

SUPPORTING STATEMENT

Information Collections under the Final Regulations Governing Student Assistance General Provisions – Subpart A. General – Gainful employment in a recognized occupation

RIN 1840-AD06

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.

Necessity of Information Collected

This request is for approval of the reporting, and disclosure requirements that are contained in the Student Assistance General Provisions regulations – Subpart A - §668.7 - Gainful employment in a recognized occupation. Educational programs offered consistent with §668.8(c)(3) are programs that are at least a one-academic year training program that leads to a certificate, degree or other recognized educational credential and that prepares a student for gainful employment in a recognized occupation. Similarly, under §668.8(d) programs offered by a proprietary institution of higher education or by a postsecondary vocational institution of higher education must provide undergraduate training that prepares a student for gainful employment in a recognized occupation.

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 proposed 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. The topic “Gainful employment in a recognized occupation was among the list of program integrity issues listed by the Department.

These final regulations permit an institution to provide the total amount of tuition and fees each student was charged in a gainful employment program. This amount may be less than the total loan debt (including all FFEL and Direct loan amounts; private educational loan amounts; and institutionally provided financing) that the student incurred for the program in the determination of the amount of the annual loan payment amount.

These final regulations provide for data challenges that an institution may submit both before and after draft debt measures are established. These final regulations also provide that an institution may demonstrate that a failing program, as defined in §668.7(h) would meet a debt-to-earnings standard by recalculating the debt-to-earnings ratios by using the median loan debt for

the program as determined by §668.7(c) and using alternative earnings from: 1.) a State-sponsored data system, 2.) an institutional survey conducted in accordance with NCES standards and for whom the institution submits an examination level attestation by an independent public accountant or independent governmental auditor that the survey was conducted in accordance with NCES standards, or, 3.) for fiscal years 2012, 2013, and 2014, Bureau of Labor Statistics (BLS) data. These final regulations also establish that when alternative earnings are going to be used by an institution that a notice must be sent to the Secretary expressing intent to use alternative earnings no later than 14 days after the date the institution is notified of its final debt measures under §668.7(f).

Finally, these final regulations require debt warnings to enrolled students as well as prospective students that explain the debt measures, show the amount by which the program failing the minimum standard, and describe any actions the institution plans to take to either improve the program's performance, or in the case of a second year warning, whether the institution plans to discontinue the program and the consequences for the students if the program becomes ineligible for Title IV, HEA program assistance. These final regulations also provide for the reestablishment of ineligible or failing programs as well as the voluntary discontinuance of failing programs.

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.

Purpose and Use of Information Collected

Information Collections under the Final Regulations Governing Student Assistance General Provisions – Subpart A. General

(OMB control number 1845-NEW4)

Section 668.7 - Gainful employment in a recognized occupation.

RIN 1840-AD06

These final regulations permit an institution to provide the total amount of tuition and fees each student was charged in a gainful employment program. This amount may be less than the total loan debt (including all FFEL and Direct loan amounts; private educational loan amounts; and institutionally provided financing) that the student incurred for the program in the determination of the amount of the annual loan payment amount.

These final regulations provide for data challenges that an institution may submit both before and after draft debt measures are established. These final regulations also provide that an institution may demonstrate that a failing program, as defined in §668.7(h) would meet a debt-to-earnings standard by recalculating the debt-to-earnings ratios by using the median loan debt for the program as determined by §668.7(c) and using alternative earnings from: 1.) a State-sponsored data system, 2.) an institutional survey conducted in accordance with NCES standards

and for whom the institution submits an examination level attestation by an independent public accountant or independent governmental auditor that the survey was conducted in accordance with NCES standards, or, 3.) for fiscal years 2012, 2013, and 2014, BLS earnings data. These final regulations also establish that when alternative earnings are going to be used by an institution that a notice must be sent to the Secretary expressing intent to use alternative earnings no later than 14 days after the date the institution is notified of its final debt measures under §668.7(f).

Finally, these final regulations require debt warnings to enrolled students as well as prospective students that explain the debt measures, show the amount by which the program failing the minimum standard, and describe any actions the institution plans to take to either improve the program's performance, or in the case of a second year warning, whether the institution plans to discontinue the program and the consequences for the students if the program becomes ineligible for Title IV, HEA program assistance.

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.

Consideration of Improved Information Technology

The Department will transmit a pre-draft debt measure listing of all students in that institution's gainful employment programs by program via the Internet. Institutions will provide evidence showing that a student should be included or excluded from the list by program and/or corrections to student identity information via the Internet. Similarly, the Department and institutions will transmit post-draft debt measure data on the draft results of the debt-to-earnings ratios that an institution may challenge the accuracy of the loan data via the Internet.

Institutions that chose to use alternative earnings information will probably exchange and obtain information via secure data exchanges via the Internet.

