

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSION

Information Collections under the Proposed Regulations Governing Student Assistance
General Provisions – Subpart E: Verification of Student Aid Application Information

A. Justification

RIN-1840-AD02

1. Necessity of Information Collected

This request is for approval of updates and changes to the policies and reporting requirements contained in subpart E of part 668. That subpart governs the verification and updating of the Free Application for Federal Student Aid (FAFSA) used to calculate an applicant's Expected Family Contribution (EFC) for purposes of determining an applicant's need for student financial assistance under title IV of Higher Education Act of 1965, as amended (HEA). The collection of this documentation helps ensure that students (and parents in the case of PLUS loans) receive the correct amount of title IV program assistance by providing accurate information to calculate an applicant's expected family contribution.

These proposed regulations help to implement statutory changes made to part F (Need Analysis) of the HEA by the Higher Education Opportunity Act (HEOA) by updating definitions, procedures and programs references as well as aligning the regulations with enhancements that have been made to the Federal Student Aid (FSA) application processing system.

The Department of Education announced in a September 9, 2009 Federal Register notice (74 FR 46399), the Department's intention to establish negotiated rulemaking committees to prepare proposed regulations under Title IV of the Higher Education Act of 1965, as amended (HEA). These committees were formed as a result of a Federal Register notice published on May 26, 2009 (74 FR 24728) which announced a series of three regional hearings at which interested parties could comment on topics suggested by the Department and suggest additional topics for consideration. The topic "Verification of information included on student aid applications" was among the list of program integrity issues listed by the Department.

2. Purpose and Use of Information Collected

Subpart E – Verification and Updating of Student Aid Application Information (OMB control number 1845-041)

Sections 668.55, 668.56, 668.57, and 668.59 contain collection requirements. Under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), the Department of Education is submitting a copy of these sections to the Office of Management (OMB) for its review. We are proposing the following changes to those sections:

Section 668.55 – Updating information.

The proposed regulations add the requirement that all applicants update all dependency status changes throughout the award year, including changes in an applicant’s marital status, even if the applicant was not selected for verification.

Section 668.56 – Information to be verified.

The proposed regulations eliminates the specified five verification elements and in its place specifies that the Secretary will publish an annual listing of FAFSA information that may be required to be verified.

Section 668.57 – Acceptable documentation.

The proposed regulations clarify acceptable documentation for three specified areas for verification. The regulations also allow the institutions to accept income information provided on the FAFSA if it has been obtained directly from the Internal Revenue Service during the initial application process.

Section 668.59 – Consequences of a change in application information.

The proposed regulations eliminate all allowable tolerances and require that all changes to the applicant’s FAFSA information resulting from verification be submitted to the Department for those applicants receiving aid under any of the subsidized student financial assistance programs.

3. Consideration of Improved Information Technology

Institutions are encouraged to use computer and Internet technology to image, transmit, and receive the supporting documents.

4. Efforts to Identify Duplication

The student completes the Free Application for Federal Student Aid (FAFSA) using self-reported data and submits the data by paper or electronically to the Department. Those students selected for verification by the Secretary must submit documentation to support the data as originally provided on the FAFSA. The submission of supporting documentation is not duplicated during any other part of the application process.

5. Burden Minimization as Applied to Small Business

No small businesses are impacted by this collection.

6. Consequences of Less Frequent Data Collection

Without these annual data collections institutions would not be able to comply with the statutory verification requirements, resulting in students receiving more aid than they would otherwise be eligible to receive, based solely upon self-reported data. The Department’s selection of applicants for the verification process is based upon annual studies conducted to identify applicants who are most prone to report erroneous data.

7. Special Circumstances Governing Data Collection

This information collection requirement requires no special circumstances.

8. Consultation Outside the Agency

The notice of Proposed Rulemaking (NPRM) will be published in the Federal Register for comment. Prior to the approval of these proposed regulations the Department negotiated with members of the community during three sessions in early 2010.

9. Respondent Payment or Gifts

No payments or gifts will be provided to the respondents.

