SUPPORTING STATEMENT

Information Collections under the Regulations Governing Student Assistance General Provisions.

A. JUSTIFICATION

RIN-1840-AD02

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.**

   This request is for approval of the final 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 final regulations.

   The final 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, Higher Education Act of 1965, as amended (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. **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.**

   Subpart K – Cash Management (OMB control number: 1845-NEW3) (04429)

   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 final 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.

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.**

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. **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.**

This information is not duplicated on any other information collection.

5. **If the collection of information impacts small businesses or other small entities , 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.**

Consequences of Less Frequent Data Collection
The final 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.

If a determination is not made, a student who would have received sufficient Title IV, HEA program funds in excess of tuition and fees that could be used for books and supplies, may not receive those funds timely or be provided a way for the Pell Grant eligible student to obtain or purchase the required books and supplies by the seventh day of the payment period.

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

- **requiring respondents to report information to the agency more often than quarterly;**

- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**

- **requiring respondents to submit more than an original and two copies of any document;**

- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**

- **in connection with a statistical survey, that is not designed to produce valid and reliable results than can be generalized to the universe of study;**

- **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**

- **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 that unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**

- **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.**

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

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.

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 final 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.

A Notice of Proposed Rulemaking as well as a 60 day and 30 day notice was published in the Federal Register seeking public comment. No public comments were received under the Paperwork Reduction Act (PRA). Prior to the approval of these final regulations the Department negotiated with members of the community during three sessions in early 2010.

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

There are no 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.**

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

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 in this application.

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.**

Section 668.164 – Disbursing funds.

Section 668.164(i): Under the final 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 X .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 ENTITES 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 14,413 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:
PROPRIETARY INSTITUTIONS:			
Analysis and programming -	2,063	2,063	6,189
Identifying and notification –	180,168	180,168	14,413
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	54,336

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

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	:	$0
Total Annual Costs (O&M)	:	$0
Total Annualized Costs Requested	:	$0

There are no startup 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.**

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

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

This is a new collection package, therefore all burden is new. The new burden of 54,336 hours is a program change as a result of changing regulations.

Respondents, Responses and Burden Hours:

# of Respondents	# of Responses	# Hrs Burden

Section 668.6 – Gainful employment in a recognized occupation.

Section 668.164(i):

479,595	479,595	54,336

Current Inventory:

# of Respondents	# of Responses	# Hrs Burden
-0-	-0-	-0-

Revised Inventory:

# of Respondents	# of Responses	# Hrs Burden
479,595	479,595	54,336

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.**

This 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.**

ED is not seeking this approval. The OMB expiration dates will be displayed in the Federal Register once approved.

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

There are no exceptions.