

Supporting Statement

Information Collection for the William D. Ford Federal Direct Loan Program Repayment Plan Selection Form

OMB #1845-0014

A. Justification

1. Necessity of Information Collected

Section 455(d) of the Higher Education Act of 1965, as amended (the HEA) requires the Secretary to offer William D. Ford Federal Direct Loan (Direct Loan) Program borrowers a choice of several plans for repaying their loans. The Direct Loan Program regulations require borrowers to notify us of their initial repayment plan selection in writing (see 34 CFR 685.210(a)(1)). Borrowers may change repayment plans after their loans enter repayment by notifying us; this notification need not be in writing (see 34 CFR 685.210(b)(1)).

The Repayment Plan Selection form serves as the means by which Direct Loan borrowers notify us of their choice of an initial repayment plan before their loans enter repayment. The form may also be used by borrowers to request a change in repayment plans after their loans have entered repayment. For borrowers who select the Income Contingent Repayment (ICR) Plan or the Income-Based Repayment (IBR) Plan, the form collects additional information that is needed to determine the monthly payment amount and, in the case of the IBR Plan, to determine the borrower's initial eligibility to repay under this plan. If a borrower does not select an initial repayment plan, the borrower is placed on the Standard Repayment Plan in accordance with 34 CFR 685.210(a)(2).

The U.S. Department of Education (the Department) is revising the currently approved Repayment Plan Selection form to make the sections that cover the ICR and IBR plans more consistent with the Federal Family Education Loan (FFEL) Program IBR Request form that was recently approved under OMB No. 1845-0102. In addition, references to "the Direct Loan Servicing Center" have been replaced with the more generic "your servicer." Beginning in 2010, there will be five separate Direct Loan servicers instead of a single Direct Loan Servicing Center.

2. Purpose and Use of Information Collected

The Department has used the collection of information on the currently approved Repayment Plan Selection form to obtain repayment plan selection information from Direct Loan borrowers. The collection of information on the revised Repayment Plan Selection form in this clearance package continues to be necessary and will be used for the same purpose.

3. Consideration of Improved Information Technology

The Department continues to maximize the use of available information technology in making and servicing Direct Loans. Direct Loan borrowers may complete and submit the Repayment Plan Selection form electronically through their servicer's web site. Currently, approximately 6% of all borrowers who complete the Repayment Plan Selection form do so electronically.

4. Efforts to Identify Duplication

There is no similar information available from other sources that can be used for the purposes described in Item 2.

5. Burden Minimization as Applied to Small Businesses

No small businesses are affected by this information collection.

6. Consequences of Less Frequent Data Collection

Borrowers are asked to complete the Repayment Plan Selection form only once, when they are selecting an initial repayment plan prior to entering repayment on their loans. If a borrower does not complete the Repayment Plan Selection form, the borrower is placed on the Standard Repayment Plan, in accordance with the Direct Loan Program regulations. Borrowers may optionally use the Repayment Plan Selection form to change repayment plans at a later date.

7. Special Circumstances Governing Data Collection

This information collection does not involve any of the conditions listed in 5 CFR 1320.5(d)(2).

8. Consultations Outside the Agency

Many of the changes to the Repayment Plan Selection form are consistent with the FFEL Program IBR Request form, which was developed in consultation with FFEL Program participants and reflects comments received during two public comment periods. The public will have two opportunities to comment on the revised Repayment Plan Selection form. In response to a Notice published in the Federal Register on June 21, 2010 soliciting public comments on the draft revised form during the initial 60-day comment period, four parties each submitted multiple comments. The revised draft of the Repayment Plan Selection form included with this submission reflects numerous changes based on the comments received during the 60-day comment period. Also included with this submission are four documents containing the public comments we received and the Department's responses to the comments.

9. Payment or Gifts to Respondents

The Department will not provide any payments or gifts to respondents.

10. Assurance of Confidentiality

The form includes a Privacy Act Notice that (1) informs borrowers of the statutory authority for the information collection, (2) explains that disclosure of the information is voluntary, but is required in order to process repayment plan selection requests, and (3) identifies the third parties to whom the information may be disclosed, and explains the circumstances under which such disclosures may occur.

11. Questions of a Sensitive Nature

This information collection does not include any questions of a sensitive nature.

12. Annual Hour Burden for Respondents/Recordkeepers

The total annual hour burden for this collection is estimated to be 217,800 hours, calculated as follows:

Estimated annual number of respondents:		660,000
Number of responses per borrower:	x	1
Hours per response:	x	0.33 hours (20 minutes)
		<hr/>
		217,800 hours

There is an estimated annual cost to respondents of \$264,000.00, calculated by multiplying the estimated number of respondents (660,000) by the cost of postage (\$0.44) required to return the Repayment Plan Selection form. Although this estimated cost assumes that the postage cost applies to all respondents, borrowers who complete the Repayment Plan Selection form electronically incur no postage costs. They may, however, incur minimal costs imposed by Internet providers for Internet access. The Department expects that in most cases, any Internet access fees charged to borrowers for the time required to complete a Repayment Plan Selection form electronically would be less than the cost of postage.

13. Estimated Annual Cost Burden to Respondents/Recordkeepers

There are no capital/startup costs to respondents, nor are there any annual costs to respondents associated with operating or maintaining systems or purchasing services.

14. Estimated Annual Cost to the Federal Government

The total estimated annual cost to the federal government for this information collection is \$718,184. This includes the following:

Printing the form:	\$34,352
Mailing (including envelopes) and handling the form:	\$320,000
Contractor costs for processing the completed form:	<hr/>
TOTAL:	\$364,184
	\$718,184

15. Reasons for Program Changes/Adjustments Reported in Items 13 or 14 of OMB Form 83-I

There is an increase of 108,570 hours due to an expected increase in the number of respondents. This is a result of the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152), which terminated the authority of lenders to make new FFEL Program loans effective July 1, 2010. This will increase the number of Direct Loans that are made, and with more Direct Loans being made there will be an increase in the number of respondents completing the Repayment Plan Selection form.

16. Collection of Information with Published Results

The results of this information collection will not be published.

17. Approval Not to Display Expiration Date

The Department is not seeking this approval.

18. Exceptions to the Certification Statement

The Department is not requesting any exceptions to the “Certification for Paperwork Reduction Act Submissions” of OMB Form 83-I.

B. Collection of Information Employing Statistical Methods

This information collection does not employ statistical methods.