

## Supporting Statement for Paperwork Reduction Act Submissions

### Federal Student Aid Application for 2011-2012

#### **1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.**

Public Law 89-329, Sections 401-495, the Higher Education Act of 1965, as amended (HEA), mandates that the Secretary of Education "...shall produce, distribute, and process free of charge common financial reporting forms as described in this subsection to be used for application and reapplication to determine the need and eligibility of a student for financial assistance."

The determination of need and eligibility are for the following Title IV, HEA, federal student financial assistance programs: the Federal Pell Grant Program; the Campus-Based programs (Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and the Federal Perkins Loan Program); the William D. Ford Federal Direct Loan Program; the Teacher Education Assistance for College and Higher Education (TEACH) Grant; and the Iraq and Afghanistan Service Grant.

Federal Student Aid, an office of the U.S. Department of Education (hereafter "the Department"), subsequently developed an application process to collect and process the data necessary to determine a student's eligibility to receive Title IV, HEA program assistance. The application process involves an applicant's submission of the *Free Application for Federal Student Aid* (FAFSA). After submission of the FAFSA, an applicant receives a *Student Aid Report* (SAR) which is a summary of the data they submitted on the FAFSA. The applicant reviews the SAR, and, if necessary, will make corrections or updates to their submitted FAFSA.

The specific questions that applicants are asked to answer in the application process are described separately in the *Data Elements Justification* document. The document lists all the data elements and explains the purpose and use of each in the application. In addition to calculation of financial need for the various Title IV programs, the FAFSA also collects data that allows for a determination of a student's eligibility for state and school financial aid programs. If these data elements were not collected, the Department would be unable to make a determination of financial need and subsequently would be unable to award any Title IV, HEA program assistance, as mandated by the HEA. A majority of states would also be greatly hindered in their calculation of state aid to students.

#### **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 purpose of the application is to collect personal and financial data from current or prospective students in order to perform a need analysis as described in Part F of the HEA. The application is available in both English and Spanish and the main options for completing a FAFSA include (more specific application options are described in Question 12):

- 1) FAFSA on the Web (FOTW) submissions - Applicants can complete the online version of the FAFSA which offers a customized experience;
- 2) Financial Aid Administrator submissions - On behalf of the applicant, this option describes the electronic submission of a FAFSA by a designated third party (e.g., the Department's FAA Access system or a postsecondary institution's mainframe computer);

- 3) Paper submissions – Applicants can complete and submit the paper version or the PDF version of the FAFSA; these versions must be mailed to the Department for processing; or

As required by Section 483 of the HEA, for students that have previously submitted a FAFSA, there is a Renewal FAFSA that retains certain static data and the applicant only needs to update information that has changed since the previous FAFSA submission. The Renewal FAFSA is offered within FAFSA on the Web and to applicants who submit with the assistance of a financial aid administrator.

The information an applicant is required to provide on the FAFSA varies based upon the need analysis formula that is being utilized. There are three need analysis formulas, the first is for dependent students (this formula also requires parental data), the second is for independent students without dependents other than a spouse, and the third formula is for independent students with dependents other than a spouse.

After the application is completed, the student submits the form to the Department and the data is processed by the Department's Central Processing System (CPS). The need analysis results in an expected family contribution (EFC), which is an index used by postsecondary educational institutions when determining the types and amounts of both federal and non-federal financial aid students will receive. The EFC is calculated in accordance with the statutory formula in Part F of the HEA and is intended to indicate a student's ability (and for dependent applicants, his or her family's ability) to contribute toward the student's cost of attending a postsecondary educational institution. The following components are considered in the need analysis formula to determine the EFC:

- 1) The available income of (A) the independent student and (if married, the independent student's spouse), or (B) the dependent student and the dependent student's parents;
- 2) The number of dependents in the family of the student;
- 3) The number of dependents in the family of the student (excluding the parents) who are enrolled or accepted for enrollment, on at least a half-time basis, in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of Section 487 and for whom the family may reasonably be expected to contribute to their postsecondary education;
- 4) The net assets of (A) the independent student and (if married, the independent student's spouse), or (B) the dependent student and the dependent student's parents;
- 5) The marital status of the student;
- 6) The age of the older parent, in the case of a dependent student; and
- 7) Any additional expenses incurred (A) in the case of a dependent student, when both parents of the student are employed or when the family is headed by a single parent who is employed, or (B) in the case of an independent student, when the student is married and the student's spouse is employed or when the employed student qualifies as a surviving spouse or as a head of household under section 2 of the Internal Revenue Code of 1986.

The need analysis formula used to determine an EFC changes in order to simplify the application for families who meet specific conditions. The HEA specifies a Simplified Needs Test (SNT) for calculating the EFC for families who meet the requirements of Section 479. The SNT applies to families who have adjusted gross incomes less than \$50,000 per year, and who meet at least one of the following eligibility requirements:

- 1) As defined in the HEA Section 479(b)(1), have filed or are eligible to file a form 1040A or 1040EZ; or
- 2) As defined in the Higher Education Reconciliation Act (HERA) of 2005 Section 479(b)(1) and the College Cost Reduction and Access Act (CCRAA), the independent student, independent student's spouse, or the dependent student's parent(s) received benefits in the last 24 months from any of the following federal means-tested benefit programs:

Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP) formerly the Food Stamp Program, Free or Reduced Price Lunch, Temporary Assistance for Needy Families (TANF), and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); or

- 3) As defined in CCRAA, the independent student, independent student's spouse, or the dependent student's parent(s) is a dislocated worker.

