

SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
William D. Ford Federal Direct Loan Program
Employment Certification for Public Service Loan Forgiveness

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 College Cost Reduction and Access Act of 2007 (Pub. L. No. 110-84) and the Higher Education Opportunity Act of 2008 (Pub. L. No. 110-315) amended Section 455 of the Higher Education Act of 1965, as amended, (the HEA) (20 USC 1087(e)(m)) to provide for the forgiveness of the outstanding balance of a borrower's William D. Ford Federal Direct Loan (Direct Loan) Program loan(s) after the borrower has made 120 on-time, monthly payments under a qualifying repayment plan after October 1, 2007 while working for a qualifying public service organization.

Final regulations for the Public Service Loan Forgiveness (PSLF) Program were published in the Federal Register on October 23, 2008 (73 FR 63256) and were codified in 34 CFR 685.219. These regulations require a borrower to submit an application for loan forgiveness to the U.S. Department of Education (the Department). To determine whether a borrower is eligible for loan forgiveness, the Department must confirm that the borrower was employed full-time by a qualifying public service organization at the time each of the required 120 payments was made.

Because borrowers must make 120 payments on or after October 1, 2007 before becoming eligible for forgiveness, the earliest that any borrower could apply for forgiveness under PSLF would be October 1, 2017. Consequently, no loan forgiveness application form is required at this time. However, as the 2017 date approaches, the Department will submit a Public Service Loan Forgiveness Application for clearance, to be included as part of the same paperwork clearance package as the Employment Certification.

The data elements in Section 1 of the form (name, former name, SSN, address, etc.) are demographic in nature, and enable the borrower's Direct Loan servicer to identify the borrower's account in its system to associate the form with that account, and to contact the borrower if necessary.

The data elements in Section 2 (borrower's signature and date) are necessary for the form to be processed. The borrower's signature and date indicate that the borrower has read the entire form, is authorizing the borrower's employer to release information about his or her employment, and is formally requesting that the Department accept the form for processing.

The data elements in Section 3 are necessary to determine whether the borrower's employer is a qualified public service organization.

- The data element in Section 3's "Instructions for Authorized Official" (check box) is necessary for borrowers who cannot obtain the signature of an authorized official, as required. Without the option to check this box, a form may be inadvertently rejected because the form otherwise requires the signature of an authorized official.
- The data elements in Section (3)(1) (employer name, address, and federal ID) provide demographic information that is necessary for the Direct Loan servicer to properly identify the borrower's employer and determine whether it is a public service organization within the applicable regulatory definition. *See* 34 CFR 685.219(b), (c)(1)(ii).
- The data elements in Section (3)(2)(a) and (b) (dates of employment and full-time/part-time status) are necessary for Direct Loan servicers to match dates of employment with dates on which the borrower made payments on qualifying loans. For a payment to qualify, one of the eligibility requirements is that it must have been made during a period of full-time employment at a qualifying public service organization, which may be satisfied by working in multiple part-time positions concurrently, so long as the average hours worked, in aggregate, meets the minimum definition for full-time employment. *See* 34 CFR 685.219(c)(1)(ii) (A).
- The data elements in Section (3)(3)(a)-(e) (type of public service organization) are necessary for the Direct Loan servicer to determine whether the employer in question is a qualified public service organization within the definition of that term in 34 CFR 685.219(b).
- The remaining data elements in Section 3 are necessary for the form to be processed. The certifying official's name, title, and telephone number provide demographic information regarding the official certifying employment for the borrower. Should follow-up contact be necessary to determine a borrower's eligibility, the Department must know the contact information of the certifying official. The official's signature and date certify that the borrower meets the eligibility requirements as indicated in Section 3.

For an excerpt of the relevant statutory and regulatory authority, please see the Appendix.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

The Department and its Direct Loan Program servicers will use the information collected on the Employment Certification for Public Service Loan Forgiveness form to determine whether a borrower has worked for a qualified employer during the certification period and whether payments made against a borrower's outstanding Direct Loan balance were qualifying payments for the purpose of the Public Service Loan Forgiveness (PSLF) program.

The submission of the Employer Certification Form prior to applying for loan forgiveness is done at the borrower's discretion. While the Department recommends that a borrower submit the Employer Certification Form annually, the borrower could submit the form when changing jobs, or could wait until he or she is eligible to submit an application for loan forgiveness and provide all Employment Certifications at that time.

If the borrower submits Employment Certifications prior to the submission of an application for forgiveness, the borrower's Direct Loan servicer will retain the form on the borrower's behalf and notify the borrower many payments made during the certification period of employment count toward the required 120 payments.