Institutions choosing to use alternative earnings calculations as provided by these final regulations must provide a notice to the Secretary indicating their intent within the specified time frame. We expect that institutions will submit this notice via the Internet.

The debt warnings that are required under these final regulations must be made available via the institution's Web site as well as in their promotional materials which could encompass various types of media.

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.

Efforts to Identify Duplication

There is no duplication of data as a result of the collection of this 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.

Burden Minimization as Applied to Small Business

No small businesses are impacted by this 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

These requirements provide institutions various options to challenge data that the Department will use to measure debt metrics to determine whether a gainful employment program is failing or ineligible. These requirements allow institutions time to improve failing programs that saddle students with too much Title IV, HEA loan debt as well as private educational loan debt and institutionally provided financing. These final regulations also require that enrolled and prospective students are issued warnings both after the first year a program fails and more stringent warnings after a program fails in two of three consecutive years. Included in the second warnings are requirements that the institution must disclose whether or not it plans to continue the program, the consequences for the student if the program becomes ineligible for Title IV, HEA program assistance, and that the student should expect to have difficulty repaying his or her student loans, among other required elements of the debt warnings.

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.**

Special Circumstances Governing Data Collection

This requirement is consistent with the guidelines in 5 CFR 1302.5(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.

Consultation Outside the Agency

The Department of Education (Department) announced in a May 26, 2009 Federal Register notice (74 FR 24728), its intention to establish negotiated rulemaking committees to prepare proposed regulation under Title IV of the HEA and 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 committees were formed as a result of a Federal Register notice published on September 9, 2009 (74 FR 46399) which announced the specific topics suggested by the Department and the public during the hearings and based on statutory changes. Team I – Program Integrity Issues included “Gainful employment in a recognized occupation”.

The NPRM for Program Integrity: Gainful Employment was published on July 26, 2010 (see 75 FR 43616). While the public provided comments on the substance of the NPRMs, none of the comments directly related to the burden assessments in the NPRMs.

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

Payments or Gifts to Respondents

No payments or gifts will be provided to the respondents.

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

Assurance of Confidentiality

These requirements do not cover any confidential 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.

Questions of a Sensitive Nature

The Department is no requesting any sensitive data.

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.**

Annual Hour Burden for Respondents/Recordkeepers

The additional burden hours calculated below include time for reviewing the change in regulations; for determining the method and means to incorporate changes; develop or update systems and forms and formats for gathering the required information; and to prepare the required reports.

The regulatory changes in §668.7 include reporting changes and disclosures.

Section 668.7 – Gainful employment in a recognized occupation.**Section 668.7(c) – Debt-to-earnings ratios.****Section 668.7(c)(2)(A)(2) –**

Under §668.7(c)(2)(A)(2) of these final regulations, institutions are provided the option to report the total amount of tuition and fees the institution charged the student for the program. The advantage of exercising this option occurs when the debt-to-earnings ratios are calculated. In cases where students borrowed more than the amount of tuition and fees, (such as additional amounts for room and board, books and supplies, or for other living and personal costs), the amount of indebtedness used for the debt-to-earnings calculation is limited to the amount that the institution indicated that it charged for tuition and fees.

We estimate there will be a very high percentage of proprietary institutions that will exercise this optional reporting to limit the amount of indebtedness used in the debt-to-earnings ratio calculation. We estimate that proprietary institutions will exercise this option for 99 percent of the applicable 4,067,680 students for a total of 4,027,003 students. On average, we estimate that it will take the institution 2 minutes (.03 hours) per student to report this information for a total of 120,810 hours of additional burden under OMB Control Number 1845-NEW4.

We estimate there will be a high percentage of private non-profit institutions that will exercise this option to limit the amount of indebtedness used in the debt-to-earnings ratio calculation. We estimate that private non-profit institutions will exercise this option for 90 percent of the applicable 242,705 students for a total of 218,435 students. On average, we estimate that it will take the institution 2 minutes (.03 hours) per student to report this information for a total of 6,553 hours of additional burden under OMB Control Number 1845-NEW4.

We estimate there will be a moderately high percentage of public institutions that will exercise this option to limit the amount of indebtedness used in the debt-to-earnings ratio calculation. We estimate public institutions will exercise this option for 80% of the applicable 4,426,327 students for a total of 3,541,062. On average, we estimate that it will take the institution 2 minutes (.03 hours) per student to report this information for a total of 106,232 hours of additional burden under OMB Control Number 1845-NEW4.

Collectively, we estimate that these reporting requirements will increase burden for institutions by 233,595 hours under OMB Control Number 1845-NEW4.