All assets are excluded from consideration when calculating the EFC for families who meet the SNT requirements resulting in a Simplified Needs Analysis that utilizes the following six components:

- 1) Adjusted gross income;
- 2) Federal taxes paid;
- 3) Untaxed income and benefits;
- 4) The number of family members;
- 5) The number of family members (excluding the parents) in postsecondary education; and
- 6) An allowance (A) for federal and other taxes, as defined in Section 475(c)(2) of the HEA for parents and dependent students and in Section 477(b)(2) for independent students with dependents, or (B) for federal and local income taxes, as defined in Section 476(b)(2) of the HEA for independent students without dependents.

In addition to the Simplified Needs Analysis, there is another circumstance where the need analysis formula to determine an EFC is modified. Section 479(c) of the HEA further simplifies the application by establishing an Automatic Zero (Auto Zero) formula permitting the automatic determination of an EFC of zero for families within a certain income threshold, and who file or are eligible to file the Internal Revenue Service (IRS) forms 1040A or 1040EZ or who received benefits from one of the federal means-tested benefit programs described above, or for those who meet the dislocated worker criteria. CCRAA indexed the income threshold to be updated annually according to increases in the Consumer Price Index (CPI). For the 2011-2012 application cycle the income threshold will be \$31,000 for the Auto Zero formula.

The Auto Zero formula excludes other income and all assets for the purpose of calculating an EFC. Independent students with no dependents other than a spouse are not eligible to receive an automatic zero EFC determination.

Once the CPS processes the applicant's data using the appropriate need analysis formula, the Department sends an Institutional Student Information Record (ISIR) electronically to the postsecondary institutions the applicant listed on their FAFSA and to the state grant agencies (based on the applicant's state of legal residence), as well as the states where the institutions the applicant listed on their FAFSA are located.

The Department notifies the applicant by sending a Student Aid Report (SAR) in the language the applicant used to submit the FAFSA. Similar to the ISIR, the SAR will contain the results of the processed application, including the student's EFC, a transcript of the information that the student originally reported on the FAFSA, and other relevant information (e.g., the applicant's financial aid history from the Department's National Student Loan Data System (NSLDS)). There are three versions of the SAR that an applicant may receive; a paper SAR, a paper SAR Acknowledgment, or an eSAR.

- 1) The paper SAR is a full summary that is mailed to applicants who filed a paper FAFSA and who did not provide an e-mail address. A paper SAR is also mailed to applicants who did not sign their application and to applicants whose records were rejected during processing because the Social Security Number did not match with the Social Security Administration (SSA).

- 2) The SAR Acknowledgment is a condensed paper SAR that is mailed to applicants who applied electronically but did not provide an e-mail address and do not meet the criteria for a full SAR.
- 3) The eSAR is a PDF version of the SAR for applicants who applied electronically or by paper and provided an e-mail address. Notifications for the eSAR are sent by e-mail with a secure hyperlink that takes the user to the FOTW site.

Applicants are expected to review the information on their SAR and, if necessary, correct errors in the reported information, verify the responses if so requested, and supply any missing information. Specifically, there are several ways that an applicant can correct, update or provide additional information:

- 1) FAFSA on the Web – Any applicant who has a Federal Student Aid PIN (FSA PIN) – regardless of how they originally applied – may correct any of the data on the FAFSA, except the applicant’s Social Security Number (SSN), by using the corrections functionality on the FOTW site.
- 2) Paper SAR – Applicants who receive or request a paper SAR can make hand-written corrections or additions directly on the paper SAR and mail it back to the Department. Corrections to the applicant’s SSN can be made using the paper SAR. Note that although the paper SAR can be used to make changes, the SAR Acknowledgment and the eSAR cannot be used for corrections.
- 3) FAA Access – With the applicant’s permission, an institution can use FAA Access to correct the FAFSA.
- 4) Electronic Other – With the applicant’s permission, corrections can be made via the postsecondary institution’s third party servicer, a postsecondary institution’s mainframe computer, or a postsecondary institution’s proprietary software for the student.
- 5) Federal Student Aid Information Center (FSAIC) – FSAIC has the ability to assist applicants with a limited amount of changes. Any applicant, who has their Data Release Number (DRN), can make changes to the postsecondary institutions listed on their FAFSA or change their address by calling FSAIC.

An applicant who corrects and/or updates (as defined in 34 CFR 668.55) their FAFSA resubmits the information to the Department. The Department, in turn, processes the changed information and sends the applicant a revised SAR. For most applicants the application process is now concluded, as the Department has processed the most accurate and complete information for use in the need analysis formula and the postsecondary institution is able to determine eligibility and award aid.

Regulations, however, established a verification process (as defined in 34 CFR 668, Subpart E) that require some applicants to provide documentation to the postsecondary institution to confirm the information reported on the FAFSA. These procedures “...govern[s] the verification by institutions of information submitted by applicants for student financial assistance in connection with the calculation of their expected family contributions (EFC).”

Applications are selected for verification either by the CPS or the postsecondary institution. A postsecondary institution must verify all applications the CPS selects for verification, up to 30% of the institution’s total number of federal aid applicants in an award year. However, the postsecondary institution has the authority to verify more applicant data. For students selected for verification, they must complete the verification process with the postsecondary institution, and then the postsecondary institution can award aid once any final changes are submitted to the CPS for processing.

