

Supporting Statement
Information Collection for the William D. Ford Federal Direct Loan Program
Federal Direct PLUS Loan Request for Supplemental Information
(EDICS 04512/ OMB 1845-0103)

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.

Section 455(a) of the Higher Education Act of 1965, as amended (the HEA) authorizes Federal Direct PLUS Loans (Direct PLUS Loans) as one of the loan types that are available through the William D. Ford Federal Direct Loan Program (Direct Loan Program). Direct PLUS Loans are made to parents of dependent undergraduate students and to graduate and professional students. In accordance with 34 CFR 685.201(b), a parent or a graduate or professional student who wishes to borrow a Direct PLUS Loan must complete a Direct PLUS Loan Application and Master Promissory Note (Direct PLUS Loan MPN; approved under OMB No. 1845-0068)). A master promissory note is a promissory note under which a borrower may receive loans for a single academic year or multiple academic years (see the definition of “master promissory note” in 34 CFR 685.102(b)). Borrowers have the option of completing a paper Direct PLUS Loan MPN or completing the Direct PLUS Loan MPN electronically on ED’s Direct Loan eMPN web site. The eligibility requirements for Direct PLUS Loan borrowers are in 34 CFR 685.200(b) and (c).

Schools that participate in the Direct Loan Program are responsible for determining a borrower’s eligibility for a Direct PLUS Loan and must submit an electronic loan origination record to the U.S. Department of Education (ED) for each Direct PLUS Loan that a borrower receives. The loan origination record includes loan-specific information that is not included on the Direct PLUS Loan MPN, such as the loan amount. Because the Direct PLUS Loan MPN is a multi-year promissory note that can be used to make multiple loans for up to 10 years, it is not possible to include on the MPN itself loan-specific information about the multiple individual loans that may be made under a single Direct PLUS Loan MPN.

The Direct PLUS Loan Request for Supplemental Information (Direct PLUS Loan Request) collects additional information that schools need in order to originate Direct PLUS Loans. Schools obtain this information through the currently approved Direct PLUS Loan Request (1845-0103) or directly from Direct PLUS Loan applicants through school-based procedures that they have developed and that vary from school to school. Many schools continue to use their school-based procedures because the current version of the Direct PLUS Loan Request is missing certain information in particular loan period. ED is proposing changes to address these deficiencies and provide borrowers with the option of completing other actions that would otherwise have to be completed by other means. These form changes include:

- Providing the loan period of the loan.
- Authorizing the school to use loan funds to satisfy other educational related charges.

- Authorizing the school to use loan funds to satisfy other educationally related charges after tuition and fees, and room and board have been paid.
- Designating whether the school pays any credit balance to the student or to the parent borrower.
- Requesting an additional deferment for 6 months after the student ceases to be enrolled at least half time (parent borrower only).

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.

As explained in Item 1, the Direct PLUS Loan Request collects information that is required by schools before they can originate a Direct PLUS Loan. The Direct PLUS Loan Request also provides Direct PLUS Loan applicants with options for completing certain actions related to their loans (for example, requesting a deferment) that would otherwise have to be completed by other means. This reduces burden on borrowers by allowing them to complete multiple actions as part of the Direct PLUS Loan Request process instead of having to complete multiple separate transactions.

ED developed the Direct PLUS Loan Request in response to requests from schools that participate in the Direct Loan Program. The principal purpose of the Direct PLUS Loan Request is to simplify the Direct PLUS Loan application process for borrowers and assist schools in the creation of Direct PLUS Loan awards. Schools wanted to have a standardized process for collecting some of the information needed for a Direct PLUS Loan origination record that is not collected on the Direct PLUS Loan MPN. In addition, schools wanted this information to be collected on the same ED web site where borrowers may complete an electronic Direct PLUS Loan MPN and Direct Loan entrance counseling, so that parents and students will be able to go to a single location where they can provide the information needed by schools to originate a Direct PLUS Loan, complete a Direct PLUS MPN (if they have not already done so) and, if required, entrance counseling.

The Direct PLUS Loan Request will only be available electronically on ED's StudentLoans.gov web site. A paper option will not be offered. Completion of the Direct PLUS Loan Request is optional, at the discretion of the school that is awarding a borrower's Direct PLUS Loan. Schools may continue to use their own procedures to obtain the information needed to originate Direct PLUS Loans, or they may direct parent and student Direct PLUS Loan borrowers to ED's web site to complete ED's Direct PLUS Loan Request. If a school chooses to use ED's Direct PLUS Loan Request, a borrower will have to complete a Direct PLUS Loan Request for each Direct PLUS Loan that he or she receives.