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.

Because the Employment Certification form requires a signed certification from an authorized official of the borrower's employer, electronic submission of the Employment Certification is not feasible.

Although this form cannot be submitted electronically, it can be downloaded and completed electronically using common or free software, such as Microsoft Office or OpenOffice.

While the form cannot be submitted electronically, ED will continue its effort to maximize the use of available information technology in making and servicing Direct Loans when it is feasible and cost-effective.

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.

There is no similar information already 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.

If this collection of information were not conducted, the Department would be unable to determine whether borrowers are eligible for Public Service Loan Forgiveness.

As explained in Item 2 of this Supporting Statement, the frequency of submission is determined by the borrower, and may be as frequent as each time a borrower changes public service employers.

If borrowers were not allowed to submit employment certifications until after they have made all 120 required payments and are eligible to apply for loan forgiveness, there would be a greater likelihood that borrowers would be unable to obtain the required documentation of employment that ended years in the past, and it would be more difficult for them to track their progress toward making their 120th qualifying payment.

Further, by soliciting Employment Certification forms less frequently, the Direct Loan servicers would receive a large number of forms at the same time, when the first borrowers become eligible to apply for loan forgiveness in October 2017. This would lead to an increase in the time required to process borrowers' loan forgiveness applications.

In summary, if the Department did not allow for Employment Certification forms to be submitted annually or more frequently, this would increase burden on both borrowers and the Department.

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.**

Borrowers who seek forgiveness through the PSLF program are required to prove that payments were made during period of qualifying employment by submitting completed Employment Certification forms. In some cases, the Department may require borrowers to provide pay stubs or other supplemental documentation if additional information is necessary to confirm the accuracy of information submitted on the Employment Certification form. Because the earliest that a borrower could qualify for forgiveness under the PSLF program is 10 years after the date on which the borrower began making qualifying payments on his or her Direct Loan Program loan(s), borrowers who do not submit Employment Certifications annually or more frequently may be required to maintain documentation of qualifying employment for more than three years.

- 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.

The Department consulted with the financial aid community during the negotiated rulemaking proceedings that lead to the adoption of the final regulations governing the PSLF Program.

Additionally, in creating this form, the Department considered comments from Direct Loan servicers and representatives of borrowers who are likely to benefit from the Program.

Furthermore, ED considered comments from the public during the initial, 60-day comment period and accepted many proposed changes based on those comments.

Finally, pursuant to procedures required by the Paperwork Reduction Act, the public will have an additional 30-day comment period to submit comments concerning the revised form.

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

The Department did not provide gifts or payments to respondents.

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

The Employment Certification form includes a Privacy Act Notice that (1) informs borrowers of the statutory authority for the information collection; (2) explains that the disclosure of the information is voluntary, but is required in order to qualify for loan forgiveness; and (3) identifies the third parties to whom the information may be disclosed and explains the circumstances under which those 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 Employment Certification form does not require borrowers to provide any information of a sensitive nature.

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.**

The Department estimates the total annual number of respondents for this information collection to be, initially, 2,073,643. The estimated time required to complete the employment certification form is 0.5 hours (30 minutes). Based on one response per respondent, this equates to a total estimated annual reporting burden of 1,036,822 hours, calculated as follows:

Estimated annual number of respondents:		2,073,643	
Number of responses per borrower:	x	1	
Hours per response:	x	0.5 (30 minutes)	
Annual hour burden:		1,036,822	hours

There are no annual costs to respondents associated with operating or maintaining systems or purchasing services.

The total estimated annual cost burden to respondents is \$912,403, calculated as follows:

Estimated annual number of respondents:		2,073,643	
Number of responses per borrower:	x	1	
Postage cost per response:	x	\$0.44	

Annual cost burden:

\$912,403

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.**

There are no capital/startup costs to respondents.

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.

Total Startup Cost	:	\$1,020,000.00
Total Annual Costs	:	\$ 0.00

Total Costs Requested : \$1,020,000.00

The Department must pay its Direct Loan servicers a one-time startup cost of approximately \$1,020,000.00 to allow their data systems to track new data elements. The Department arrived at this figure by looking to past cost-estimates for similar systems changes and tailoring such estimates to the needs of this collection. There are no ongoing costs.

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

This is a new collection, therefore all burden is new. This is a program change resulting in an increase in burden of 1,036,822 burden hours and 2,073,643 responses.

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.

The Department is not seeking this approval.

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

The Department is not requesting any exceptions to the "Certification for Paperwork Reduction Act Submissions".