

SUPPORTING STATEMENT

Information Collections Under the Regulations Governing Student Assistance General Provisions.

A. JUSTIFICATION

RIN-1840-AD02

1. Necessity of Information Collected

This request is for approval of the proposed requirements that are contained in the Student Assistance General Provisions regulations – Subpart K – Cash Management §668.164 – Disbursing funds. Institutions that participate in the Federal Pell Grant program will be required to provide certain Federal Pell Grant eligible students to obtain or purchase their books and supplies when those students establish eligibility as provided in the proposed regulations.

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 of ensuring that Federal Pell Grant recipients could obtain credit balances to obtain or purchase their books and supplies was among the additional topics considered and thereby included in the final list of topics for negotiated rulemaking.

Purpose and Use of Information Collected

Subpart K – Cash Management (OMB control number: 1845-NEW3)

Section 668.164(i) contains information collection requirements to be approved by OMB. Under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), the Department of Education is submitting a copy of this section to the Office of Management and Budget (OMB) for its review. We are adding the following new section:

Section 668.164 – Disbursing funds.

The proposed regulations require institutions to provide a way for a Federal Pell Grant eligible student to obtain or purchase, by the seventh day of a payment period, the books and supplies required for the payment period when certain conditions are met. If, 10 days before the beginning of the payment period the institution could disburse Title IV, HEA program funds for which the student was eligible, and if disbursed a credit balance would result, the institution is required to provide to the student the lesser of the presumed credit

balance or the amount needed by the student for books and supplies, as determined by the institution.

2. **Purpose and Use of Information Collected**

Student Assistance General Provisions:

Subpart K – Cash management Section 668.164 – Disbursing funds.

The information collected and maintained by institutions consistent with the proposed provisions of this section will insure that Federal Pell Grant eligible students with a presumed credit balance will have access to needed books and supplies early in the student's payment period.

3. **Consideration of Improved Information Technology**

Although there are no legal or technical obstacles to the use of technology in this information collection activity, the process for institutions to maintain their information is generally not conducive to any more sophisticated use of technology.

4. **Efforts to Identify Duplication**

This information is not duplicated on any other information collection.

5. **Burden Minimization as Applied to Small Business**

The information collected in this proposed regulation represents the minimum necessary.

6. **Consequences of Less Frequent Data Collection**

The proposed regulation requires the institution to make a determination early in the student's payment period about the amounts of presumed credit balances in order to provide a way for these students to obtain or purchase their books and supplies within 7 days of the start of the payment period.

7. **Special Circumstances Governing Data Collection**

This application is consistent with all of the guidelines in 5 CFR 1320.5(d)(2).

8. **Consultation Outside the Agency**

A Notice of Proposed Rulemaking as well as a 60 day notice will be published in the Federal Register seeking public comment. Prior to the approval of these proposed regulations the Department negotiated with members of the community during three sessions in early 2010.

9. **Payments or Gifts to Respondents**

There are no payments or gifts to respondents.

10. **Assurance of Confidentiality**

There is no assurance of confidentiality provided to institutions for the submission of this information.

11. **Questions of a Sensitive Nature**

There are no questions of a sensitive nature in this application.

12. **Annual Hour Burden for Respondents/Recordkeepers**

Section 668.164 – Disbursing funds.

Section 668.164(i): Under the proposed regulations, if 10 days prior to the beginning of the payment period, the institution could disburse Title IV, HEA program funds for which a student is eligible and if the presumed disbursed amount of Title IV, HEA funds exceeds the cost of tuition and fees, thus producing a presumed credit balance, the institution must provide a way for the Federal Pell Grant eligible student to obtain or purchase his books and supplies for the payment period within 7 days of the beginning of the payment period. The amount the institution must provide is the lesser of either the presumed credit balance or the amount needed by the student for books and supplies, as determined by the institution.

We estimate that of the 6,321,678 Federal Pell Grant recipients in the 2008-2009 award year, that approximately 30% or 1,896,503 would have or did have a Title IV, HEA credit balance. Of that number, we estimate that 25% ($1,896,503 \times .25 = 474,126$) of the Federal Pell Grant recipients will have a presumed credit balance 10 days before the beginning of the payment period. Therefore, we estimate that institution will need to provide a way for 474,126 Federal Pell Grant recipients to obtain or purchase their books and supplies within 7 days of the beginning of the payment period.