A borrower accesses the Direct PLUS Loan Request on the same ED web site where a borrower may complete an electronic PLUS MPN or complete Direct Loan electronic entrance counseling. To access this web site, a borrower must have a Federal Student Aid PIN.

Once a borrower has completed a Direct PLUS Loan Request, ED will transmit the information that the borrower provided to the school(s) that the borrower identified. A parent Direct PLUS Loan applicant who has more than one dependent child for whom he or she wishes to obtain a Direct PLUS Loan may complete a single Direct PLUS Loan Request for multiple children attending different schools. The Direct PLUS Loan Request allows a parent Direct PLUS Loan

applicant to provide information for more than one student and to select more than one school to receive the information.

An explanation of the data elements included on the Direct PLUS Loan Request is attached.

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 Direct PLUS Loan Request will make maximum use of available information technology. As explained in Item 2, a borrower must have a Federal Student Aid PIN to access the web site where the Direct PLUS Loan Request is located. Identifying information from the PIN web site automatically populates some of the Borrower Information data elements on the Direct PLUS Loan Request, so the borrower does not have to provide this information. In addition, if a borrower who is completing the Direct PLUS Loan Request has already completed a Direct PLUS Loan MPN, or has another record on file in ED's Common Origination and Disbursement System (for example, a Pell Grant origination record), most of the additional data elements in the Direct PLUS Loan Request for Supplemental Information are automatically populated based on the existing information from the Direct PLUS Loan MPN or other record. Borrowers are only required to provide information that is not already available from existing records, or make any necessary corrections to the information that is imported from other records.

If a borrower who completes the Direct PLUS Loan Request has not already completed a Direct PLUS Loan MPN, the information collected on Direct PLUS Loan Request is used to populate corresponding data elements on the Direct PLUS Loan MPN when the borrower completes that document.

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.

As explained in Item 3, above, the Direct PLUS Loan Request does not require borrowers to provide information that is available from other records maintained by ED. There is no information available from other sources that can be used for the purposes described in Item 2.

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.

As explained in Item 2, completion of the Direct PLUS Loan Request is optional, at the discretion of the school that is processing a borrower's Direct PLUS Loan request. If a school wants its Direct PLUS Loan applicants to complete ED's Direct PLUS Loan Request, a borrower will have to complete a separate Direct PLUS Loan Request for each Direct PLUS Loan that he or she receives (except that a parent borrower may complete a single Direct PLUS Loan Request to cover more than one Direct PLUS Loan if he or she is borrowing on behalf of more than one

dependent student). If a borrower did not complete the Direct PLUS Loan Request, the school would have to obtain some of the information that is included in the Direct PLUS Loan Request by other means.

- 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 information collection does not involve any of the conditions listed above.

- 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.**

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 currently approved Direct PLUS Loan Request was developed at the request of schools that participate in the Direct Loan Program and the proposed changes reflect many of their

recommendations. The applicable 60 and 30-day Federal Register notices inviting public comment were published.

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

No payments or gifts will be provided to respondents.

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

The Direct PLUS Loan Request includes a Privacy Act Notice that (1) provides the statutory authority for the information collection, (2) explains that disclosure of the information is voluntary, but is required for participation in the Direct Loan Program, and (3) identifies the third parties to whom the information may be disclosed, and explains the circumstances under which such disclosures may occur.

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.

The Direct PLUS Loan Request does not require respondents to provide any information that would be considered sensitive.

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.**

ED estimates the total annual number of respondents for this information collection to be approximately 1,230,000. The estimated time required to complete a Direct PLUS Loan Request

is 0.5 hours hour (30 minutes). Based on one response per respondent, this equates to a total estimated annual reporting burden of 615,000 hours.

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	:	<hr/>

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. 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 total estimated annual cost to the Federal government for this information collection is \$1,327,890.00. This includes costs associated with software development and electronic transmission/receipt of data.

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

There is a program change increase of 564,125 hours due to the elimination of the Federal Family Education Loan (FFEL) Program, meaning that all PLUS loans are now made through the Direct Loan Program which accounts for the large respondent increase.

None of this increase is due to the form revisions, as the initial time estimate of 0.5 hours (30 minutes) for completion was generous, meaning that the few additional items do not increase the estimated form time completion.

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.

The results of this information collection 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.

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

ED is not requesting any exceptions to the certification statement identified in the Certification of Paperwork Reduction Act.

B. Collection of Information Employing Statistical Methods

This information collection does not employ statistical methods.