AFFECTED ENTITIES:

	<u># of Responses:</u>	<u># of Respondents:</u>	<u>Hrs/Response</u>	<u># of Burden Hours:</u>
PROPRIETARY:				
	4,027,003	4,027,003	.03 hours	120,810
PRIVATE NON-PROFIT:				
	218,435	218,435	.03 hours	6,553

PUBLIC:

	3,541,062	3,541,062	.03 hours	106,232
Total	7,786,500	7,786,500		233,595

Section 668.7(e) – Draft debt measures and data corrections.**Section 668.7(e)(1) – Pre-draft corrections.**

Under §668.7(e)(1), in these final regulations, prior to the issuance of the draft debt-to-earnings ratios, the Secretary will provide a list to institutions, of students that will be included in the applicable two- or four-year period used to calculate the debt-to-earnings ratios beginning in fiscal year 2012. Institutions will have 30 days after the date the list is sent to the institution, to provide corrections such as, evidence that a student should be included or excluded from the list or, they will submit corrected or updated student identity information. While this will increase burden to institutions participating in the pre-draft data challenge, the increase is estimated to be modest. In many cases, institutions will be comparing the information that they have previously sent to the Department about their students in gainful employment programs with this pre-draft list. To the extent that the corrected and updated information is accepted, the corrected information will be used to create a final list that will be sent by the Department to SSA in order to calculate the draft debt-to-earnings ratios.

We estimate that only those institutions who have concerns that their programs may be failing or believe that they have a failing program will submit a pre-draft data challenge. Therefore, we are using a multiple of 2 times the total estimated number of failing programs that will submit a pre-draft data challenge.

We estimate that 601 gainful employment programs will fail the debt measures during the period from July 1, 2012 through June 30, 2013. We estimate that 323 gainful employment programs will fail the debt measures for the second time during the period from July 1, 2012 through June 30, 2013 for a total of 924 failing programs. We estimate that 2 times the number of failing programs or 1,848 pre-draft corrections will be submitted.

We estimate that proprietary institutions will submit a total of 1,552 pre-draft data challenges. On average, we estimate that institutional staff will take 1.5 hours per submission to analyze the draft data supplied by the Department to the institution and to submit its pre-draft data challenge for a total of 2,328 hours of increased burden under OMB Control Number 1845-NEW4.

We estimate that private non-profit institutions will submit a total of 44 pre-draft data challenges. On average, we estimate that institutional staff will take 1.5 hours per submission to analyze the draft data supplied by the Department to the institution and to submit its pre-draft data challenge for a total of 66 hours of increased burden under OMB Control Number 1845-NEW4.

We estimate that public institutions will submit a total of 252 pre-draft data challenges. On average, we estimate that institutional staff will take 1.5 hours per submission to analyze the draft data supplied by the Department to the institution and to submit its pre-draft data challenge for a total of 378 hours of increased burden under OMB Control Number 1845-NEW4.

Collectively, under §668.7(e)(1), we estimate the burden for institutions to challenge their pre-draft data challenges will increase burden by 2,772 hours under OMB Control Number 1845-NEW4.

AFFECTED ENTITIES:

<u># of Respondents:</u>	<u># of Responses:</u>	<u>Hrs/Response</u>	<u># of Burden Hours:</u>
PROPRIETARY:			
1,552	1,552	1.5 hours	2,328
PRIVATE NON-PROFIT:			
44	44	1.5 hours	66
PUBLIC:			
252	252	1.5 hours	378
Total 1,848	1,848		2,772

Section 668.7(e)(2) – Post-draft corrections.

Under §668.7(e)(2), in this final regulation we will notify an institution of the draft results of the debt-to-earnings ratios for each gainful employment program. No later than 45 days after the draft rates have been issued, the institution may challenge the accuracy of the loan data for a borrower that was used to calculate the draft loan repayment rate, or the median loan debt for the program that was used in the numerator of the draft debt-to-earnings ratio. Institutions submitting a challenge will provide evidence showing that the borrower loan data or the program median loan debt is inaccurate. In order to challenge the accuracy of the list of borrowers included in the applicable two- or four-year period used to calculate the draft loan repayment rate, the institution will submit evidence showing that a borrower should be included or excluded from the list. The institution may also submit corrected or updated information about a borrower's identity, such as the name, Social Security number, or date of birth. We estimate that 601 gainful employment programs will fail the debt measures during the period from July 1, 2012 through June 30, 2013. We estimate that 323 gainful employment programs will fail the debt measures for the second time during the period from July 1, 2012 through June 30, 2013 for a total of 924 failing programs.

We estimate that 776 programs will fail the draft debt measures at proprietary institutions. On average, we estimate that institutional staff will take 5 hours per program to analyze the draft data supplied by the Department to the institution and to submit its data challenge for a total of 3,880 hours of increased burden under OMB Control Number 1845-NEW4.

