

SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION

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 hard copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information, or you may provide a valid URL link or paste the applicable section. Specify the review type of the collection (new, revision, extension, reinstatement with change, reinstatement without change). If revised, briefly specify the changes. If a rulemaking is involved, make note of the sections or changed sections, if applicable.

Section 455(e) of the Higher Education Act of 1965, as amended (the HEA), [20 USC 1087d(e)] authorizes the Income Contingent Repayment (ICR) Plan and Section 493C of the HEA [20 USC 1098e] the Income-Based Repayment (IBR) Plan as two of the repayment options available to borrowers who obtain student loans through the William D. Ford Federal Direct Loan (Direct Loan) Program. The regulations that govern the ICR and IBR plans are specified in 34 CFR 685.209 and 34 CFR 685.221, respectively.

Under the ICR Plan, a borrower's monthly repayment amount is based on the borrower's Direct Loan Program loan debt, family size, and adjusted gross income (AGI) as reported on the borrower's most recently filed federal income tax return. If the borrower is married, the income of the borrower's spouse is also used in determining the monthly repayment amount. In accordance with the regulations governing the ICR Plan, the Department of Education (ED) has the authority to collect alternative documentation of a borrower's income if the borrower's AGI is unavailable or does not reasonably reflect the borrower's current income and ability to repay a Direct Loan Program loan.

Under the IBR Plan, the required monthly payment amount for a borrower who is experiencing a partial financial hardship may not exceed 15 percent of the difference between the borrower's (and spouse's, if applicable) AGI and 150 percent of the federal poverty line for the borrower's family size and the state, divided by twelve. If a married borrower files a joint federal tax return with his or her spouse, the IBR Plan payment amount is calculated based on the AGI of both individuals. If a married borrower files a separate federal tax return, only the borrower's AGI is used in the calculation. As is the case with the ICR Plan, the Direct Loan Program regulations provide for alternative documentation of income if the AGI of a borrower who is repaying his or her loans under the IBR Plan is not available, or if ED believes that the borrower's reported AGI does not reasonably reflect the borrower's current income.

Completing this collection is required to obtain a benefit.

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.

ED has used the information collected on the previously approved Alternative Documentation of Income form to determine the monthly repayment amount under the ICR and IBR Plan for borrowers whose AGI is unavailable or does not reasonably reflect their current income, as described in Section 1 of this Supporting Statement. The information collected on the Alternative Documentation of Income form included with this clearance package continues to be necessary and will be used for this same purpose.

ED is adding three new data elements related to married borrowers in Section 3 compared to the form that was entered into the 60-day comment period and has removed the data element that it had added during the 60-day comment period. These data elements are check boxes, and are necessary to determine whether a borrower must also provide, in accordance with the HEA and the Department's regulations, income information about the borrower's spouse. Previously, borrowers had to read a block of dense text to determine whether they needed to provide such information, and the check boxes will actually reduce the amount of time it takes borrowers to complete the form.

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.

ED continues to maximize the use of available information technology in making and servicing Direct Loan Program loans. Currently, there is no automated means of collecting the required supporting documentation for the income reported on the Alternative Documentation of Income form.

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 information available from other sources that can be used for the purposes described in Item 2.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden. A small entity may be (1) a small business which is deemed to be one that is independently owned and operated and that is not dominant in its field of

operation; (2) a small organization that is any not-for-profit enterprise that is independently owned and operated and is not dominant in its field; or (3) a small government jurisdiction, which is a government of a city, county, town, township, school district, or special district with a population of less than 50,000.

This information collection does not affect small businesses.

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.

Borrowers who continue to repay their Direct Loan Program loans under the ICR or IBR plans must complete and submit the Alternative Documentation of Income form annually for as long as the borrower's monthly loan payment is based on income information other than the borrower's AGI. Less frequent data collection would restrict ED's ability to establish a monthly payment amount based on a borrower's current income information.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- requiring respondents to report information to the agency more often than quarterly;
- requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- requiring respondents to submit more than an original and two copies of any document;
- requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- in connection with a statistical survey, that is not designed to produce valid and reliable results than can be generalized to the universe of study;
- requiring the use of a statistical data classification that has not been reviewed and approved by OMB;
- that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or that unnecessarily impedes sharing of data with other agencies for compatible confidential use; or

- requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

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

8. As applicable, state that the Department has published the 60 and 30 Federal Register notices as 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 is submitting the 60-day Federal Register notice to solicit comments from the public and will submit the 30-day Federal Register notice to further solicit comments after the 60-day comment period has expired and the Department has responded to any comments and made conforming changes.

In modifying the Alternative Documentation of Income form in this clearance package, the Department solicited recommendations for changes from loan servicing staff and the Department's Direct Loan servicers, who assist Direct Loan borrowers with completing the form.

