SUPPORTING STATEMENT

FOR PAPERWORK REDUCTION ACT SUBMISSION

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.

In order to manage the Title IV, HEA assistance programs, authorized by the Higher Education Act of 1965, as amended (HEA); 20 U.S.C. 1070 *et seq.,* Federal Student Aid (FSA) must electronically transact business with the following FSA systems and institutions that include, but are not limited to the following:

- Common Origination and Disbursement (COD) system
- Central Processing (CPS) system
- Electric Campus-Based (eCB) system
- National Student Loan Data System (NSLDS)
- Financial Management System (FMS)
- Common Services for Borrowers (CSB)
- Debt Management Collection System (DMCS), under CSB
- Direct Loan Servicing System (DLSS), under CSB
- Title IV Additional Servicers (TIVAS)
- Access Information Management System (AIMS)
- Postsecondary Educational Participants System (PEPS)
- Institutions of higher education that participate in Title IV, HEA assistance programs.
- Third-party servicers that provide services to eligible institutions of higher education.
- State scholarship agencies
- Guaranty agencies for the Federal Family Education Loan (FFEL) Program or their third-party servicers
- Lenders for the Federal Family Education Loan (FFEL) Program or their third-party servicers
- Others approved by the U.S. Department of Education

The U.S. Department of Education, FFEL lenders and their third-party servicers, guaranty agencies and their third-party servicers, Title IV Additional Servicers (TIVAS), local educational agencies (LEAs), public secondary schools, private secondary schools, State agencies and their third-party servicers, and institutions of higher education and their third-party servicers use the Student Aid Internet Gateway (SAIG) to electronically transmit and receive data with the Department's contracted processors for Title IV, HEA assistance programs. The entities described above (the entities) that need access to the SAIG and online FSA systems must enroll with Federal Student Aid through the SAIG Participation Management System, at the https://fsawebenroll.ed.gov Web site, or by using the paper SAIG Enrollment Form, to establish a location, called a Destination Point (TG Number/Mailbox), from which to transact business electronically with Federal Student Aid.

In order to protect privacy information contained in the Federal Student Aid systems, FSA has established security procedures that include requiring the entities that need access to FSA systems to designate individuals to serve as a Primary Destination Point Administrator (Primary DPA) in order to conduct transactions on behalf of the entities. Once a Primary DPA is established, he or she may enroll additional Destination Point Administrators (DPA's) for selected electronic services and for access to Federal Student Aid systems.

Before a Primary DPA is granted access to the SAIG, the individual must enroll with Federal Student Aid by providing his or her name, date of birth, address, e-mail address, telephone number, Social Security Number, certain confidential information that only the Primary DPA knows, the name of the entity the Primary DPA represents and by indicating the specific services the entity wishes to participate in through the Primary DPA.

Most of the enrollment process can be completed from the https://fsawebenroll.ed.gov Web site; however, enrollment is not considered complete until FSA receives a hard-copy certification page signed by the Primary DPA and the entity's chief operating officer authorized to enter into written agreements, for the entity, signs the Primary DPA's enrollment agreement. Only the Primary DPA may enroll additional organizational members and select the specific services to be conducted by each of those individuals. Each Primary DPA that enrolls other DPA's must provide the same personally identifiable information about each of those individuals that he or she provided (e.g., name, Social Security Number, etc.).

An enrolled Primary DPA is able to –
- Electronically exchange files of financial aid data
- Access services of the Federal Direct Loan Program
- Perform data transmissions for the electronic Campus-Based (eCB) programs for Federal Work-Study (FWS), Federal Supplemental Educational Opportunity Grant (FSEOG) and the Federal Perkins Loan program
- Access Grant services of the Federal Pell Grant program, the Iraq Afghanistan Service Grant program, the ACG/National SMART Grant programs, and the TEACH Grant program
- Access the Central Processing System (CPS) database or Web-based systems through FAA Access to CPS Online
- Access the Campus-based system through the Fiscal Operations Report and Application to Participate (FISAP) Online
- Access the National Student Loan Data System (NSLDS) and receive cohort default rate (eCDR) notification packages
- Access the Lender Reporting System (LaRS) to send financial reporting information to Federal Student Aid's Financial Management System (FMS)

With access to FSA systems, a Primary DPA can –
- Complete and send electronic initial and renewal financial aid (FAFSA) applications to the CPS
- Receive electronic Institutional Student Information Records (ISIRs) from the CPS
- Send electronic corrections of applicant data to the CPS
- Exchange payment and required reporting information from the Federal Pell Grant program, the Iraq Afghanistan Service Grant program, the ACG/National SMART Grant programs, and the TEACH Grant program
- Receive Electronic Statements of Accounts (ESOA) from the Federal Pell Grant Program
- Exchange data with the Federal Direct Loan Program to originate loans; draw down, disburse, and reconcile loan funds; and report student status.

