLDS provides an ad-hoc Adobe PDF reporting capability to help monitor user activities, as well as reports delivered via SAIG mailboxes.

- **Transfer Student Monitoring**—The NSLDS receives school profile and transferring student information via Web pages and/or batch programs. It monitors each of these students for specific changes in loan and Pell, ACG, National SMART, and TEACH Grant status. The NSLDS reports these changes to schools via Web pages or batch programs. Alert e-mail is provided. NSLDS Customer Service and authorized FSA Program Compliance personnel have access to view a school’s Web pages to provide support and oversight.
- **Web Inquiries**—The NSLDS provides Web access for schools, state grant agencies, eligible and approved GAs, lenders and lender services, students, and ED and its contractors to view NSLDS data. Depending on user access, the Web site also provides a list of reports that can be requested to receive organization-specific data from NSLDS. To help protect a student’s/borrower’s personally identifiable information (PII) data, NSLDS masks SSNs on Web pages. The NSLDS student web site was mandated by the 1998 amendments to the Higher Education Act of 1965. In accordance with this mandate NSLDS provides students access to their own information stored in NSLDS. In order to access their data, the student must have PIN, assigned through the FSA PIN web site.
- **Assessment of FFELP, FDLP, and Other Program Administration**—The NSLDS supplies data used in short- or long-term studies aimed at determining the effectiveness of particular loan program practices.
- **Audit and Program Review Planning**—The NSLDS supplies auditors and program reviewers with data on specific organizations and on key indicators used to schedule audits and program reviews for maximum effectiveness. ED’s contractor supports various security audits.
- **Budget Analysis and Development**—NSLDS data on loan program performance are used to support assumptions for estimating the long-term budgets for the Federal student aid programs. These data are also used to answer budget-related questions and to support “what-if” analyses.
- **Freedom of Information Act (FOIA) requests**—The NSLDS completes FOIA requests when they meet established guidelines.
- **Loan Participation Program (LPP)** – NSLDS contains data regarding Custodian and Sponsor lending organizations that are part of the ECASLA enacted funding process that allows participation interest agreements with ED. NSLDS links loans on NSLDS with the Custodian or Sponsor records received from FMS.
- **Loan Transfer Tracking**—The NSLDS preserves historical data on loan holders and loan sales dates used to understand secondary market activity, identify

potential problems with loan program participants, assist borrowers in locating lenders or GAs associated with their loans, and assessing the administration and billing practices of Title IV loan programs.

- **Monitoring GA and Lender Financial Reporting for Reasonability**—The NSLDS supplies ED personnel with the detailed-level information needed to assess the reasonability of financial reporting from GAs and lenders based on changes in loan portfolios, loan status, loan balance information, and other loan details. The NSLDS performs monthly and annual reasonability calculations for GAs.
 - **Payment Support of Loan Processing and Issuance Fees (LPIFs) and Account Maintenance Fees (AMFs) to GAs**—The NSLDS provides summarized data about new guarantees, cancellations, and disbursements that support the LPIF payment by FMS. The NSLDS also provides data about Outstanding Principal Balance (OPB) on open loans that support AMF payments by FMS.
 - **Research Studies and Policy Development**—The NSLDS supports long-term research studies and short-term policy development by providing ED with current detailed and aggregated loan, grant, and student data. . NSLDS has been maintaining information about loans, grants, students, borrowers, lenders, GAs, schools, and servicers since 1994 for loans that were open as of October 1989. It provides an integrated view of federal loans and grants during all stages of their life cycle, which includes disbursement, repayment, default, and closure. The large amount of data collected over time has resulted in NSLDS' being used for many analytical functions including research, policy development, and program management and oversight. Users accessing data from NSLDS for research purposes include ED personnel, other federal agencies, guaranty agencies, lenders, schools, and independent researchers. Users accessing data from NSLDS for program management and oversight purposes include ED personnel only.
 - NSLDS provides data to users through ad hoc queries, predefined reports, and extracts. Ad hoc queries range from simple queries, pertaining to a single student for relatively small amounts of data, to complex queries requiring NSLDS to summarize large amounts
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 Department of Education has selected an Information Engineering (IE) methodology using Computer Aided Systems Engineering (CASE) tools to design and maintain NSLDS. This enables the Department to provide and maintain verification and formatting software for most data providers (i.e., those who use MVS and MS/DOS operating systems). The Department provides software specifications to data providers using other operating systems. In addition, the Department is accepting all data electronically to reduce the burden associated with data entry and forms handling.