We estimate that 22 programs will fail the draft debt measures at private non-profit institutions. On average, we estimate that institutional staff will take 5 hours per program to analyze the draft data supplied by the Department to the institution and to submit its data challenge for a total of 110 hours of increased burden under OMB Control Number 1845-NEW4.

We estimate that 126 programs will fail the draft debt measures at public institutions. On average, we estimate that institutional staff will take 5 hours per program to analyze the draft

data supplied by the Department to the institution and to submit its data challenge for a total of 630 hours of increased burden under OMB Control Number 1845-NEW4.

Collectively, under §668.7(e)(2), we estimate the burden for institutions to challenge their debt measures will increase burden by 4,620 hours under OMB Control Number 1845-NEW4.

AFFECTED ENTITIES:

<u># of Respondents:</u>	<u># of Responses:</u>	<u>Hrs/Response</u>	<u># of Burden Hours:</u>
PROPRIETARY:			
776	776	5 hours	3,880
PRIVATE NON-PROFIT:			
22	22	5 hours	110
PUBLIC:			
126	126	5 hours	630
Total	924		4,620

Section 668.7(g) – Alternative earnings.

Under §668.7(g), in these final regulations we provide that an institution may demonstrate that a failing program would meet a debt-to-earnings standard by recalculating the debt-to-earnings ratios using the median loan debt for the program as determined under paragraph (c) of this section and using alternative earnings data from: a State-sponsored data system, or an institutional survey conducted in accordance with NCES standards, or, for fiscal years 2012, 2013, and 2014, the Bureau of Labor and Statistics (BLS).

Section 668.7(g)(2) – State data.

Under §668.7(g)(2) of this final regulation, for final debt-to-earnings ratios for a failing program using earnings from a State-sponsored data system, an institution may use State data to recalculate those ratios for a failing program if the institution obtains earnings data from State-sponsored data systems for more than 50 percent of the student in the applicable two- or four-year period, or a comparable two- or four-year period and that number of students is greater than 30 students. In the institution's submission, it must demonstrate that it accurately used the actual State-derived data to recalculate the ratios.

We estimate that 18 percent of the 776 failed programs during the period from July 1, 2012 through June 30, 2013 at proprietary institutions will chose to use State-sponsored system data to provide alternative earnings. Based on this estimate proprietary institutions will submit alternative earnings data for 140 programs. On average, we estimate that institutional staff will take 2 hours per submission to acquire the alternative earnings data from State-sponsored systems and recalculate the ratio to submit to the Department for a total of 280 hours of increased burden under OMB Control Number 1845-NEW4.

We estimate that 5 percent of the 22 failed programs during the period from July 1, 2012 through June 30, 2013 at private non-profit institutions will chose to use State-sponsored system data to provide alternative earnings. Based on this estimate proprietary institutions will submit alternative earnings data for 1 program. On average, we estimate that institutional staff will take 2 hours per submission to acquire the alternative earnings data from State-sponsored systems and recalculate the ratio to submit to the Department for a total of 2 hours of increased burden under OMB Control Number 1845-NEW4.

We estimate that 10 percent of the 126 failed programs during the period from July 1, 2012 through June 30, 2013 at public institutions will chose to use State-sponsored system data to provide alternative earnings. Based on this estimate proprietary institutions will submit alternative earnings data for 13 programs. On average, we estimate that institutional staff will take 2 hours per submission to acquire the alternative earnings data from State-sponsored systems and recalculate the ratio to submit to the Department for a total of 26 hours of increased burden under OMB Control Number 1845-NEW4.

Collectively, under §668.7(g)(2), we estimate the burden for institutions to use State-provided data for alternative earnings will increase burden by 308 hours under OMB Control Number 1845-NEW4.

AFFECTED ENTITIES:

<u># of Respondents:</u>	<u># of Responses:</u>	<u>Hrs/Response</u>	<u># of Burden Hours:</u>
PROPRIETARY:			
140	140	2 hours	280
PRIVATE NON-PROFIT:			
1	1	2 hours	2
PUBLIC:			
13	13	2 hours	26
Total	154		308

Section 668.7(g)(3) – Survey data.

Under §668.7(g)(3) of this final regulation, for final debt-to-earnings ratios for a failing program using earnings from a survey-based data system that is conducted in accordance with the statistical standards and procedures established by NCES and attested to by an independent public or governmental accountant, an institution may use reported earnings obtained from an institutional survey conducted of students who completed the program during the applicable two- or four-year period, or comparable two- or four-year period, and the survey data is for more than 30 students. The institution may use average or median annual earnings derived from the survey data. An institution may submit its alternative earnings using survey data for FY 2012 and for any subsequent FY.