We estimate that each institution will spend 3 hours analyzing and making programming changes to identify these Federal Pell Grant recipients with presumed credit balances. Once those recipients are identified, we estimate an additional .08 hours of burden to contact the student and make them aware of the way the institution provides for them to obtain or purchase their books and supplies within the first 7 days of the payment period.

AFFECTED ENTITIES and BURDEN:

PROPRIETARY INSTITUTIONS:

We estimate that 2,063 proprietary institutions participating in the Federal Pell Grant program will, on average, spend 3 hours to analyze and make programming changes needed to identify Federal Pell Grant students with a presumed credit balance. Therefore, the total burden will increase by 6,189 hours.

Additionally, institutions will be required to identify and disburse 38% (2,063 proprietary institutions participating in the Federal Pell Grant program of the total 5,469 in the program) of the estimated 474,126 Federal Pell Grant eligible students with a presumed credit balance or 180,168 students at an average of .08 hours (5 minutes) or 14,414 hours of additional burden.

PRIVATE NON-PROFIT INSTITUTIONS:

We estimate that 1,523 private non-profit institutions participating in the Federal Pell Grant program will, on average, spend 3 hours to analyze and make programming changes needed to identify Federal Pell Grant students with a presumed credit balance. Therefore, the total burden will increase by 4,569 hours.

Additionally, institutions will be required to identify and notify 28% (1,523 private non-profit institutions participating in the Federal Pell Grant program of the total 5,469 in the program) of the estimated 474,126 Federal Pell Grant eligible students with a presumed credit balance or 132,755 students at an average of .08 hours (5 minutes) or 10,620 hours of additional burden.

PUBLIC INSTITUTIONS:

We estimate that 1,883 public institutions participating in the Federal Pell Grant program will, on average, spend 3 hours to analyze and make programming changes needed to identify Federal Pell Grant students with a presumed credit balance. Therefore, the total burden will increase by 5,649 hours.

Additionally, institutions will be required to identify and notify 34% (1,883 public institutions participating in the Federal Pell Grant program of the total 5,469 in the program) of the estimated 474,126 Federal Pell Grant eligible students with a presumed credit balance or 161,203 students at an average of .08 hours (5 minutes) or 12,896 hours of additional burden.

# of Responses:	# of Respondents:	# of Burden Hours:
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PROPRIETARY INSTITUTIONS:

Analysis and programming -		
2,063	2,063	6,189
Identifying and notification –		
180,168	180,168	14,414

PRIVATE NON-PROFIT INSTITUTIONS:

Analysis and programming -		
1,523	1,523	4,569
Identifying and notification –		
132,755	132,755	10,620

PUBLIC INSTITUTIONS:

Analysis and programming -		
1,883	1,883	5,649
Identifying and notification –		
161,203	161,203	12,896

Total	479,595	479,595	54,337
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For additional information, please see the supplementary document “Burden Analysis – 1845-NEW3 – 1840-AD02”.

13. **Start-up Cost Burden to the Respondents**

None.

14. **Estimated Annual Cost to the Federal Government**

There are no additional costs to the Federal government as a result of the proposed regulations.

15. **Reasons for Changes to Burden Hours Estimated**

This is a new collection package therefore there are no current burden hours associated with this package.

Respondents, Responses and Burden Hours:

	# of Respondents	# of Responses	# Hrs Burden
Section 668.6 – Gainful employment in a recognized occupation.			
<u>Section 668.164(i):</u>			
	479,595	479,595	54,337
Current Inventory:			
	# of Respondents	# of Responses	# Hrs Burden
	-0-	-0-	-0-
Revised Inventory:			
	# of Respondents	# of Responses	# Hrs Burden
	479,595	479,595	54,337

16. **Collection of Information with Published Results**

This information will not be used for statistical purposes.

17. **Approval to Not Display Expiration Date**

ED is not seeking approval to not display an expiration date.

18. **Exception to the Certification Statement**
No exceptions.