10. Assurances of Confidentiality

No assurance of confidentiality is provided to respondents. Submission of required documents is required for applicants selected for verification.

11. Questions of a Sensitive Nature

The Department is not requesting any sensitive data.

12. Annual Hour Burden for Respondents/Recordkeepers

The regulations require participating institutions to inform an applicant selected for verification with a clear explanation of the documentation needed to satisfy the verification requirements, the deadline for the submission of those documents, and the consequences of an applicant’s failure to provide the required documentation within the specified time period. Subsequently, the institution will review the submitted documentation and compare the data with that which was originally submitted on the FAFSA. When the data contained on the verification documentation differs from the FAFSA data, the original FAFSA data must be corrected.

Section 668.55 – Updating information.

The following figures incorporate the burden estimate from 668.55(a)(1)(i) which require all applicants to update changes in household size and the number in the household attending postsecondary educational institutions throughout the award year.

AFFECTED PARTIES:

# of Respondents	# of Responses	Hrs/Response	# of Burden Hours
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Individuals	1,530,000	1,530,000	0.08	122,400
Proprietary Institutions	2,086	566,100	0.17	96,237
Private Not-For Profit Institutions	1,731	459,000	0.17	78,030
Public Institutions	1,892	504,900	0.17	85,838
TOTAL	1,535,709	3,060,000		382,505

The following figures incorporate the burden estimate from 668.55(a)(1)(ii) which require all dependency status changes be reported to the Department throughout the award year, including changes in an applicant’s marital status, even if the applicant was not selected for verification.

AFFECTED PARTIES:

# of Respondents	# of Responses	Hrs/Response	# of Burden Hours	
Individuals	170,000	170,000	0.08	13,600
Proprietary Institutions	2,086	62,900	0.17	10,693
Private Not-For Profit Institutions	1,731	51,000	0.17	8,670
Public Institutions	1,892	56,100	0.17	9,537
TOTAL	175,709	340,000		42,500
Section Subtotal	1,711,418	3,400,000		425,005

Section 668.56 – Information to be verified.

The following figures incorporate the burden estimate from 668.56(b), incorporating the decrease anticipated in the number of information items that will need to be verified.

AFFECTED PARTIES:

# of Respondents	# of Responses	Hrs/Response	# of Burden Hours	
Individuals	5,100,000	5,100,000	0.12	612,000
TOTAL	5,100,000	5,100,000		612,000

Note: Since the 2002-03 analysis of burden that yielded the current burden inventory, the total number of FAFSA applicants has increased significantly to 17.4 million for the 2008-09 application year. Of that number, we expect to verify 5.1 million applicants. The previously established average amount of time needed to gather documents and complete a Verification Worksheet containing 5 data elements is 12 minutes (.2 hours). Therefore, prior to the implementation of these proposed regulations, we would have yielded 5.1 million applicants selected for verification X .2 hours = 1,020,000 hours of burden.

Under the proposed 34 CFR 668.56(b) the average number of data elements is estimated to be 3. Therefore, the projected amount of time to gather documents and complete the verification process will be reduced to 7.2 minutes (.12 hours). As a result the projected burden will be 5,100,000 X .12 hours = 612,000 hours, reducing burden by 408,000 hours. However, due to the projected increase in the applicant pool from 1,515,108 to 5,100,000 the overall burden associated with 668.56 (b) will increase from 505,036 to 612,000.

Section 668.57 – Acceptable documentation.

AFFECTED PARTIES:

# of Respondents	# of Responses	Hrs/Response	# of Burden Hours
Proprietary Institutions			
2,086	1,887,000	.12	226,440
Private Not-For Profit Institutions			
1,731	1,530,000	.12	183,600
Public Institutions			
1,892	1,683,000	.12	201,960
TOTAL			
5,709	5,100,000		612,000

Note:

668.57(a)(2)

The burden reduction attributable to the use of the Internal Revenue Service (IRS) Data Retrieval system as a part of the FAFSA on the Web is included in the burden reduction in 668.56(b). Using the imported IRS data contributes to the reduction of the average number of data elements verified from five to three.