We estimate that 2 percent of the 776 failed programs during the period from July 1, 2012 through June 30, 2013 at proprietary institutions will choose to use survey data to provide alternative earnings. Based on this estimate proprietary institutions will submit alternative earnings data for 16 programs. On average, we estimate that institutional staff will take 40 hours per submission to formulate the alternative earnings based upon survey data to the Department for a total of 640 hours of increased burden under OMB Control Number 1845-NEW4.

We estimate that 0 percent of private non-profit and public institutions will choose to submit alternative earnings data based upon an NCES compliant survey.

Collectively, under §668.7(g)(3), we estimate the burden for institutions to use an NCES compliant survey for alternative earnings will increase burden by 640 hours under OMB Control Number 1845-NEW4.

AFFECTED ENTITIES:

	<u># of Respondents:</u>	<u># of Responses:</u>	<u>Hrs/Response</u>	<u># of Burden Hours:</u>
PROPRIETARY:				
	16	16	40 hours	640
PRIVATE NON-PROFIT:				
	0	0	40 hours	0
PUBLIC:				
	0	0	40 hours	0
Total	16	16		640

Section 668.7(g)(4) – BLS data.

Under §668.7(g)(4) of this final regulation institutions using alternative earnings from BLS earnings data, an institution must identify and provide documentation of, the occupation by SOC code, or combination of SOC codes, in which more than 50 percent of the students in the 2YP or 4YP were placed or found employment, and that the number of students is greater than 30. After the institution identifies the SOC or SOCs for the included students, it must use the most current BLS earnings data for those SOCs to calculate the debt-to-earnings ratio. If more than one SOC is identified, the institution must calculate the weighted average earnings of those SOC codes based on BLS employment data or institutional placement data. In either case, the institution must use BLS earnings at no more than the 25th percentile. However, the institution may not recalculate using BLS data if 30 or fewer students were placed or found employment during the applicable period. An institution may use the alternative earnings using BLS earnings only for fiscal years 2012, 2013, and 2014.

We estimate that 776 programs at proprietary institutions will fail the debt-to-earnings ratios during the period from July 1, 2012 through June 30, 2013 and chose to use BLS data to

provide alternative earnings. We estimate that proprietary institutions will provide alternative earnings information using BLS data for 75 percent of the total number of failed programs which equals 582 alternative earnings submissions. On average, we estimate that institutional staff will take 5 hours per submission to formulate the alternative earnings based upon BLS data to the Department for a total of 2,910 hours of increased burden under OMB Control Number 1845-NEW4.

We estimate that 22 programs at private non-profit institutions will fail the debt-to-earnings ratios during the period from July 1, 2012 through June 30, 2013 and chose to use BLS data to provide alternative earnings. We estimate that private non-profit institutions will provide alternative earnings information using BLS data for 55 percent of the total number of failed programs which equals 12 alternative earnings submissions. On average, we estimate that institutional staff will take 5 hours per submission to formulate the alternative earnings based upon BLS data to the Department for a total of 60 hours of increased burden under OMB Control Number 1845-NEW4.

We estimate that 126 programs at public institutions will fail the debt-to-earnings ratios during the period from July 1, 2012 through June 30, 2013 and chose to use BLS data to provide alternative earnings. We estimate that public institutions will provide alternative earnings information using BLS data for 80 percent of the total number of failed programs which equals 101 alternative earnings submissions. On average, we estimate that institutional staff will take 5 hours per submission to formulate the alternative earnings based upon BLS data to the Department for a total of 505 hours of increased burden under OMB Control Number 1845-NEW4.

Collectively, under §668.7(g)(4), we estimate the burden for institutions to use BLS data for alternative earnings will increase burden by 3,475 hours under OMB Control Number 1845-NEW4.

AFFECTED ENTITIES:

<u># of Respondents:</u>	<u># of Responses:</u>	<u>Hrs/Response</u>	<u># of Burden Hours:</u>
PROPRIETARY:			
582	582	5 hours	2,910
PRIVATE NON-PROFIT:			
12	12	5 hours	60
PUBLIC:			
101	101	5 hours	505
Total	695		3,475

Section 668.7(g)(5) – Alternative earnings process.

Under §668.7(g)(5) of this final regulation, institutions must notify the Secretary of its intent to use alternative earnings no later than 14 days after the date the institution is notified of

its final debt measures. Additionally, those institutions who have provided timely notice of their intent to use alternative earnings must submit all supporting documentation related to recalculation of the debt-to-earnings ratios using alternative earnings, no later than 60 days after the institution is notified of its final debt measures.

We estimate that proprietary institutions will notify the Secretary of their intent to use alternative earnings in the recalculation of the debt-to-earnings ratios and will submit their documentation timely for 776 programs that failed the debt measures during the period from July 1, 2012 through June 30, 2013. On average, we estimate that it will take institutional staff 15 minutes (.25 hours) to notify the Secretary of its intent to use alternative earnings no later than 14 days after the date the institution is notified of its final debt measures for a total of 194 hours of increased burden under OMB Control Number 1845-NEW4.