- Exchange data with the NSLDS
- Receive eCDR Rate Reports from Default Management

For the 2011-2012 Award Year, we are providing an Enrollment Form designed for the convenience of Local Educational Agencies and Secondary Schools to enroll in the SAIG. The new version of enrollment form for the Local Educational Agencies, as well as the enrollment form for State Scholarship and Grant Agencies are streamlined versions of the enrollment form designed for Post Secondary Schools and Servicers, containing only the questions that are appropriate for each group.

On November 29, 1996, the Secretary published final regulations in the Federal Register (61 FR 60603) that required institutions to participate in the electronic processes identified by the Secretary in order to improve the administration and delivery of FSA program funds to students and institutions and to protect Federal fiscal interests. Institutions must use software developed by the institution, or its vendor, in accordance with the specifications provided by the Secretary in the regulations. The Secretary believes that the savings and benefits from these electronic business processes are more than offset by any necessary initial investments by both the U.S. Department of Education and by institutions.

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.

The Participant Management System manages a participant database, which is a collection of data from the SAIG Enrollment Form. The enrollment process enables entities to receive, transmit, view, and update student financial aid data available through the SAIG Mailbox system and other FSA online Web services (e.g. NSLDS online and FAA Access). The enrollment form is available on the Internet at https://fsawebenroll.ed.gov. Information collected via the enrollment form is used to assign entities a SAIG Mailbox ID (TG Number) and associate the application services selected to that entity and its Primary DPA, as well as its non-Primary DPAs.

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 given to using technology to reduce burden.

The enrollment process for electronic services and access to FSA systems is on the Internet, and the design of the Web site is based on the SAIG Enrollment Form (paper). Customers can enroll and change services via the SAIG enrollment Web site at https://fsawebenroll.ed.gov. This Web site reduces and virtually eliminates paper collection for enrollment (the paper enrollment form and process will continue to be available upon request for entities having difficulties accessing the Internet). Entities may use the Web enrollment process to complete and submit applications to participate in the FSA electronic services currently available. The U.S. Department of Education is sensitive to the concerns of entities and individuals regarding the security of their application data. Users will be prompted to enter confidential authentication identifiers in order to validate their identity before being allowed to change or update FSA services. In addition, users will be advised via the Web site to check the security configuration of their browser to ensure that the information they transmit to ED is protected.

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

The SAIG enrollment form is the only means that Title IV participating schools and other eligible entities can use to enroll for the previously mentioned data exchange services.

5. If the collection of information impacts small businesses or other small entities (Item 8b of IC Data Part 2), describe any methods used to minimize burden.

No small businesses are affected by this information collection.

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.

If collection is not conducted, no new participants will be able to enroll for electronic services. Existing participants will not be able to change their existing services, including deactivating individuals who no longer need access to the services, or who are no longer employed.

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

The collection of this information will be conducted in a manner that does not involve any of the guidelines in:

- Requiring respondents to report information to the agency more often than quarterly.
    N/A – Respondents report as needed.

- Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it.
    N/A – Respondents report as they need to enroll or make changes to an enrollment.

- Requiring respondents to submit more than an original and two copies of any document.
    N/A – Only the originals are submitted.

- Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than 3 years.
    The Office of Inspector General periodically audits schools. Schools must keep copies of the participation information with signatures for review as well as the FSA User Statement with original signature. These documents are required to protect the security of the FSA's systems of records.

- In connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study.
    N/A – These data are not collected to conduct statistical surveys.

- Requiring the use of a statistical data classification that has not been reviewed and approved by OMB.
    N/A – These data are not collected to conduct statistical surveys.

- That includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.

    N/A – Does not meet any of the above-mentioned criteria.

- Requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

    The SAIG Enrollment Form collects Social Security Number, date of birth, and mother's maiden name from every Destination Point Administrator. Two of these identifiers (Social Security Number and date of birth) are used to authenticate the customer when they request a password reset from the SAIG/CPS Technical Support Help Line. Electronic authentication is now done through Security Architecture (SA) and users are required to enter their FSA User ID to use protected pages on the Web enrollment site.

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. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

   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.

   Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years – even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

   FSA consults with all applicable application systems during the requirements phase to solicit comments and suggestions for improving the enrollment form. These meetings address problems and enhancements to the existing form. FSA has enhanced the enrollment form to simplify the enrollment process for all participating institutions. A 60-day and 30-day federal register notice will be published seeking public comment.