In conclusion, the above narrative provides an overview of the application process that exists to determine an applicant’s eligibility for Title IV federal student aid program funds. Since Title IV funds should only be awarded to eligible students and the amounts awarded should reflect the actual need of the applicant and family, the awarding of aid by the financial aid office at the

postsecondary institution does not occur until the applicant has completed the entire application process – initial submission, review, corrections and/or verification, if necessary. The entire application process allows the Department to capture the most complete and accurate information for use in the need analysis formula and reduces the possibility that an applicant could receive Title IV funds they are not eligible to receive.

**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 of using information technology to reduce burden.**

Over time the Department has made several process improvements that have utilized technology advancements. The following describes some components of the application process that have incorporated such advancements.

**FAFSA on the Web**

Section 483 of the HEA mandates that, “The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, including private software providers, shall develop an electronic version of the form.” Subsequently, the Department developed FAFSA on the Web (FOTW) in 1998. FOTW has grown to be the primary entry point for tens of millions of students who apply for federal, state and institutional financial aid. The Department endeavors to improve FAFSA on the Web continually to further simplify the application experience for students and families. The following describes the benefits of using FOTW.

- Applications submitted through FOTW are processed much faster than the paper or PDF versions of the FAFSA.
- Applicants that have previously applied for aid benefit by completing the Renewal FAFSA, which retains certain static data. Only information that has changed since the previous FAFSA submission needs to be updated.
- Applicants that need to correct or provide missing information can do so easily by returning to FOTW.
- FOTW offers skip-logic and assumption-logic that creates a customized, smart application experience based on an applicant’s personal data and previous answers.
- Applicants who use FOTW benefit from web edits that ensure all required fields are completed and all data conflicts are resolved prior to application submission, which makes for a reduced application rejection rate during processing. (Approximately 8% for all paper FAFSAs and 0.5% for electronic FAFSAs are rejected due to errors or other anomalies. These percentages exclude signature rejects.)
- FOTW is a safe and secure Web site that uses standard commercial encryption protocols that determine the highest encryption level the browser will support.
- In compliance with the Americans with Disabilities Act, FOTW is 508 compliant and accessible to visually impaired applicants.

**Federal Student Aid PIN (FSA PIN)**

The FSA PIN is a 4-digit number used in combination with a Social Security Number, name, and date of birth for authentication and identification purposes, and allows access to an individual’s personal information on Department Web sites, such as FOTW. Students and parents can each apply for their own FSA PIN.

The FSA PIN can also be used as an electronic signature. Since the submission of the FAFSA requires the applicant’s signature and the parent’s signature if the applicant is a dependent student and parental information is provided, the FSA PIN facilitates an easier application experience, eliminating the need for a paper signature submission. In addition, the FSA PIN can be used each year to access the Renewal FAFSA and to access FAFSA data and make

corrections or updates.

### **Customer Service - Federal Student Aid Information Center (FSAIC)**

In addition to the assistance provided by FSAIC when handling inquiries about the financial aid process and questions about the application, FSAIC offers technological features that have simplified the application experience for many applicants.

- FAFSA on the Phone (FOTP) – In September 2008, FSAIC began offering FOTP as an alternative to filing the FAFSA using FOTW, or mailing in a paper FAFSA. Students and families can simply call FSAIC and file by phone. FOTP provides applicants with real-time assistance from a customer service representative in completing the FAFSA. This option is intended for use by applicants who have limited or no Internet access and who may be facing pressing deadlines. Although it is not a widely-utilized service, it provides a valuable service to students who need the personalized assistance.
- Live Help – In late 2009, an expansion of our Live Help channel (commonly referred to as Web Chat) enabled FSA to reach more customers. The system platform was upgraded and is now accessible via a wide range of operating systems and browsers, providing customers a greater range of choice and enabling higher numbers of students to apply for aid on the web and to obtain immediate, real-time assistance from a customer service representative. The Live Help feature is a preferred customer service option for many applicants and usage has dramatically increased due to this recent expansion.

### **Image and Data Capture (IDC)**

The Department has maintained the Image and Data Capture (IDC) document management system. The system scans images, captures data, and sends the data for processing to the CPS. The IDC utilizes optical character recognition (OCR) to electronically recognize and capture typed or hand-written data from the paper FAFSA, PDF FAFSA and SAR. Use of this technology results in the automation of data entry tasks, thus reducing the processing time for applicants.

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

The FAFSA collection requirements do not contain any duplication of data elements. Because legislation requires that the FAFSA be completed annually by applicants, returning applicants encounter similar questions in subsequent years. To reduce that burden, the Renewal FAFSA is available and reuses much of the data previously submitted. Required responses on the Renewal FAFSA are limited to income and asset questions likely to change from year to year.

The review and corrections segment of the application process does not duplicate the process of initial data collection, but instead is also fundamental to the application experience because it creates an opportunity to capture the most accurate applicant information.

#### **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.**

The collection of eligibility information for the awarding of student aid does not impact small businesses.

#### **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 the application process was not completed and data elements not collected, the Department would be unable to make an accurate determination of financial need and subsequently award any Title IV program assistance, as mandated by the HEA. In addition, the HEA requires annually the determination of the applicant's need for Title IV, program assistance. If the data were collected less frequently, the Department would be in violation of the law. However, although an applicant must reapply and receive a new need analysis for every year that student aid is requested, use of the Renewal FAFSA, as described previously, reduces the amount of new data that a student must provide.