We estimate that private non-profit institutions will notify the Secretary of their intent to use alternative earnings in the recalculation of the debt-to-earnings ratios and will submit their documentation timely for 22 programs that failed the debt measures during the period from July 1, 2012 through June 30, 2013. On average, we estimate that it will take institutional staff 15 minutes (.25 hours) to notify the Secretary of its intent to use alternative earnings no later than 14 days after the date the institution is notified of its final debt measures for a total of 6 hours of increased burden under OMB Control Number 1845-NEW4.

We estimate that public institutions will notify the Secretary of their intent to use alternative earnings in the recalculation of the debt-to-earnings ratios and will submit their documentation timely for 126 programs that failed the debt measures during the period from July 1, 2012 through June 30, 2013. On average, we estimate that it will take institutional staff 15 minutes (.25 hours) to notify the Secretary of its intent to use alternative earnings no later than 14 days after the date the institution is notified of its final debt measures for a total of 32 hours of increased burden under OMB Control Number 1845-NEW4.

Collectively, under §668.7(g)(5), we estimate the burden for institutions to notify the Secretary of their intent to use alternative earnings to recalculate the debt-to-earnings ratios and submit the supporting documentation will increase burden by 232 hours under OMB Control Number 1845-NEW4.

AFFECTED ENTITIES:

	<u># of Respondents:</u>	<u># of Responses:</u>	<u>Hrs/Response</u>	<u># of Burden Hours:</u>
PROPRIETARY:				
	776	776	.25 hours	194
PRIVATE NON-PROFIT:				
	22	22	.25 hours	6
PUBLIC:				
	126	126	.25 hours	32
Total	924	924		232

Section 668.7(j) – Debt warnings.

Under §668.7(j)(1) of this final regulation, the institution is required to provide for each enrolled and prospective student a warning prepared in plain language and presented either orally or in writing directly to the students when a program fails the debt measures for the first time. The initial warning explains the debt measures and shows the amount by which the program did not meet the standard. In addition, the initial warning describes any actions the institution plans to improve the program's performance. To the extent that the institution delivers the initial warning orally, it must maintain documentation of how that information was provided.

Under §668.7(j)(2) of this final regulation, an institution that has a program that has failed the debt measures for two consecutive fiscal years or for two out of the three most recently completed fiscal years, the institution must provide the debt warning containing the requirements in (j)(1) of this section, together with a plain language explanation of what actions the institution plans to take in response to the second failure. Moreover, the second debt warning must also explain the risks associated with enrolling or continuing in the program, including the potential consequences for the student if the program becomes ineligible for title IV, HEA program funds.

Under §668.7(j)(4) of this final regulation, the institution must prominently display the second-year debt warning on the institution's Web site and include the warning in all promotional and advertising materials for the program.

We do not expect that a plain language explanation to be overly burdensome for institutions regarding; the actions the institution plans to take in response to the second failure; the risks associated with enrolling or continuing in the program; the resources available, including www.navigator.gov; providing a clear and conspicuous statement that a student who enrolls in or continues in the program should expect to have difficulty repaying their student loan debt; and posting that information on the institution's Web site and in its promotional materials.

We estimate that 493 programs at proprietary institutions will fail the debt measures for the first time during the period from July 1, 2012 through June 30, 2013. We estimate that an additional 283 programs at proprietary institutions will fail the debt measures for the second time during the same period of time. We estimate that on average, it will take institutional staff 30 minutes (.5 hours) to prepare and distribute a first or second warning as required for a total of 776 affected programs times .5 hours will increase burden by 388 hours in OMB Control Number 1845-NEW4.

We estimate that 16 programs at private non-profit institutions will fail the debt measures for the first time during the period from July 1, 2012 through June 30, 2013. We estimate that an additional 6 programs at private non-profit institutions will fail the debt measures for the second time during the same period of time. We estimate that on average, it will take institutional staff 30 minutes (.5 hours) to prepare and distribute a first or second warning as required for a total of 22 affected programs times .5 hours will increase burden by 11 hours in OMB Control Number 1845-NEW4.

We estimate that 92 programs at public institutions will fail the debt measures for the first time during the period from July 1, 2012 through June 30, 2013. We estimate that an additional 34 programs at public institutions will fail the debt measures for the second time during the same period of time. We estimate that on average, it will take institutional staff 30 minutes (.5 hours) to prepare and distribute a first or second warning as required for a total of 126 affected programs times .5 hours will increase burden by 63 hours in OMB Control Number 1845-NEW4.

Collectively, we estimate that burden for institutions to meet these disclosure requirements will increase burden by 462 hours in OMB Control Number 1845-NEW4.