The Department has enhanced the NSLDS web functionality to allow schools, and guaranty agency to update records in real time, performing the same editing used in batch updates. This is especially useful for guaranty agencies when error's impacting a student's eligibility need to be quickly resolved. The web updating process includes importing and load data directly for a data provider PC or mainframe in to NSLDS web site.

The Department has also consulted extensively with the Community regarding system design to ensure that the design places the least possible burden on data providers for example; an extract-based approach for providing data to NSLDS was developed based upon input from schools and guaranty agencies, as well as upon design considerations. This includes allowing all data providers to establish their own reporting schedules to NSLDS (with monthly being the minimum) as long as it is provided within NSLDS reporting guidelines. This offers the simplest requirement for data providers, while maximizing the potential for timely submission of accurate data from the community. Finally, taking advantage of the central NSLDS database to perform Enrollment Reporting and Transfer Student Monitoring streamlines these processes and enables schools that wish to automate their own processes to do so. Schools are able to update individual enrollment information through the NSLDS web site, streamlining the school's administration of enrollment tracking.

In working towards the TSV for NSLDS reengineering a number of things occurred that have kept FSA moving forward. It is important to note that the target date of September 2009 for having a re-engineered NSLDS was predicated on the procurement of a complete solution that was to happen in Q4 of 2006. The acquisition preparation and a complete set of high level requirements were prepared and ready to go out for solicitation in June 2006. However, FSA executives at the time did not approve this to go out because it was acquiring a complete solution for a new system all at once and there was concern regarding the risk.

At that time, senior management wanted to "rethink" the approach to re-engineering NSLDS to determine if it could be done in a multi-year, multi-phased approach. Also at that time FSA leadership asked a group of senior managers to determine an acquisition strategy that did not put all the risk of execution with per se a single contractor. As a result, two separate things occurred:

- 1) A modular contracting strategy was developed called the Enterprise Development Support Services, which established a Requirements, Development, Testing, IV&V, and

Program Management Support vendor "pools" whereby the acquisition of a solution could be procured by purchasing development life-cycle phases a piece at a time. The Development "pool" was established in 9/08, IV&V/PM were established 08/09 and testing/requirement in 09/09--as you can see a majority very recent.

2) A 5-phased approach from transitioning from legacy NSLDS to the reengineered (we call NSADS project) was developed in 12/07 that articulates how the transition to the target state system would occur over multiple years and phases. A high-level document explains that this is an ever evolving transition plan.

Also during this time a number of projects were conducted that looked in depth at the FFEL reporting process across FSA (not just NSLDS) to include the Debt Collection Management System and the financial reporting of lenders and guarantors. Essentially, three things were done regarding this, as it is 75% of the data managed by NSLDS:

1) Consideration of the entire FFEL data flow process between industry and FSA was given and documented that "as is" business process. Next, a workgroup of FSA and Department of Education Budget Services (primary user of NSLDS data) was developed to analyze why the collected data was chosen to be collected, what business need it supports, and how to streamline and standardize the data collection process.

2) The "to-be" FFEL data process was documented in order to leverage opportunities to streamline FSA's business process AND use common and consistent data standards across the industry.

3) Working with the FFEL community, FSA documented the data standards that would be used in reengineering NSLDS and other target state solution such as DMCS.

Starting in September 2008, FSA awarded a requirements contract for Phase 1 of NSLDS reengineering, which was completed in June 2009. This initial phase included the building of a new NSLDS database of which its structure leverages those data standards developed in 08.

Between July 2009 and September 2009, FSA competed the development contract for Phase 1, which was awarded the last week of September, and are now in the midst of beginning the design and development of the first phase of reengineering NSLDS. Starting in August 2009, FSA began documenting the vision and high level requirements for Phase 2 that we expect to be completed December 2009. It is expected that the detailed requirements will be competed in Spring 2010.

The above is how NSLDS has moved towards its Target State Vision for the past three years. FSA's transition plan is a living document that continually is refined as FSA articulates, in further detail, each phase that needs to take into consideration all the impacts that have occurred in the last two years.

FSA is also positioning themselves for data standards and reengineering efforts that could reduce data collection burden.