668.57(d)

Since the 2002-03 analysis of burden that yielded the current burden inventory, of 1,515,107 respondents and 505,036 burden hours, the total number of FAFSA applicants for the 2008-09 award year has increased to 17 million. Of that number, we expect to verify other information specified in an annual Federal Register notice to a projected 5.1 million applicants selected for verification. The previously established average amount of time needed to gather documents and complete a Verification Worksheet containing 5 data elements is 12 minutes (.2 hours). Therefore, prior to the implementation of these proposed regulations we would have projected 5.1 million X .2 hours = 1,020,000 hours of burden.

Under the proposed 34 CFR 668.56(b) the average number of data elements is estimated to be 3. Therefore, the projected amount of time to gather documents and complete the verification process will be reduced to 7.2 minutes (.12 hours). As a result the projected burden will be 5,100,000 X .12 hours = 612,000 hours, reducing burden by 408,000 hours. However, due to the projected increase in the applicant pool from 1,515,108 to 5,100,000 the overall burden associated with 668.56 (b) will increase from 505,036 to 612,000.

Section 668.59 – Consequence of a change in FAFSA information.

The proposed regulations require changes to the applicant’s FAFSA information resulting from verification of applicants receiving aid under any of the subsidized student financial assistance programs be reported to the Department. Of the 17 million applicants, we estimate that 5.1 million applicants will be selected for verification. Based upon the average number of transactions as a consequence of a change in FAFSA information, we believe that of the 5.1 million applicants verified will have an average of 3.4 transactions per applicant selected to complete the verification/data correction process yielding 17,340,000 responses. Under the proposed verification regulations, we expect the average amount of time per response to decrease from 12 minutes (.2 hours) to 7.4 minutes (.12 hours) for a total of 2,080,800 hours of burden. Under the current regulations the 17,340,000 responses would take an average of 12 minutes (.2 hours) per response yielding 3,468,000 burden hours less 2,080,800 hours (under the proposed regulations) or 1,387,200 hours saved.

AFFECTED PARTIES:

# of Respondents	# of Responses	Hrs/Response	# of Burden Hours
Proprietary Institutions			
2,086	6,415,800	0.12	769,896
Private Not-For Profit Institutions			
1,731	5,202,000	0.12	624,240
Public Institutions			
1,892	5,722,200	0.12	686,664
TOTAL			
5,709	17,340,000		2,080,800

13. Start-up Cost Burden to the Respondents

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

14. Estimate of Annual Cost to the Federal Government

There are no additional costs to the government.

15. Reasons for Changes to Burden Hour Estimate

The changes to the burden hour estimates are a result of proposed administrative changes to prevent and combat fraud, waste and abuse. Many of these changes are as a result of

the three public hearings that were conducted prior to the negotiated rulemaking sessions and also align the regulations with enhancements that have been made to the Federal Student Aid (FSA) application processing system.

The burden estimate from the previously approved collection was 3,036,317 responses and 1,022,384 burden hours. The implementation of the proposed regulations as a result of the Negotiated Rulemaking process created additional information collections burden.

A summary is presented below:

# of Respondents	# of Responses	# Hrs of Burden
Section 668.55 – Updating information		
1,711,418	3,400,000	425,005
Section 668.56 – Information to be verified		
5,100,000	5,100,000	612,000
Section 668.57 – Acceptable documentation		
5,709	5,100,000	612,000
Section 668.59 – Consequences of a change in FAFSA information		
5,709	17,340,000	2,080,800
Sub total		
6,822,836	30,940,000	3,729,805
<i>Current Inventory</i>		
3,036,371	3,036,371	1,022,384
Revised Inventory		
9,859,207	33,976,371	4,752,189

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 approval to not display an expiration date.

18. Exception to the Certification Statement

ED is not requesting any exceptions to the “Certification for Paperwork Reduction Act Submissions”.