AFFECTED ENTITIES:

<u># of Respondents:</u>	<u># of Responses:</u>	<u>Hrs/Response</u>	<u># of Burden Hours:</u>
PROPRIETARY:			
776	776	.5 hours	388
PRIVATE NON-PROFIT:			
22	22	.5 hours	11
PUBLIC:			
126	126	.5 hours	63
Total	924		462

Section 668.7(j)(5) – Voluntarily discontinued failing programs.

Institutions:

Under §668.7(j)(5) of this final regulation, if an institution voluntarily discontinues a failing program, it must notify enrolled students at the same time that it provides the written notice to the Secretary that it relinquishes the program's title IV, HEA eligibility.

We estimate that for the period from July 1, 2012 through June 30, 2013 proprietary institutions will have 493 programs that have failed the debt measures once and 283 programs that have failed the debt measures twice, totaling 776 failing programs. We estimate that 70 percent of that total number of failing programs or 543 programs will be voluntarily discontinued. On average, it will take institutional staff 10 minutes (.17 hours) to provide written notice to the Secretary that it relinquishes the program's title IV, HEA eligibility for a total of 92 hours of increased burden under OMB Control Number 1845-NEW4.

We estimate that for the period from July 1, 2012 through June 30, 2013 private non-profit institutions will have 16 programs that have failed the debt measures once and 6 programs that have failed the debt measures twice, totaling 22 failing programs. We estimate that 10 percent of that total number of failing programs or 2 programs will be voluntarily discontinued. On average, it will take institutional staff 10 minutes (.17 hours) to provide written notice to the Secretary that it relinquishes the program's title IV, HEA eligibility for a total of 1 hour of increased burden under OMB Control Number 1845-NEW4.

We estimate that for the period from July 1, 2012 through June 30, 2013 public institutions will have 92 programs that have failed the debt measures once and 34 programs that have failed the debt measures twice, totaling 126 failing programs. We estimate that 20 percent of that total number of failing programs or 25 will be voluntarily discontinued. On average, it will take institutional staff 10 minutes (.17 hours) to provide written notice to the Secretary that

it relinquishes the program's title IV, HEA eligibility for a total of 4 hours of increased burden under OMB Control Number 1845-NEW4.

Collectively, under §668.7(j)(5), we estimate the burden for institutions to notify the Secretary to relinquish the program's title IV, HEA eligibility will increase burden by 97 hours under OMB Control Number 1845-NEW4.

AFFECTED ENTITIES:

# of Responses:	# of Respondents:	Hrs/Response	# of Burden Hours:
INSTITUTIONS:			
PROPRIETARY:			
543	543	.17 hours	92
PRIVATE NON-PROFIT:			
2	2	.17 hours	1
PUBLIC:			
25	25	.17 hours	4
Total	570		97

Individuals:

We estimate that for the period from July 1, 2012 through June 30, 2013 there will be 8,736,711 students in 55,405 gainful employment programs which yields an average program size of 158 students per program.

We estimated above that there will be 543 proprietary programs that are voluntarily discontinued times the average size program with 158 students per program equal 85,794 students that proprietary institutions will be required to notify. On average, we estimate that it will take a student 15 minutes (.25 hours) to read the notice provided by the institution and determine the impact on the completion of their program without title IV, HEA program assistance for a total of 21,449 hours of increased burden under OMB Control Number 1845-NEW4.

We estimated above that there will be 2 private non-profit programs that are voluntarily discontinued times the average size program with 158 students per program equal 316 students that private non-profit institutions will be required to notify. On average, we estimate that it will take a student 15 minutes (.25 hours) to read the notice provided by the institution and determine the impact on the completion of their program without title IV, HEA program assistance for a total of 79 hours of increased burden under OMB Control Number 1845-NEW4.

We estimated above that 25 public programs will be voluntarily discontinued times the average size program with 158 students per program equal 3,950 students that public institutions will be required to notify. On average, we estimate that it will take a student 15 minutes (.25 hours) to read the notice provided by the institution and determine the impact on the completion

of their program without title IV, HEA program assistance for a total of 988 hours of increased burden under OMB Control Number 1845-NEW4.

Collectively, under §668.7(j)(5), we estimate the burden for students to read the notice provided by the institution about the institution's decision to voluntarily discontinue title IV, HEA eligibility will increase burden by 22,516 hours under OMB 1845-NEW4.