As a part of the annual application process, the corrections component provides an opportunity for the applicant to make corrections. The corrections component is crucial in assuring that comprehensive, accurate data is used to calculate the applicant's EFC and overall financial aid eligibility. If the Department were unable to request verification or correction of submitted data, the EFC could be calculated using questionable or erroneous data. In addition, errors discovered as a result of multiple federal database matches (e.g., SSA, Department of Homeland Security (DHS), Veteran Affairs, etc.) could not be corrected. The result would be countless incomplete or errant FAFSA applications and, potentially, millions of incorrect eligibility determinations resulting in the loss of taxpayer dollars by awarding Title IV program assistance based on erroneous applicant data.

**7. Explain any special circumstance impacting the information collection.**

The application does not invoke special circumstances, as described in the Paperwork Reduction Act submission instructions.

**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.**

The Department published both 60 and 30-day Federal Register notices inviting public comment. We received comments from 124 individuals or organizations and have addressed them in a separate document.

**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 for the completion and/or submission of the application.

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

The confidentiality of the data collected is discussed in the Routine Uses section of the System of Records Notice for the Federal Student Aid Application File (18-11-01), published in 64 FR

30159-30161 (June 4, 1999), as corrected by, 64 FR 72407 (December 27, 1999), as corrected by, 65 FR 11294 (March 2, 2000), as corrected by 66 FR 18758 (April 11, 2001), and as corrected by, 74 FR 68802-68808 (December 29, 2009).

A section on privacy, printed on page 10 of the paper FAFSA and linked from the homepage of FOTW, informs the student that postsecondary educational institutions and state financial aid agencies to which the student requests his or her data be sent will have access to the data, and that the grant agencies in the applicant's state of legal residence will receive certain information even if the student does not provide consent pursuant to section 483(a) of the HEA. Privacy Act information is repeated on the paper SAR and accessible at all times from FOTW. In addition, agencies such as law enforcement agencies, the Office of Management and Budget (OMB), the Department of Justice (DOJ), the Government Accountability Office (GAO), Congress, and other entities have access to the data. No other individuals have access to this information without the express written consent of the student.

**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.**

Except for question 23 (have you been convicted for the possession or sale of illegal drugs for an offense that occurred while you were receiving federal student aid) and questions 24 and 25 (what is your parents' level of education), the FAFSA does not contain questions of a sensitive nature beyond those needed to obtain the information necessary to complete the need analysis and calculate an EFC.

Question 23 is used to determine a student's eligibility for Title IV assistance in accordance with section 484(r) of the HEA. Questions 24 and 25 are often used to determine whether an applicant is a first-generation college student and may be used by state grant agencies, scholarship programs, institutions, and the TRIO programs, which often give special consideration to first-generation college students.

The FAFSA instructions inform applicants that their response to question 23 may affect their eligibility for federal student aid. Other FAFSA instructions inform applicants that their response to questions 24 and 25 do not affect their eligibility for federal student aid.



**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 burden<sup>16</sup> 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.

The total application projection for 2011-2012 is estimated on the basis of one response per FAFSA submitted, and is based upon two factors which include college enrollment projections and FAFSA submission rates for the previously completed cycle. The *Projections of Education Statistics* prepared by the U.S. Department of Education, National Center for Education Statistics (NCES), Integrated Postsecondary Education Data System provides estimates of the total enrollment in all degree-granting institutions, as shown in Table 1.

**Table 1.** Enrollment projections for 2011 from NCES Projections of Education Statistics to 2018

<b>Year</b>	<b>Enrollment Projections</b>
2008	19,254,000
2009	19,562,000
2010	19,681,000
2011	19,875,000
2012	20,074,000
2013	20,338,000
2014	20,558,000
2015	20,743,000
2016	20,927,000
2017	21,148,000
2018	21,341,000

This projection information is used in conjunction with the percentage change in FAFSA submissions for the last completed application cycle, an increase of 18.80 percent in applications submitted. Based on these factors, the Department estimates that **23,611,500** total applicants will submit a FAFSA for 2011-2012.

Once the applicant volume was projected, we determined overall estimated burden and overall cost by examining each FAFSA completion method. The completion method reflects how applicants choose to complete and submit the FAFSA, and also indicates the needs analysis formula the applicant was subjected to when they completed the FAFSA. Usage data from the last completed application cycle informs the overall usage of each completion method.

Each completion method is then assigned an individual burden estimate to reflect the average time an applicant will spend to complete and submit a FAFSA and/or correction. We should note that in reviewing the components for inclusion in the 2011-2012 model, the Department determined that recordkeeping would not be documented as a component of the burden

estimate. Since the Department retains, for the applicant, summaries of the data submitted and a history of their changes, the need for an applicant to retain a set of records is optional.

The components that were included in the individual burden estimate include information from web trending tools and user perception data from surveys and this allows us to estimate the individual burden for each completion method. The individual burden estimate includes the following:

- 1) Preparation - Average time it takes to review instructions and gather the documents necessary to complete the FAFSA (e.g., paper FAFSA, copies of W-2 Forms, Student/Spouse and/or Parent’s Federal Income Tax Returns, bank statements);
- 2) Completion - Average time it takes for data entry (paper or electronic), referencing instructions, or accessing on-line help or calling customer service;
- 3) Submission - Average time it takes to review the Certification Statement, apply signatures, make copies of paper forms or print electronic outputs, and if necessary, obtain postage and mail.

As a result, Table 2 details the initial submission behavior (completion method) and provides the total burden for submission of the FAFSA. Associated costs by type of application are also provided.

Table 3 details the corrections behavior by type of corrections submitted and allows us to calculate the burden associated with each correction method. Associated costs by type of correction are also provided.

