

## **SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSION**

Information Collections Governing the Federal Family Education Loan Program – Not-For-Profit holder.

### ***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.***

The Federal Family Education Loan (FFEL) Program, while no longer making new loans, continues to require servicing of existing loans held by lenders and servicers. The current regulations include program administration for the not-for-profit loan holders. These regulations are designed to reduce administrative burden for program participants, provide benefits to borrowers, and protect the taxpayers' interest.

This request is for the continued approval of reporting requirements contained in the regulations for States, not-for-profit lenders and eligible lender trustees under 34 CFR 682.302 in the FFEL Program. The information collection requirements are necessary to determine or recertify eligibility to receive program benefits and to prevent fraud and abuse of program funds.

**FFELP:** (OMB control number: 1845-0085)

Section 682.302 contains information collection requirements. Under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), the Department of Education is submitting a copy of this section to the Office of Management (OMB) for its review. This is an extension of a current paperwork collection.

#### **Sections 682.302 – Eligible Not For Profit Holder.**

The regulations in §682.302 require a State, non-profit entity, or eligible lender trustee to provide to the Secretary a certification on the State or non-profit entity's letterhead signed by the State or non-profit's Chief Executive Officer which states the basis upon which the entity qualifies as a State or non-profit entity. The submission must include documentation establishing the entity's State or non-profit status. In addition, the submission must include the name and lender identification number for which the eligible not-for profit designation is being certified. For an entity establishing status under section 150(d) of the IRS Code, copies of the requests of the State or political subdivision or subdivisions thereof, or requirements described in section 150(d) of the Code and the CEO's additional certification that the entity has not elected to cease its status as a qualified scholarship funding corporation must be included. A separately submitted certification or opinion by the State or non-profit entity's legal counsel or the office of the attorney general of the State, must be

submitted with supporting documentation that shows that the State or non-profit entity is a constituted State entity by operation of specific State law, has been designated by the State or one or more political subdivisions of the State to serve as a qualified scholarship funding corporation, and is incorporated under State law as a not-for-profit organization, or is an entity described in Section 501(c)(3) of the IRS Code, or has in effect a relationship with an eligible lender under which the lender is acting as trustee on behalf of the State or non-profit entity.

Once an entity has been approved as an eligible not-for-profit holder, the entity must provide to the Secretary an annual certification on the State or non-profit entity's letterhead signed by the CEO, which includes the name and lender identification number(s) of the entities for which designation is being recertified. The annual certification must state that the State or non-profit entity has not altered its status as a State or non-profit entity since its prior certification to the Secretary and that it continues to satisfy the requirements of an eligible not-for-profit holder either in its own right or through a trust agreement with an eligible lender trustee. A copy of its IRS Form 990 – Return of Organization Exempt From Income Tax, if applicable, must be submitted at the same time the entity files that return with the IRS as a part of the annual certification.

When an approved not-for-profit holder has a change in status, within 10 days of becoming aware of the occurrence of a change that may result in a State or non-profit entity that has been designated an eligible not-for-profit holder, either directly or through an eligible lender trustee, losing that eligibility, the State or non-profit entity must submit details of the change to the Secretary.

We estimate that burden will decrease from the current collection by 32 hours for States, not-for-profit entities and eligible lender trustees. The decreased burden associated with these changes will be reflected under OMB Control Number 1845-0085.

***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.***

**FFELP:**

The Department is responsible for reviewing the initial or annual certification of applications for not-for-profit eligibility status to ensure that only those entities that meet the definitions are allowed to participate in the special allowance payment program. The regulatory information allows such an assessment. The reporting requirements are imposed to assure accountability of program participants for proper program administration and to justify the payment of funds by the federal government. Not collecting the information described would be likely to result in a loss of Federal money due to waste, fraud, and abuse.

**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.**

**FFELP:**

To comply with the regulations, a State, not-for-profit entity, or an eligible lender trustee must submit copies of signed documents, originally signed documents (such as attestations), and annual certifications for approval. If an entity's status changes required contact with the Department it could be made electronically.

**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.**

A review of procedures indicates that current requirements are minimal and avoid duplication. This review was done in conjunction with affected parties who have a vested interest in eliminating duplication.

**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 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.**

Reporting requirements are imposed to assure accountability of program participants for proper program administration and less frequent collection could impair accountability of program participants.

**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.*

The collection of this information will be conducted in a manner that is consistent with the guidelines in 5 CFR 1320.5(d) (2). There are no special circumstances.

***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.*

ED published the applicable 60 and 30-day Federal Register Notices inviting public comment and received none.

***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 the respondents.

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

There is no assurance of confidentiality provided to the non-profit entities for the submission of this information.

**11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. The justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**

The Department is not 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.**

**FFELP:**

During the most recent filing period the Secretary only received requests for recertification of eligibility for participating not-for-profit entities. Since the previous information collection package there has been a decrease in the number of participating entities.

We estimate that burden will decrease by 32 hours for States, not-for-profit entities and eligible lender trustees. The burden associated with these regulations will be reflected under OMB Control Number 1845-0085.

Projected Amount of Burden on Not-for-profit entities:

|  |  |                 |
|--|--|-----------------|
| Recertification  |  |                 |
| A. States submitting documentation                         |  | 25              |
| Average amount of time to complete the submission          |  | 1.0 hour        |
| Sub-total  |  | <u>25 hours</u> |
|  |  |                 |
| B. 501(c) (3) non-profit entities submitting documentation |  | 48              |
| Average amount of time to complete the submission          |  | 1.0 hour        |
| Sub-total  |  | <u>48 hours</u> |
|  |  |                 |
| C. Eligible lender trustees submitting documentation       |  | N/A             |
| Average amount of time to complete the submission          |  | 1.0 hour        |
| Sub-total  |  | <u>N/A</u>      |
|  |  |                 |
| Total hours of burden:                                     |  | 73 hours        |

Affected Entities:

|                 |  |           |
|-----------------|--|-----------|
| NOT-FOR-PROFITS |  | 48        |
| STATES          |  | <u>25</u> |
| Total:          |  | 73        |

**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 : \$ .00*  
*Total Annual Costs (O&M) : .00*

*Total Annualized Costs Requested : \$ .00*

There are no additional costs.

**14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.**

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

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

This is a renewal collection package. The burden adjustment decrease of 32 hours is due to a decrease in the number of participants as well as the shift from initial certification reviews to annual re-certification filings which require less time to complete and reduce the burden hours on respondents. This past review cycle did not include any initial certification review requests.

**Sections 682.302 – Eligible not-for-profit holders.**

Respondents, Responses and Burden Hours:

|                  |                |      |
|------------------|----------------|------|
| # of Respondents | # of Responses | #Hrs |
|------------------|----------------|------|

|                   |    |    | Burden |
|-------------------|----|----|--------|
| Current Inventory | 77 | 77 | 105    |
| Revised Inventory | 73 | 73 | 73     |

For additional information, see the supplemental document "Table OMB 1845-0085 v3".

**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 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.**

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 for Paperwork Reduction Act" Submissions.