AFFECTED ENTITIES:

# of Responses:	# of Respondents:	Hrs/Response	# of Burden Hours:
INDIVIDUALS:			
PROPRIETARY:			
85,794	85,794	.25 hours	21,449
PRIVATE NON-PROFIT:			
316	316	.25 hours	79
PUBLIC:			
3,950	3,950	.25 hours	988
Total			
90,060	90,060		22,516

Providing written notice to the students -

Under §688.7(j)(5) of this final regulation, we estimate that 85,794 students will be enrolled at proprietary institutions in failing programs that are voluntarily discontinued. On average, we estimate that it will take institutional staff 10 minutes (.17 hours) per student to prepare and mail a notice provided by the institution indicating that the failing gainful employment program is being voluntarily discontinued and the date that title IV, HEA program assistance will no longer be available for a total of 14,585 hours of increased burden under OMB Control Number 1845-NEW4.

Under §688.7(j)(5) of this final regulation, we estimate that 316 students will be enrolled at private non-profit institutions in failing programs that are voluntarily discontinued. On average, we estimate that it will take institutional staff 10 minutes (.17 hours) per student to prepare and mail a notice provided by the institution indicating that the failing gainful employment program is being voluntarily discontinued and the date that title IV, HEA program assistance will no longer be available for a total of 54 hours of increased burden under OMB Control Number 1845-NEW4.

Under §688.7(j)(5) of this final regulation, we estimate that 3,950 students will be enrolled at public institutions in failing programs that are voluntarily discontinued. On average, we estimate that it will take institutional staff 10 minutes (.17 hours) per student to prepare and mail a notice provided by the institution indicating that the failing gainful employment program

is being voluntarily discontinued and the date that title IV, HEA program assistance will no longer be available for a total of 672 hours of increased burden under OMB Control Number 1845-NEW4.

Collectively, under §688.7(j)(5) of this final regulation, we estimate that it will take institutional staff a total of 15,311 hours of increased burden under OMB Control Number 1845-NEW4 to prepare and mail a notice provided by the institution indicating that the failing gainful employment program is being voluntarily discontinued and the date that title IV, HEA program assistance will no longer be available.

AFFECTED ENTITIES:

# of Responses:	# of Respondents:	Hrs/Response	# of Burden Hours:
INSTITUTIONS:			
PROPRIETARY:			
85,794	85,794	.17 hours	14,585
PRIVATE NON-PROFIT:			
316	316	.17 hours	54
PUBLIC:			
3,950	3,950	.17 hours	672
Total			
90,060	90,060		15,311
Total increases:			
7,972,675	7,972,675		284,028

For additional information, please see the supplementary document “OMB 1845-NEW4.v.4 Table”.

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

Start-Up Cost Burden to the Respondents

There is no new system start-up costs associated with these proposed regulations.

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.

Estimated Annual Cost to the Federal Government

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

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

Reasons for Changes to Burden Hour Estimated

This is a new collection. The burden hours calculated below include time for reviewing the change in regulations; for determining the method and means to incorporate changes; develop or

update systems and forms and formats for gathering the required information; and to prepare the required reports. The regulatory changes in §668.7 include reporting changes and disclosures.

A summary is provided below.

	# of Respondents	# of Responses	# of Burden Hours
<i>§668.7(c)(2)(A)(2) Tuition and fees charged</i>			
	7,786,500	7,786,500	233,595
<i>§668.7(e)(1) Pre-draft corrections process</i>			
	1,848	1,848	2,772
<i>§668.7(e)(2) Post-draft corrections process</i>			
	924	924	4,620
<i>§668.7(g)(2) Alternative earnings - State data</i>			
	154	154	308
<i>§668.7(g)(3) Alternative earnings – Survey data</i>			
	16	16	640
<i>§668.7(g)(4) Alternative earnings – BLS data</i>			
	695	695	3,475
<i>§668.7(g)(5) Notice of intent to use alternative earning</i>			
	924	924	232
<i>§668.7(j) Debt warnings</i>			
	924	924	462
<i>§668.7(j)(5) Discontinued programs – notification of Secretary</i>			
	570	570	97
<i>§668.7(j)(5) Discontinued programs – Individuals</i>			
	90,060	90,060	22,516
<i>§668.7(j)(5) Discontinued programs – notification of students</i>			
	90,060	90,060	15,311

Total increases in burden:

7,972,675	7,972,675	284,028
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TOTALS FOR THIS FINAL REGULATION

7,972,675	7,972,675	284,028
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CURRENT REGULATORY TOTALS

0	0	0
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REVISED TOTAL

7,972,675	7,972,675	284,028
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For additional information, please see the supplementary document “OMB 1845-NEW4.v.4 Table”.

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.

Collection of Information with Published Results

The results of the collection of information will not be published.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

Approval to Not Display Expiration Date

The Department is not seeking this approval. The OMB control number and expiration date will be announced in the Federal Register upon OMB approval and will also be displayed on the *Electronic Application for Approval to Participate in Federal Student Financial Aid Programs*.

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

Exception to the Certification Statement

The Department is not requesting any exceptions to the “Certification of Paperwork Reduction Act Submissions”.