Table 4 shows the total number of SARs distributed as a result of the initial submission of the FAFSA and any corrections made. Specifically the total number of SARs is divided by the type of SARs distributed. Associated costs by type of SAR are also provided.

Lastly, Table 5 summarizes the overall total burden and overall total costs for the 2011-2012 Federal Student Aid Application. The total estimated burden for the 2011-2012 Federal Student Aid Application is **32,239,328 hours**. Table 5 also summarizes the annual cost burden to complete the application process which is **\$159,370.20**. This cost is attributed to the individual postage cost of 44 cents that would be required of applicants who choose to submit a paper FAFSA (Table 2) or a paper SAR (Table 3).

**Table 2.** Initial Submission of FAFSA

Type of Application Filed	Type of FAFSA Applicant (Independent or Dependent)	Percent	Estimated Number of Applicants (Volume)	Estimated Individual Applicant Burden (Hours)	Estimated Individual Applicant Cost (Dollars)	Total Burden for All Applicants (Hours)	Total Cost for All Applicants (Dollars)
<b>FAFSA on the Web (FOTW)</b>							
<b>FOTW (IC 1)</b>	<i>Overall Usage</i>		45.00%				
The online version of the FAFSA that offers applicants a customized experience.	Dependent	53%	5,631,343	1.53	\$ -	8,615,954	\$ -
	Independent	47%	4,993,832	1.02	\$ -	5,093,709	\$ -
	<b>Subtotals</b>		<b>10,625,175</b>			<b>13,709,663</b>	\$ -
<b>FOTW - Renewal (IC 2)</b>	<i>Overall</i>		36.00%				

Type of Application Filed	Type of FAFSA Applicant (Independent or Dependent)	Percent	Estimated Number of Applicants (Volume)	Estimated Individual Applicant Burden (Hours)	Estimated Individual Applicant Cost (Dollars)	Total Burden for All Applicants (Hours)	Total Cost for All Applicants (Dollars)
<i>Usage</i>							
The online version within FOTW for applicants who have previously completed the FAFSA.	Dependent	47%	3,995,066	1.20	\$ -	4,794,079	\$ -
	Independent	53%	4,505,074	0.75	\$ -	3,378,806	\$ -
	<b>Subtotals</b>		<b>8,500,140</b>			<b>8,172,885</b>	\$ -
<b>FOTW - EZ (IC 3)</b>	<i>Overall Usage</i>		7.00%				
The online version within FOTW for applicants who qualify for the Simplified Needs Test (SNT) or Automatic Zero (Auto Zero) needs analysis formulas.	Dependent	42%	694,178	1.30	\$ -	902,432	\$ -
	Independent	58%	958,627	0.88	\$ -	843,592	\$ -
	<b>Subtotals</b>		<b>1,652,805</b>			<b>1,746,024</b>	\$ -
<b>FOTW - EZ Renewal (IC 4)</b>	<i>Overall Usage</i>		5.00%				
The online version within FOTW for applicants who have previously completed the FAFSA and who qualify for the Simplified Needs Test (SNT) or Automatic Zero (Auto Zero) needs analysis formulas.	Dependent	35%	413,201	0.95	\$ -	392,541	\$ -
	Independent	65%	767,374	0.65	\$ -	498,793	\$ -
	<b>Subtotals</b>		<b>1,180,575</b>			<b>891,334</b>	\$ -
<b>FOTP - FAFSA on the Phone (IC 5)</b>	<i>Overall Usage</i>		0.25%				
FSAIC customer service representatives assist applicants by filing the FAFSA on their behalf through FOTW.	Dependent	25%	14,757	1.04	\$ -	15,347	\$ -
	Independent	75%	44,272	0.71	\$ -	31,433	\$ -
	<b>Subtotals</b>		<b>59,029</b>			<b>46,780</b>	\$ -

<b>FOTW - FAFSA on the Phone EZ (IC 6)</b>	<i>Overall Usage</i>		0.25%				
FSAIC customer service representatives assist applicants by filing the FAFSA on their behalf through FOTW.	Dependent	28%	16,528	0.82	\$ -	13,553	\$ -
	Independent	72%	42,501	0.59	\$ -	25,075	\$ -
	<b>Subtotals</b>		<b>59,029</b>			<b>38,628</b>	\$ -
<b>Financial Aid Administrator Submission</b>							
<b>FAA Access (IC 7)</b>	<i>Overall Usage</i>		1.00%				
With the FAFSA filer's permission, an institution can use FAA Access to submit the FAFSA.	Dependent	41%	96,807	1.63	\$ -	157,796	\$ -
	Independent	59%	139,308	1.12	\$ -	156,025	\$ -
	<b>Subtotals</b>		<b>236,115</b>			<b>313,821</b>	\$ -
<b>FAA Access - Renewal (IC 8)</b>	<i>Overall Usage</i>		0.50%				
With the FAFSA filer's permission, an institution can use FAA Access to submit the Renewal FAFSA for an applicant.	Dependent	47%	55,487	1.30	\$ -	72,133	\$ -
	Independent	53%	62,570	0.85	\$ -	53,185	\$ -
	<b>Subtotals</b>		<b>118,057</b>			<b>125,318</b>	\$ -
<b>FAA Access - EZ (IC 9)</b>	<i>Overall Usage</i>		1.00%				
With the FAFSA filer's	Dependent	31%	73,196	1.40	\$ -	102,474	\$ -