1) FSA can integrate the NSLDS data provider process with the assignment process of defaulted assets which is planned when both NSLDS and Debt Collection solutions have been reengineered--gives an opportunity to reduce data collected in current assignment process becomes so of the data already exists in reporting loans to NSLDS. This likely is Phase 3 of transition plan.

2). FSA has aligned some data elements across business needs for financial reporting and assignments that reduces a couple of elements collected to represent loan fees.

3). FSA has targeted 14 elements from the Guaranty Agency Annual Financial Report that can be eliminated as a result of data can be aggregated that would already be present in a reengineered NSLDS. This is anticipated in Phase 2 of transition."

The system implementation is multi-year, and as a result, parts of it will be replaced in the next 3 years but not the whole solution, which is planned to completely have replaced NSLDS functionality by the middle of FY2014.

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 Department reviewed its existing Title IV systems to identify any instances where required data is already collected or maintained. In those cases, NSLDS either (a) takes the data from the existing system instead of levying additional burden on the community, or (b) replaces the existing data collection effort. One of the first significant reporting processes eliminated by NSLDS was the guaranty agencies requirement to report all FFEL loan volume on the Annual Loan Tape Dumps. Additionally NSLDS is now used to calculate the loan guaranty, disbursement, and cancelation data once reported by guaranty agencies on the quarterly Guaranty Agency Financial Report Form. This provides the Department the loan level detail to support the payment of the Loan Processing and Issuance Fee agencies on the quarterly Guaranty Agency Financial Report reducing the agency's reporting burden.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

The Department has designed NSLDS to accommodate reporting through Personal Computer, which is the minimal equipment required to participate in Title IV Aid Programs. The Department provides software to data providers with the most common types of personal computers, which reduces the amount of burden on smaller organizations. The Department distributes Personal Computer software that can be used to develop the NSLDS extract for data providers without existing databases. In addition,

the Department accepts data from any source (e.g., servicer, guaranty agency, school) designated by an organization, at the organization's request.

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.

The Department has worked with the financial aid community reporting to NSLDS to increase frequency in reporting. Internal systems report to NSLDS weekly and 50 % of the guaranty agencies report more frequently than monthly while the remaining agencies and schools report at least monthly. Guaranty Agencies have the ability to update loan data in real time using the NSLDS on-line updating capabilities. This ensures that all of the functionality listed in item #2 are based on the most current data. This minimizes the amount of student aid that is awarded to students who are ineligible, as well as ensures that data corrections are received quickly for students whose aid applications have been erroneously rejected as a result of prescreening or post screening. Each day's delay in using accurate data to prescreen aid applications may represent a significant cost to the Government, especially with the implementation of the Direct Loan program.

7. Explain any special circumstance that would cause an information collection to be conducted in a manner:

Requiring respondents to report information to the agency more often than quarterly:

Many of the business functionalities in which the NSLDS data is used require the timely reporting of loan balances and loan statuses. Thus, Department held loans and grants are reported weekly, at least half of the guaranty agencies report more frequently monthly and the rest of the agencies and Perkins school report monthly.

8. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instruction and record keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

The Department of Education consulted extensively with guaranty agencies, through the National Council on Higher Education Loan Programs (NCHELP), and schools, through a Financial Aid Administrators Advisory Panel. Annually NSLDS makes presentations at the Federal Student Aid Conferences, where ideas and concerns are solicited from attendees. The Department attends and conducts formal and informal meetings, presentations, question-and-answer sessions, and interviews with a variety of student aid community representatives and organizations. We addressed data availability, collection frequency, processing requirements, data elements to be reported, and data formats.

Substantive discussions continue with members of NCHELP's Program Operations NSLDS Sub-Committee, meeting quarterly to discuss on going enhancements and issues. NSLDS regularly meets with focus groups and representatives from the schools. Representatives participate in regular meetings and conference calls with the Department and with the NSLDS contractor regarding data requirements and definitions and the NSLDS design. These representatives from NCHELP and the schools consult with other members of the community and provide comments to the Department so that the widest possible insight from the financial aid community is brought into NSLDS design sessions.

This information collection will publish appropriate Federal Register notices to solicit public comments.

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

There were no decisions to provide any payments or gifts to respondents, other than remuneration of contractors or grantees.

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

There were no assurances of confidentiality provided to respondents. The information collected here is available to the public under the Privacy Act of 1974.

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.