A Federal Register notice was published for this collection on February 21, 2012, which solicited comments from the public over the course of 60 days. During this comment period, the Department received comments from The Institute for College Access and Success and Equal Justice Works.

After evaluating the comments received, the Department has accepted nearly all of the comments that were proposed, some of which actually caused burden associated with the collection to decrease. This decrease is reflected in IC Data Form 1, the ROICS Burden Analysis Table, and the Department's response to question 14, below.

In addition to the 60-day comment period, the Department published in the Federal Register, a second notice, soliciting public comments on the revised form for a

period of 30 days. The Department accepted many of the comments received during the 30-day comment period.

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

No payments or gifts were or will be provided to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy. If personally identifiable information (PII) is being collected, a Privacy Act statement should be included on the instrument. Please provide a citation for the Systems of Record Notice and the date a Privacy Impact Assessment was completed as indicated on the IC Data Form. A confidentiality statement with a legal citation that authorizes the pledge of confidentiality should be provided.¹ If the collection is subject to the Privacy Act, the Privacy Act statement is deemed sufficient with respect to confidentiality. If there is no expectation of confidentiality, simply state that the Department makes no pledge about the confidentiality of the data.

The Alternative Documentation of Income form includes a Privacy Act Notice that (1) informs borrowers of the statutory authority for the information collection, (2) explains that, though participation in the FFEL and DL Program is voluntary, the disclosure of personal information is required in order for borrowers to repay their loans under the ICR or IBR plan, and (3) identifies the third parties to whom the information may be disclosed, and explains the circumstances under which such disclosures may occur.

The collection is subject to the Privacy Act of 1974, and the applicable System of Records Notice is entitled "Title IV Programs" 18-05-11, and was last published on June 4, 1999. It may be found at 64 FR 30163.

The Department will not make any pledge of confidentiality associated with this collection.

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,

¹ Requests for this information are in accordance with the following ED and OMB policies: Privacy Act of 1974, OMB Circular A-108 – Privacy Act Implementation – Guidelines and Responsibilities, OMB Circular A-130 Appendix I – Federal Agency Responsibilities for Maintaining Records About Individuals, OMB M-03-22 – OMB Guidance for Implementing the Privacy Provisions of the E-Government Act of 2002, OMB M-06-15 – Safeguarding Personally Identifiable Information, OM:6-104 – Privacy Act of 1974 (Collection, Use and Protection of Personally Identifiable Information)

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.

ED is not requesting any sensitive information.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- Indicate the number of respondents by affected public type (federal government, individuals or households, private sector – businesses or other for-profit, private sector – not-for-profit institutions, farms, state, local or tribal governments), frequency of response, annual hour burden, and an explanation of how the burden was estimated, including identification of burden type: recordkeeping, reporting or third party disclosure. All narrative should be included in item 12. 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 the ROCIS IC Burden Analysis Table. (The table should at minimum include Respondent types, IC activity, Respondent and Responses, Hours/Response, and Total Hours)
- 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 total estimated annual hour burden for this collection is 73,731 hours. The hour burden and cost estimates were calculated as follows:

All respondents are individuals. The reporting requirement is for recordkeeping.

Estimated annual number of respondents:		294,924
Number of responses per borrower:	x	1
Hours per response:	x	0.25 (15 minutes)
Annual hour burden:		<hr/> 73,731 hours

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14.)

- The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and acquiring and maintaining record storage facilities.
- If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.
- Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government or (4) as part of customary and usual business or private practices. Also, these estimates should not include the hourly costs (i.e., the monetization of the hours) captured above in Item 12

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

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

There is no annualized cost to the Federal government. The government's contracts with its Direct Loan servicers is not based on a fee-for-service; rather, the Department pays its servicers based on performance metrics. The government incurs no additional cost merely as a result of this information collection.

15. Explain the reasons for any program changes or adjustments. Generally, adjustments in burden result from re-estimating burden and/or from economic phenomenon outside of an agency's control (e.g., correcting a burden estimate or an organic increase in the size of the reporting universe). Program changes result from a deliberate action that materially changes a collection of information and generally are result of new statute or an agency action (e.g., changing a form, revising regulations, redefining the respondent universe, etc.). Burden changes should be disaggregated by type of change (i.e., adjustment, program change due to new statute, and/or program change due to agency discretion), type of collection (new, revision, extension, reinstatement with change, reinstatement without change) and include totals for changes in burden hours, responses and costs (if applicable).

The number of respondents is expected to decrease because the Department is no longer *requiring* borrowers in their first year of repayment to submit Alternative Documentation of Income; rather, borrowers whose AGI reflects their current income may submit tax documentation to their Direct Loan servicer in lieu of Alternative Documentation of Income, which is expected to decrease the number of respondents to this collection, and, therefore, burden.

The burden associated with this collection is also decreasing as a result of changes that were made to the collection in response to comments from The Institute for College Access and Success as well as Equal Justice Works.

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 seeking an exception.