Type of Application Filed	Type of FAFSA Applicant (Independent or Dependent)	Percent	Estimated Number of Applicants (Volume)	Estimated Individual Applicant Burden (Hours)	Estimated Individual Applicant Cost (Dollars)	Total Burden for All Applicants (Hours)	Total Cost for All Applicants (Dollars)
permission, an institution can use FAA Access to submit the Renewal FAFSA for an applicant.	Independent	69%	162,919	0.98	\$ -	159,661	\$ -
	<b>Subtotals</b>		<b>236,115</b>			<b>262,135</b>	<b>\$ -</b>
<b>FAA Access - EZ Renewal (IC 10)</b>	<i>Overall Usage</i>		<i>0.50%</i>				
With the FAFSA filer's permission, an institution can use FAA Access to submit the Renewal FAFSA for an applicant.	Dependent	34%	40,140	1.05	\$ -	42,147	\$ -
	Independent	66%	77,918	0.80	\$ -	62,334	\$ -
	<b>Subtotals</b>		<b>118,058</b>			<b>104,481</b>	<b>\$ -</b>
<b>Electronic Other (IC 11)</b>	<i>Overall Usage</i>		<i>3.00%</i>				
"Electronic Other Original" refers to the submission of FAFSA data using the Electronic Data Exchange (EDE) process. With the FAFSA filer's permission, a FAFSA can be submitted via: a school's third party servicer, a school's mainframe computer, or a school's proprietary software.	Dependent	23%	162,919	1.35	\$ -	219,127	\$ -
	Independent	77%	545,426	0.94	\$ -	511,337	\$ -
	<b>Subtotals</b>		<b>708,345</b>			<b>730,464</b>	<b>\$ -</b>
<b>Paper Submissions</b>							
<b>PDF FAFSA or Paper FAFSA (IC 12)</b>	<i>Overall Usage</i>		<i>0.50%</i>				
The paper version of the FAFSA printed by the Department and provided for applicants who are unable to access the Internet or the online version of the printed FAFSA for applicants who can access the Internet but are unable to complete the form using FOTW.	Dependent	42%	49,584	2.21	\$ 0.44	109,581	\$ 21,816.96
	Independent	58%	68,473	1.94	\$ 0.44	133,044	\$ 30,128.12
	<b>Subtotals</b>		<b>118,057</b>			<b>242,625</b>	<b>\$ 51,945.08</b>
<b>Total Applicants</b>						<b>23,611,500</b>	
<b>Applicant Burden</b>						<b>26,384,158</b>	
<b>Applicant Cost</b>						<b>\$51,945.08</b>	

**Table 3.** Correcting Submitted FAFSA Information

Type of Correction	Type of FAFSA Respondent by Filing Option (Independent or Dependent)	Estimated Number of Corrections Received (Volume)	Estimated Individual Burden (Hours)	Estimated Individual Applicant Cost (Dollars)	Total Burden for All Respondents (Hours)	Total Cost for All Applicants (Dollars)
<b>FOTW - Corrections</b> (IC 13)	Overall Usage	45%				
Any applicant who has a Federal Student Aid PIN (FSA PIN) - regardless of how they originally applied - may correct using Corrections with FOTW.	Dependents & Independents	5,493,337	0.25	\$ -	1,373,334	\$ -
<b>Electronic Other - Corrections</b> (IC 14)	Overall Usage	28%				
With the applicant's permission, corrections can be made via: a school's third party servicer, a school's mainframe computer, FAA Access or a school's proprietary software.	Dependents & Independents	3,418,076	0.20	\$ -	683,615	\$ -
<b>Paper SAR</b> (IC 15)	Overall Usage	2%				
Applicants can write corrections directly on the paper SAR and mail for processing.	Dependents & Independents	244,148	0.40	\$ 0.44	97,659	\$ 107,425.12
<b>FAA Access - Corrections</b> (IC 16)	Overall Usage	14%				
With the FAFSA filer's permission, an institution can use FAA Access to correct the FAFSA.	Dependents & Independents	1,709,038	0.20	\$ -	341,808	\$ -
<b>Internal Department Corrections</b> (IC 17)	Overall Usage	10%				
The Department will submit an applicant's record for system generated corrections. There is no burden to the applicants under this correction type.	Dependents & Independents	1,220,742	0.00	\$ -	0	\$ -
<b>FSAIC Corrections</b> (IC 18)	Overall Usage	1%				
Any applicant, who has their Data Release Number (DRN), can make changes to the postsecondary institutions listed on their FAFSA or change their address by calling FSAIC.	Dependents & Independents	122,074	0.05	\$ -	6,104	\$ -
<b>Total Corrections</b>					<b>12,207,415</b>	
<b>Applicant Burden</b>						<b>2,502,520</b>
<b>Applicant Cost</b>						<b>\$107,425.12</b>

**Table 4.** Reviewing FAFSA Information – Student Aid Report Distribution

Type of SAR Sent	Type of FAFSA Respondent by Filing Option (Independent or Dependent)	Documents Sent (Volume)	Estimated Individual Burden (Hours)	Estimated Individual Applicant Cost (Dollars)	Total Burden for All Applicants (Hours)	Total Cost for All Applicants (Dollars)
<b>SAR Electronic (eSAR)</b> (IC 19)	Distribution	88%				
PDF version of the SAR for applicants who applied electronically or by paper and provided an e-mail address.	Dependents & Independents	31,520,645	0.09	\$ -	2,836,858	\$ -
<b>SAR Acknowledgment</b> (IC 20)	Distribution	8%				
Condensed paper SAR that is mailed to applicants who applied electronically but did not provide an e-mail address.	Dependents & Independents	2,865,513	0.10	\$ -	286,551	\$ -
<b>Paper SAR</b> (IC 15)	Distribution	4%				
Full paper summary that is mailed to paper applicants who did not provide an e-mail address, to applicants who did not sign their application and to applicants whose records were rejected during processing because the Social Security Number did not match with the SSA.	Dependents & Independents	1,432,757	0.16	\$ -	229,241	\$ -
<b>Total SARs Distributed</b>					<b>35,818,915</b>	
<b>Applicant Burden</b>						<b>3,352,650</b>
<b>Applicant Cost</b>						<b>\$0.00</b>

**Table 5.** Total Burden and Total Costs for 2011-2012 Federal Student Aid Application process, including SARs (SARs was previously cleared separately under 1845-0008.)