There are no questions of a sensitive nature in this collection of information.

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

Approximately 36 guaranty agencies and 1868 schools report to the NSLDS. The reporting burden for these organizations varies because of differences in size and function. Guaranty agencies' burden varies based on the number of loans each has guaranteed and upon the number of lenders from which they must obtain data. Guaranty agencies report only on FFEL Program loans. Schools' burden varies based on the number of students who have obtained Federal Perkins loans at each school. Also, approximately 8196 schools, that do not report Perkins loans, report various other data to NSLDS such as enrollment data and transfer student monitoring. Direct Loans, FFEL non-defaulted loans purchased by the Department and serviced by contractors, +Federal Grants, Department held Perkins Loans, and Defaulted loans held by the Department are all reported by internal Department Systems.

Generally, larger guaranty agencies and schools are more automated, but also have a large number of records to report. Smaller agencies and schools may use a service bureau for their processing, maintain only paper files, or use lower scale processing platforms such as microcomputers. Based on information received from NCHELP and the FAA Advisory Panel, an entire spectrum of processing platforms are represented in their respective communities. The Department has estimated the range of burden hours per respondent to be 2 to 8 hours per response, with an average of 6 hours per response.

The Department estimated the loan-reporting burden as follows:

- The number of respondents is the number of guaranty agencies (36) plus the number of schools (1868), for a total of 1904.
- The number of responses for guaranty agencies range from one week to one month, but on average two times per month or 24 times a year. The number of responses for schools respondent is the number of months in the year (12).
- The total of annual responses on loan data is $23,280(36 \times 24) + (1868 \times 12)$.

The Department estimated the “other data” burden as follows:

- The total number of respondents is the number of Non-Perkins schools (8196)
- The number of responses ranges from every other month to every six months, but only mandated twice a year. The Department decided to use the mandated response of twice a year for estimating.
- The total annual responses to “other data” are 16,392 (8196×2).

The Department assumed that all guaranty agencies are large, but highly automated, relative to schools. However, while the number of guaranty agencies was reduced the remaining agencies assumed the reporting responsibilities of the closed agencies. Therefore, we assumed 8 hours per response for the guaranty agencies. We assumed that approximately 92% of the schools submitting Perkins loans (1794) will have data submitted by large, highly automated, servicers, so 4 burden hours were attributed to this group. We assumed that the remaining schools, or 74 schools, are medium-sized and we attributed slightly more burden hours (8) to this group to allow for internal process on microcomputer-based systems and some mainframes. We assumed approximately 88% of the schools submitting “other data” (6328) will have the data submitted by large, highly automated servicers, so 2 hours were attributed to this group. We assumed the remaining schools, or 1868schools, are medium-sized and we attributed slightly more burden hours (6) to this group to allow for internal process.

We multiplied the total annual burden hours by the average burden hours to obtain the annual burden hours of 157,456. These calculations are presented below:

Respondent/Type	Number of respondents	Responses per month	Responses per Year	Average number or hours per response	Total Burden Hours
Guaranty Agencies	36	24	864	8	6,912

(GA DPI.ZIP file)					
Services Schools – Perkins (Perkins DPI.ZIP file)	1,794	12	21,528	4	86,112
Non-Serviced Schools – Perkins (Perkins DPI.ZIP file)	74	12	2,088	8	16,704
Serviced Schools – “Other Data” (Enrollment Reporting Guide)	6,328	2 times per year	12,656	2	25,312
Non- Serviced Schools – “Other Data” (Enrollment Reporting Guide)	1,868	2 times per year	3,736	6	22,416
TOTAL	10,100		40,872		157,456

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

There are no start-up costs for respondents.

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

<u>Cost Element</u>	<u>Amount</u>
Contract cost, including design, Development and operations (at The VDC)	\$8.6 million

15. Explain the reasons for any program changes or adjustments.

The total burden hours will increase by 22,616 hours due to an increase in volume of loans, grants and number of respondents.

16. For collection of information whose results will be published, outline plans for tabulation and publication. 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.

This information is not intended for use as a statistical publication.

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

The expiration date for OMB approval of the information collection will be displayed.

18. **Explain each exception to the certification statement identified in Item 20, Certification for Paperwork Reduction Act Submissions, of OMB Form 83-1.**

The collection of information complies with 5 CFR 1320.9.

B. Collections of Information Employing Statistical Methods

None.