

SUPPORTING STATEMENT

FOR PAPERWORK REDUCTION ACT SUBMISSION

FEDERAL PERKINS LOAN PROGRAM TOTAL AND PERMANENT DISABILITY DISCHARGE

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 section¹. 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.

The Higher Education Act of 1965, as amended (HEA), established the Federal Perkins Loan Program (Perkins Loan). The Perkins Loan program provides low cost Title IV, HEA loans for eligible students to pay the costs of a student's attendance at an eligible institution of higher education. The regulations implementing the Perkins Loan Program are in 34 CFR Part 674.

Under the proposed regulations, lenders would no longer perform a number of functions in the total and permanent disability discharge process. Lenders would no longer: distribute the "Discharge Application: Total and Permanent Disability" application, receive the completed and submitted total and permanent disability applications, review the completed and submitted total and permanent disability application forms, evaluate the application forms, request additional information necessary to complete or resolve open issues regarding the applications, review and evaluate supplemental information provided by the applicants, as well as make a determination whether the application supports the conclusion that the borrower is totally and permanently disabled.

Proposed §674.61(b)(2) would require institutions that participate in the Perkins Loan program to provide borrowers seeking a total and permanent disability discharge with information needed for the borrower to notify the Secretary. Since this is likely to be a highly automated process, we estimate that the average amount of time to provide a borrower with the required referral information to take 0.03 hours (2 minutes) per request. Under the currently approved burden analysis in OMB 1845-0019 for the Perkins Loan program, there are 31 hours of burden attributed to this regulation (62 respondents with 62 responses times 0.5 hours per response). Information from the 2011 award year indicates that the current annual number of Perkins Loan borrowers applying

¹ Please limit pasted text to no longer than 3 paragraphs.

for total and permanent disability discharge has increased from an average of 62 to 95 borrowers per year. Under the proposed regulations, we estimate that the required information to notify the Secretary would take 0.03 hours (2 minutes) per borrower request. At the current burden rate that would have been 48 hours of burden, however, at the estimated notification rate of 0.03 hours per borrower the total burden is 3 hours (95 borrowers times 0.03 hours). While the number of affected Perkins Loan borrowers increased, this is a reduction in burden of 28 hours under OMB Control Number 1845-0019.

The Department is requesting a revision of the currently approved collection.

Upon publication of the final regulations, the Department will review any required changes.

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.

There is no change to the purpose and use of the collection of information on the Perkins Loan program. The proposed regulations streamline the Total and Permanent Disability (TPD) discharge application process for eligible institutions of higher education. Instead of providing the application forms to prospective beneficiaries, under the proposed regulations, institutions would refer the borrower to the Department to obtain the TPD application. Additionally, the Department would make the TPD determinations and notifications.

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.

Under the proposed regulations, we expect that institutions will provide a significant number of students information about TPD discharges via the institution's Web site along with the Department's contact information.

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.

The current requirements are minimal and avoid duplication. There is no similar information available that can be used or modified for this purpose at this time.

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.

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.

Currently, if a Perkins Loan borrower has obtained multiple Perkins loans from more than one institution (e.g. first at a community college, and subsequently at a four-year institution, and finally at a graduate school program, the borrower would be required to complete a TPD application for each participating institution. Under the proposed regulations, the borrower would contact the U.S. Department of Education (ED) and complete a single TPD application for all applicable Perkins loans.

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 continue to be conducted in a manner that is consistent with the guidelines in 5 CFR 1320.6.

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.

These proposed regulations were developed through the Negotiated Rulemaking process where the public provided its input and in consultation with schools, the Coalition of Higher Education Assistance Organizations (COHEAO), and the National Association of College and University Business Officers (NACUBO) among other interested parties. In addition to this 60 day comment period, a 30 comment period will be published to invite comments.

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 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. 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.² 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.

A Privacy Act Notice is included on the Perkins Loan TPD form, there is no Privacy protected information related to the referral of a Perkins loan program borrower to the Department.

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,

² 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.

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 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.

Based on information from the National Student Loan Data System, for the award year 2010-2011 95 Perkins loans borrower requested a Total and Permanent Disability discharge. Since institutions will only be making a referral to the Department and no longer providing the TPD applications, collecting the completed applications, and evaluating the information on the applications, we have reduced the estimated amount of time per TPD request from .5 hours (30 minutes) per borrower, to .03 hours (2 minutes) per borrower.

Currently Number:

# of Respondents	# of Responses	Hours/Response	Burden Hours
62	62	.50 hrs	31

2010-2011 Award Year:

# of Respondents	# of Responses	Hours/Response	Burden Hours
95	95	.03 hrs	3

Difference:

+33	+33		-28
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Total Current Inventory:

# of Respondents	# of Responses	Burden Hours
11,486,761	11,486,761	6,208,316

Revised Inventory:

# of Respondents	# of Responses	Burden Hours
11,486,794	11,486,794	6,208,288

This revision shows an increase of 33 requests for Perkins TPD discharge per year and decrease in burden of 28 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

Total Annualized Capital/Startup Cost :
Total Annual Costs (O&M) :

Total Annualized Costs Requested :

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

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

The cost to the federal government is minimal and since the Department will not have multiple applications from Perkins loan institutions there is a potential for burden reduction, however, since the total annual number of TPD discharge requests is fewer than 100, this potential savings is nominal.

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 Department is requesting a revision of the current Perkins loan information collection under OMB 1845-0019. The Department notes that upon publication of the final regulations that were part of the negotiated rulemaking sessions concluding in Spring 2012 there may be changes that will require further revisions. At that time the Department will review the final regulations and propose changes as warranted.

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 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.

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" of OMB Form 83-1.