Application Process	Responses	Burden (Hours)	Cost (Dollars)
Initial Submission	23,611,500	26,384,158	\$51,945.08
Corrections	12,207,415	2,502,520	\$107,425.12
SAR Review	0	3,352,650	\$0.00
<b>Total Annual Responses</b>	<b>35,818,915</b>		
<b>Total Burden for All Applicants</b>		<b>32,239,328</b>	
<b>Total Cost for All Applicants</b>			<b>\$159,370.20</b>

**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.)**

Other than the costs shown in Items 12 and 14, there is no annual cost burden to respondents or record keepers.

**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 projected cost to the federal government to produce, process, and distribute the application and related application products or materials is **\$55,649,216**. The projections include the costs associated with the Department’s CPS and other costs like printing, mailing and customer service. See the following Table for cost details.

**Table 6.** Annual Costs

<b>Projected Costs</b>	
<p><b>CPS III Operations, Development and Maintenance*</b> Includes mainframe development and processing; software; system security and protection; capacity; storage (tape backup and optical); printing; etc. Also includes web-based productions and operations and eligibility determination production and operations.</p>	\$22,153,994
<p><b>Image and Data Capture (IDC) and Common Origination and Disbursement (COD) Ancillary*</b> Includes the delivery of data entry services resulting from the paper FAFSA and other related forms transmitted through a reliable and secure data capture system. Processing operations will include the receipt of FAFSA forms and the timely imaging, data capture and transmission of data and images for processing. A portion of these costs are attributed to the COD ancillary documentation services.</p>	\$8,388,374
<p><b>FAFSA Design</b> Contractor Support and Usability Testing</p>	\$60,000
<p><b>Paper FAFSA Availability and Distribution</b></p> <p>Printing of paper</p> <p>Distribution/Postage for paper</p>	\$277,365 \$72,254
<p><b>Paper SAR and SAR Acknowledgment Mailings</b> While the current postage cost of a single letter has grown to \$.44, the contract maintains a postage cost of \$.382 per item. The estimates indicate a total of 1,432,757 paper SARs and 2,865,513 SAR Acknowledgements.</p>	\$1,641,939
<p><b>FAFSA related Customer Service</b></p> <p>Federal Student Aid Information Center (FSAIC)* Includes FSAIC annual operations and maintenance. FSAIC is responsible for calls, e-mails, online live help, and ombudsman cases.</p> <p>ED Services Operations and Maintenance* Includes annual operations and ongoing maintenance for written correspondence</p>	\$22,183,828 \$871,462
<p><b>Total Annual Projected Costs</b></p>	<b>\$55,649,216</b>

\*Based upon Front End Business Integration (FEBI) Contract.





**15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.**

The net program change burden decrease of 5,405,813, results from the simplification improvements made by the Department for 2011-2012. The 10,864,067 burden adjustment number reflects what the total burden increase would have been for two separate FAFSA and SAR collections if these simplifications had not been enacted, based also upon the estimated 11.46 percent increase in submissions.

The Department has assessed its simplification efforts over the last year, in addition to planned enhancements that will be deployed on January 1, 2011 for 2011-2012 cycle, to estimate this overall reduction in burden.

For 2010-2011, the Department estimated that 21,696,675 applicants would complete the application. This led to a total burden estimate of 33,774,347 hours. The 2010-2011 FAFSA information collection (OMB Control # 1845-0001) was approved for 26,781,074 hours and the 2010-2011 SAR information collection (OMB Control # 1845-0008) was approved for 6,993,273 hours. Table 7 demonstrates what the burden would have been for the FAFSA and SAR collection in 2011-2012 if only the increase in applicants was taken into account.

**Table 7.** Burden Baseline for 2011-2012 - Accounting only for increase in applicants

	<u>2010-2011</u>	<u>Baseline - 2011-2012</u>	<u>Change</u>	<u>Percentage Change</u>
Total Number of Applicants (Respondents)	21,696,675	23,611,500	1,914,825	8.83%
FAFSA Annual Burden (Hours)	26,781,074	30,034,682	3,253,608	12.15%
SAR Annual Burden (Hours)	6,993,273	7,610,459	617,186	8.83%
<b>Annual Burden</b>	<b>33,774,347</b>	<b>37,645,141</b>	<b>3,870,794</b>	<b>11.46%</b>

As shown in Table 7, if no other changes had been made to the application process and the burden was calculated taking into account only the 8.83% increase in applicants; the burden would have increased by 11.46%. This translates into a burden adjustment of 3,870,794 hours.

Now that we have accounted for the burden change based solely on the increase in applicants, we can compare that figure to the actual burden calculated for 2011-2012. The Department's final total estimated burden for 2011-2012, which is 32,239,328 hours, reflects all of the distinct application components combined into one information collection. The burden baseline for 2011-2012 based solely on the increase in applicants was 37,645,141 hours. Table 8 shows the difference in the two calculations.