   PUBLIC COMMENTS RECEIVED IN RESPONSE TO THE 60-DAY FEDERAL REGISTER NOTICE
   The secretary invited comments on the Notice of Proposed Information Collection Request published on August 24, 2010 and we received seven comments from one respondent during the 60-day open comment period.

       Summary of Comments Received:

a) On the "*Federal Student Aid System Access Enrollment Form for FAFSA Completion Tracking*" form, one commenter asked us to revise the phrase, on page 2, "In order to obtain information on *Free Application for Federal Student Aid (FAFSA)* submission for students affiliated with an organization, the organization must enroll to participate in the U.S. Department of Education's *Student Aid Internet Gateway (SAIG).*" to read as "In order to obtain information on a *Free Application for Federal Student Aid (FAFSA)* submission <u>by a consumer</u>, the organization must enroll to participate in the U.S. Department of Education's *Student Aid Internet Gateway* <u>and complete this form.</u>"
- Changes: While the Department does consider applicants to be potential consumers, the term consumer in this case has a broader intent than is intended in this form, which is designed for a particular population defined as applicants. We did look at the sentence cited and determined a better update would be to add an "s" to the word "submission". The sentence will now read "In order to obtain information on Free Application for Federal Student Aid (FAFSA) submissions for students affiliated with an organization, the organization must enroll to participate in the U.S. Department of Education's *Student Aid Internet Gateway (SAIG).*"

b) On the "*Federal Student Aid System Access Enrollment Form for FAFSA Completion Tracking*" form, the same commenter asked us to change the instructions in Step 1, page four, to require all "participants" fill out a complete form. We believe the instructions are complete and do require the necessary information to validate and identify applicants or returning users.
- Changes: None.

c) On the "*Federal Student Aid System Access Enrollment Form for FAFSA Completion Tracking*" form, the same commenter asked us to delete Question 1 of page 5 and require the applicant list the full legal name in Question 2. We considered this, but truncating to a maximum of 40 characters in question 2 allows our system to identify the institution against other systems which do contain the full legal identification without loss of security.
- Changes: None.

d) The same commenter repeated those requests for page 13 of the Form for Postsecondary Educational Institutions, Guaranty Agencies, Title IV Additional Servicers and Lenders. We applied the same consideration and reached the same conclusion.
- Changes: None.

e) This same commenter objected to the request for Mother's Maiden name as a question and asked it be replaced by a security password. This information is not requested for security purposes, but for identification purposes.
- Changes: None.

f) On the "*Federal Student Aid System Access Enrollment Form for FAFSA Completion Tracking*" form, the same commenter asked that, on page 9, above the second signature block, we add the word "also" in the bold text "If you are an authorized representative, acting on behalf of another organization, you must <u>also</u> read and sign this certification." We consider the text sufficient as is.
- Changes: None.

g) The same commenter stated his belief that the burden was overestimated and provided thoughts on how to better estimate the burden. We believe the criteria we applied, based on historical data, have led us to a reasonable estimation of the burden.
- Changes: None.

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

The Department of Education does not allow any payments or gifts to respondents.

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

The confidentiality of the data on the enrollment form is discussed in the enrollment procedures. The citations that authorize the collection of the information are Executive Order 9397 and Executive Order 13478.

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. The justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

There are no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should :

- Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

- If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in item 16 of IC Data Part 1.

- Provide estimates of annualized cost to respondents of the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.

Frequency of response when an institution wants to enroll or change services.

Based on intrinsic and past experience in completing enrollment forms, we estimate that it takes a respondent approximately 20 minutes (.33 hours) to complete the online enrollment form and 40 minutes (.66 hours) to complete a paper enrollment form and, as noted earlier, nearly all enrollments are completed via the Web (97%). *Breakdown by respondent type for the Postsecondary Educational Institutions, Institutional Third-Party*

Servicers, FFELP Guaranty Agencies and Guaranty Agency Servicers, Title IV Additional Servicers (TIVAS), FFELP Lenders and Lender Servicers Enrollment Form (reference as PSEI), the State Scholarship and Grant Agencies Enrollment Form (reference as SSGA), and the U.S. Department of Education's Federal Student Aid System Access Enrollment Form For FAFSA Completion Tracking For Local Educational Agencies, Public Secondary Schools, Private Secondary Schools, State Agencies and Guaranty Agencies (reference as LEA):

Business or other for-profit institutions:

