

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 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 Federal Pell Grant, the Academic Competitiveness Grant (ACG), and the National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) programs are student financial assistance programs authorized under the Higher Education Act of 1965, as amended (HEA). These programs provide grant assistance to an eligible student attending an institution of higher education. The institution determines the student's award and disburses program funds on behalf of the Department of Education (ED).

In accordance with section 401A(g) of the HEA upon the completion of the 2010-2011 award year (July 1, 2010 through June 30, 2011) funding for the ACG and National SMART Grant programs was no longer included in the budget for the title IV federal student aid programs and the awarding of grants ceased. Because there is no funding for either the ACG or National SMART Grant programs, we are removing the corresponding burden from this information collection package.

The Federal Pell Grant (Pell Grant) program is still fully funded and the burden for the reporting of the disbursements for that by institutions of higher education is included in this information collection. Institutions are still required to report student Pell Grant payment information to ED electronically. Electronic reporting is conducted through the Common Origination and Disbursement (COD) system. The COD system is used by institutions to request, report, and reconcile grant funds received from the Pell Grant program. More information about the COD system is available on ED's web site at <http://ifap.ed.gov> under the section "Systems & Processing Links – 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.

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

ED uses the information collected in the COD system to aid in ensuring compliance with fiscal and administrative requirements under the HEA for the Pell Grant program and under 34 CFR 690 for the Pell Grant program regulations.

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.

COD is a multi-functional application providing options to participating institutions for processing Federal grant program data electronically. COD may be used as a high volume transaction application, or as a fully web-enabled application for which ED provides the necessary software (EDEXpress) at no charge. Institutions are not required to use EDEXpress – they may develop their own software, purchase software, or contract with a third-party servicer to report Pell Grant data to ED via the COD system.

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 any other source that contains the information in this data collection.

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.

ED makes available, at no charge, software (EDEXpress) that an institution may use to report Federal grant data in the XML format required under the COD system.

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.

Without this information, ED cannot process payments to institutions for students who are eligible to receive Pell Grant program funds.

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.

Institutions are required to report Federal grant data to ED more frequently than quarterly to account for the expenditure of Federal funds in a timely manner and to otherwise meet the program's statutory and regulatory requirements.

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.

ED meets regularly with members of the financial aid community at national regional and state association conferences, as well as at the ED-sponsored conferences, on ways to improve the COD system. In addition to this 30 day comment period, there was a 60 day comment period open for the public to provide input regarding these burden estimates.

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

ED will not provide payment or gifts to users of the COD system. The submission of the Pell Grant data is mandatory.

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.

No assurance of confidentiality is provided to respondents.

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.

No questions of a sensitive nature are requested in COD.

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

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)

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 minimum reporting requirement is one record for origination and disbursement data per student, per grant award, per award year. Institutions may correct an accepted COD record as many times as they wish, but are not required to submit changes unless the student's award amount changes from the accepted origination amount originally established in COD.

The total annual burden hours for the collection of Pell Grant data are estimated to be 685,505 hours.

For the 2011-2012 award year, the number of student recipients for the Federal Pell Grant program is estimated to be 9,792,925 multiplied by .07 hours per recipient for the institution to enter data for COD = 685,505 hours. The burden per institution is estimated as 125.85 hours (685,505 total hours divided by 5,447 institutions currently reporting on the Pell Grant disbursements to COD).

Affected Entities

	# of Respondents	# of Responses	Hrs/ Response	Burden Hours
For-profit institutions	2,116	2,350,302	.07	164,521
Not-for-profit institutions	1,509	1,175,151	.07	82,261
State, local or Tribal Gov't	<u>1,822</u>	<u>6,267,472</u>	.07	<u>438,723</u>
Totals	5,447	9,792,925		685,505

We estimate the burden costs to be \$16 to \$21 per hour. The average burden cost estimate for an institution is between \$2,014 (125.85 hours X \$16/hour) and \$2,643 (125.85 hours X \$21/hour). For the 5,447 institutions the total cost is between \$10,970,258 and \$14,396,421. The average total cost is estimated at \$12,683,339.

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 additional costs to respondents other than those listed in Item #12.

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 annual cost to the Federal Government for the processing of this information is estimated to be \$25,935,000. This cost includes ED labor costs, contractor staff time in preparing and electronically transmitting the information; contractor costs associated with processing the payment data submitted by institutions; and recording and analyzing the data for funding decisions and ensuring the institution's compliance with the program statute and regulations.

ED labor and program administration costs = \$2,835,000

Contractor costs for processing the student payment data = \$23,100,000.

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).

Because funding for the Academic Competitiveness Grant (ACG) and the National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) programs ceased at the end of the 2010-2011 award year (June 30, 2011), there is no longer any burden for submitting ACG and National SMART Grant disbursements to the Common Origination and Disbursement (COD) system. The Pell Grant award disbursements are still required to be submitted to the COD system.

	# of Respondents	# of Responses	Burden Hours
Current Inventory			
Pell Grant	5,304	5,542,295	387,961
ACG/National SMART	<u>3,351</u>	<u>477,605</u>	<u>119,401</u>
Total	8,655	6,019,900	507,362

This collection removes the 3,351 ACG/National SMART respondents, the 477,605 ACG/National SMART responses and the 119,401 ACG/National SMART hours and applies the following

Revised Inventory	5,447	9,792,925	685,505
Difference	-3,208	+3,773,025	+178,143

The revised number of respondents represents the current number of institutions participating in the Pell Grant program as of the end of the 2010-2011 award year, which accounts for the difference of 143 respondents. While there is a decrease in the number of institutions that are required to respond, there is a marked increase in the number of eligible Pell Grant recipients from the previous information collection, accounting for the net increases in the responses and burden hours.

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 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 approval not to display the OMB expiration date.

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

There are no exceptions to the certification statement.