**Table 8.** Burden Baseline compared to Final Burden

	<u>Baseline - 2011-2012</u>	<u>Final - 2011-2012</u>	<u>Change</u>	<u>Percentage Change</u>
Total Number of Applicants (Respondents)	23,611,500	23,611,500	0	0%
<b>Annual Burden</b>	<b>37,645,141</b>	<b>32,239,328</b>	<b>5,405,813</b>	<b>-14.36%</b>

Table 8 also demonstrates the reduction in the public burden as a result of the simplification initiatives developed and implemented by the Department. The burden decrease is 14.36%, the largest in several years, and translates into a program change decrease of more than 5.4 million hours.

Lastly, Table 9, depicts the **overall burden change** in total burden hours for the FAFSA alone, rather than including the SAR as well, from 2010-2011 to 2011-2012.

**Table 9.** Comparison of 2010-2011 Overall Burden to 2011-2012 Overall Burden

	<u>2010-2011</u>	<u>Final - 2011-2012</u>	<u>Change</u>	<u>Percentage Change</u>
Total Number of Applicants (Respondents)	21,696,675	23,611,500	1,914,825	8.83%
<b>Annual Burden</b>	<b>33,774,347</b>	<b>32,239,328</b>	<b>1,535,019</b>	<b>-4.54%</b>

These updated estimates are the result of the Department’s efforts to more accurately determine the public’s burden as it relates to the application process for federal student aid. The findings have led to the development of the Applicant Burden Model (ABM), which measures applicant burden through an assessment of the activities each applicant conducts in conjunction with other applicant characteristics. The ABM has been designed to more accurately describe, in terms of burden, the average applicant’s experience. Key determinants of the ABM include:

- The total number of applicants that will potentially apply for federal student aid;
- How the applicant chooses to complete and submit the FAFSA, e.g., by paper or electronically via FOTW;
- How the applicant chooses to submit any corrections and/or updates (e.g., the paper SAR or electronically via FOTW Corrections);
- The type of SAR document the applicant receives (paper SAR, SAR acknowledgment, or the eSAR);
- The formula applied to determine the applicant’s EFC (full need analysis formula, Simplified Needs Test or Automatic Zero); and
- The average amount of time involved in preparing to complete the application.

The ABM is largely driven by the number of potential applicants for the application cycle. The total application projection for 2011-2012 is based upon two factors - estimates of the total enrollment in all degree-granting institutions and the percentage change in FAFSA submissions for the last completed application cycle. This results in an estimate of 23,611,500 total applicants that will submit a FAFSA for 2011-2012.

The ABM is also largely based on the application options available to students and parents. In assessing the application options available, the Department recognized a need to restructure the current breakdown of the application components and revise the burden estimates for each application component based on a recently implemented web trending tool, FOTW survey information, and other Department data sources. The ABM changes the classification of the application components and combines the two previously separate collections for the FAFSA and the SAR. The final application components were listed in Table 1. These changes create a one-time re-alignment of the methodology, but do not reflect any change in the actual burden experienced by applicants. The changes have allowed the Department to utilize more controlled and accurate data for its burden calculations.

Another critical element included in the ABM is the anticipated impacts of the Department’s

enhancements to the application process and application products. In an ongoing effort for process improvement, the Department routinely conducts a review of the application data elements to identify questions that could be revised or removed. As a result, for 2011-2012, two questions have been deleted from the application.

Also for 2011-2012, FOTW will be further improved by the implementation of significant enhancements facilitated by a web technology upgrade. The upgraded application will include new features including a redesigned homepage and more dynamic and personalized navigation. In addition, there will be improved and simplified functionality for users that need to correct or update their FAFSA data using FAFSA Corrections.

FOTW will also expand the offering of the IRS Data Retrieval tool to more users in 2011-2012 by offering the tool earlier in the application cycle and offering the tool in FAFSA Corrections. Beginning in January of 2010, the Department began offering FOTW applicants the IRS Data Retrieval tool which significantly simplifies the completion of the FAFSA for many applicants. The IRS Data Retrieval tool is an optional service that provides the applicant and their parents, if parental information is required, access to view the IRS tax information required to complete the FAFSA. The applicant can also securely transfer the IRS information into the FAFSA. The tool saves time and increases the accuracy of the data submitted.

In summary, this burden reduction results from the Department's simplification enhancements which include the redesign of FAFSA on the Web application submission, the availability of the IRS Data Retrieval Tool, a simplified FOTW homepage, more personalized navigation, and lastly, improved and simplified functionality for users that need to correct or update their FAFSA data through FOTW Corrections.

**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.**

The results of the collected information will not be published for tabulation or publication.

**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 expiration date for OMB approval will not be included on the 2011-2012 paper or PDF FAFSA for design reasons, although the OMB control number is displayed. The term of approval and use of the form is apparent in the first-page instructions that inform applicants to send in the form from January 1, 2011 through June 30, 2012.

The expiration date for OMB approval will not be included on the 2011-2012 paper SAR for design reasons, although the OMB control number is displayed. The term of approval and use of the form is apparent in the first-page instructions that inform applicants to send in the form between January 1, 2011 and June 30, 2012.

For FOTW and FAA Access, the OMB control number will display on the first applicant login page but because two application cycles are often available at the same time, the expiration date for OMB approval will not be included on the web page until the applicant indicates which application cycle they are accessing.

**18. Explain each exception to the certification statement identified in Item 20, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.**

Exceptions to the certification requirement are not requested for this information collection.