.33 hours x 8,565 new (PSEI) web enrollments = 2,826 hours

.33 hours x 8 new (SSGA) web enrollments = 3 hours

.33 hours x 0 new (LEA) web enrollments = 0 hours

.66 hours x 243 new (PSEI) paper enrollments = 160 hours

.66 hours x 0 new (SSGA) paper enrollments = 0 hours

.66 hours x 0 new (LEA) paper enrollments = 0 hours

2,826 + 3 + 160 = 2,989 is the total annual hour burden

Subtotal of Respondents, Responses and Burden Hours for Business or Other For-Profit

# of Respondents/Responses	# of Burden Hours
8,565 + 8 + 243 = 8,816	2,826 + 3 + + 160 + 0 = 2,989

Not-for-profit Institutions:

.33 hours x 3,953 new (PSEI) web enrollments = 1,304 hours

.33 hours x 4 new (SSGA) web enrollments = 2 hours

.33 hours x 0 new (LEA) web enrollments = 0 hours

.66 hours x 112 new (PSEI) paper enrollments = 74 hours

.66 hours x 0 new (SSGA) paper enrollments = 0 hours

.66 hours x 0 new (LEA) paper enrollments = 0 hours

1,304 + 2 + 74 + 0 = 1,380 is the total annual hour burden

Subtotal of Respondents, Responses and Burden Hours for Not-For-Profit

# of Respondents/Responses	# of Burden Hours
3,953 + 4 + 112 = 4,069	1,304 + 2 + 74 = 1,380

State, Public Institutions:

.33 hours x 3,953 new (PSEI) web enrollments = 1,304 hours

.33 hours x 4 new (SSGA) web enrollments = 2 hours

.33 hours x 20 new (LEA) web enrollments = 7 hours

.66 hours x 112 new (PSEI) paper enrollments = 74 hours

.66 hours x 0 new (SSGA) paper enrollments = 0 hours

.66 hours x 0 new (LEA) paper enrollments = 0 hours

1,304 + 2 + 74 + 0 = 1,380 is the total annual hour burden

Subtotal of Respondents, Responses and Burden Hours of State and Public

# of Respondents/Responses	# of Burden Hours
3,953 + 4 + 20 + 112 = 4,089	1,304 + 2 + 7 + 74 = 1,387

Subtotal of Respondents and Burden Hours for All Institutions

# of Respondents/Responses	# of Burden Hours
8,816 + 4,069 + 4,089 = 16,974	2,989 + 1,380 + 1,387 = 5,756

Total Annual hour burden for the year ending Dec 2009:

.33 hours x 16,507 new web enrollments = 5,447 hours

.66 hours x 467 new paper enrollments = 309 hours

5,447 + 309 = 5,756 is the total annual hour burden

Total Respondents, Responses and Burden Hours

# of Respondents	# of Responses	# of Burden Hours
16,507 + 467=16,974	16,507 + 467=16,974	5,447 + 309 = 5,756

The annualized cost to respondents was estimated using the above figures to complete a form and an average yearly salary of $35,360 ($17.00 per hour) for a Financial Aid Administrator (derived average salary from two recent FAA job postings on www.careerbuilder.com).

5,756 hours (calculated above) x $17.00 per hour = $97,852 annualized cost.

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14.)

- The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and acquiring and maintaining record storage facilities.

- If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis

associated with the rulemaking containing the information collection, as appropriate.

- ▪ Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

Total Annualized Capital/Startup Cost   :
Total Annual Costs (O&M)   :
                                   _____
Total Annualized Costs Requested   :

There are no start-up costs.

14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

The following is a breakdown of estimated costs to the Federal government to produce, process, and update the 2011-2012 Student Aid Internet Gateway Enrollment Form. The estimated costs are based on the actual costs incurred for the most recent completed cycle year.

a.   Projected Cost for the Virtual Data Center (VDC) to host Participation Management

The VDC hosts the Web servers on which the Web enrollment form runs. Part of the cost listed below includes hosting costs of the database at the Pearson Data Center.

FY 2009

For costs incurred to house the Web servers at the VDC   **$44,265**

b.   Projected Cost for Development/Annual Rollover Updates

$457,625

c.   Projected Cost to provide Maintenance/System Support

$672,178

d.   Projected Processing Cost

Enrollment Processing   **$286,682**

Total Costs $1,460,750

15. Explain the reasons for any program changes or adjustments to #16f of the IC Data Part 1 Form.

An adjustment of an additional 5,315 responses and 1,743 hours occurred due to an increase in the number of institutions using the web-based reporting form. While the creation of respondent-focused forms is expected to result in a respondent burden savings, the actual burden reduction cannot be determined until after the new streamlined forms have been implemented.

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.

Results of this collection of information will not be published.

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 OMB expiration date will be displayed on the form together with the standard request for comments.

18. Explain each exception to the certification statement identified in the Certification of Paperwork Reduction Act.

There is no exception to the certification.