

Student Aid Fiscal Responsibility Act (SAFRA Act) Payment to Loan Servicers for Job Retention

SUPPORTING STATEMENT

Information Collections

A. Justification

1. Necessity of Information Collected

The Department of Education is requesting emergency clearance of the data collection associated with this clearance by June 25, 2010. An emergency clearance is needed to meet the Congressional legislative mandate to award funds to loan servicers prior to the end of the fiscal year. These funds were not appropriated until the Health Care and Education Reconciliation Act was signed on March 30, 2010. Specifically, this data collection is necessary to implement the requirements in section 458(a)(7) of the Higher Education Act of 1965 as amended (HEA), as added by section 2212 (b) (1) of the SAFRA Act, Title II of the Health Care and Education Reconciliation Act of 2010. The SAFRA Act requires the Department to commit \$25,000,000 to distribute to eligible servicers by the end of FY 2010 and another \$25,000,000 by the end of FY 2011.

This data collection is necessary to assist Federal Family Education Loan (FFEL) servicers in retaining jobs at their loan servicing facilities located in the United States as of January 1, 2010. The SAFRA Act provides for eligible loan servicers to apply for funds to assist them in maintaining jobs of people working on loan servicing at their U.S. locations. The Department will determine by formula the dollar amount of funds each eligible servicer will receive.

It is important that these documents are approved by June 25, 2010. There are several steps involved in committing the funds for the FY 2010 year, once the Interim Final Requirements are published. First servicers interested in applying will have approximately 30-days to apply, next the Department will need 30-45-days to evaluate the applications, apply the formula and compute the dollar amount each servicer will receive. The Department will then notify each eligible entity. After the eligible servicer is notified, but before any funds are disbursed, the applicant must submit to the Secretary an updated plan that describes how the applicant will use the funds to preserve jobs. This plan must be reviewed and approved prior to awards being made.

2. Purpose and Use of Information Collected

The information requested is necessary to develop a slate of eligible servicers and the award amount they will be eligible to receive under SAFRA.

3. Consideration of Improved Information Technology

The Department will make available Word and Excel files that can be completed and submitted by email. Given the time constraints and the limited number of potential applicants, it is not practical to develop and implement other information technologies for first year awards. We are however, working to implement a method by which potential applicants can download the application form from the Department's web site in an effort to improve efficiencies. This will provide two avenues for applicants to retrieve information about this program and to expedite application for funds. We will also consider using improved information technology for year two.

4. Efforts to Identify Duplication

No duplicative information is being collected.

5. Burden Minimization as Applied to Small Business

There are 37 loan servicers that have been identified as potentially eligible for these funds by Federal student aid. None of these servicers meet the definition of a small business.

6. Consequences of Less Frequent Data Collection

Without the information being requested, the Department will be unable to fulfill the mandated requirements of Sec. 458 (a) (7) of the HEA and Sec.2212 (b)(1) of the SAFRAA Act which requires the Department to commit to eligible servicers \$25,000,000 by September 30, 2010 and one final time by the end of FY 2011.

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 have consulted with congressional staff and members of the affected community. . The feedback we have received has been considered as we have developed the interim requirements and application.

9. Payments or Gifts to Respondents

Eligible applicants will receive a portion of \$25,000,000 based on a formula as specified in the Interim final requirements.

10. Assurance of Confidentiality

The information provided will be used to award funds to eligible servicers. As such, it will likely become public and, therefore, we can provide no assurance of confidentiality.

11. Questions of Sensitive Nature

The Department is not requesting any information of a sensitive nature.

12. Annual Hour Burden for Respondents/Record keepers.

| | | |
|---|--------------|-------------------|
| Projected number of FFEL participating servicers | | |
| I. Amount of time to complete application | | 1- hour |
| Estimate of burden hour increase: | | |
| estimated # of eligible servicers submitting an application | | 37 |
| times the average amount of burden increase | | <u>x 1 hour</u> |
| Burden hour increase: | | 37 hours |
| Estimated # of Servicers submitting a plan | | |
| Submitting applications | | 37 |
| times the average amount of burden increase | | <u>x 14 hours</u> |
| Total burden hour: | | 518 |
| hours | | |
| II. Update Plan | | |
| Estimated # of Servicers submitting an | | |
| Updated plan | | 37 |
| times average amount of burden increase | | <u>x 7 hours</u> |
| Total burden hour: | | 259 |
| hours | | |
| Affected Entities: | | |
| FFEL Loan Servicers: 37 | x 22 hours = | 814 hours |
| Reporting requirement of 25 hours x 37 | | 925 hours |

12b Annual Cost Burden to Respondents

The annual cost is \$723 per institution resulting in a total cost of \$26,766.

13. Start-up /Other Costs

There are no start-up costs.

14. Estimated Annual Cost to the Federal Government

There are no additional costs to the federal government as a result of these collections.

15. Reasons for Changes to Burden Hour Estimated

This is a new data collection required by the SAFRA Act, and therefore this burden is considered new.

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."