

**SUPPORTING STATEMENT  
FOR PAPERWORK REDUCTION ACT SUBMISSION**

**William D. Ford Direct Loan Program Regulations – Servicemembers Civil Relief Act  
(SCRA)**

**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<sup>1</sup>. 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.

Effective August 14, 2008, upon the loan holder's receipt of a written request from a borrower and a copy of the borrower's military orders, the regulations at 34 CFR 685.202 provide that the maximum interest rate (as defined in 50 U.S.C. 527, App. Section 207 (d)) that may be charged on William D. Ford Direct Loan (Direct Loan) Program loans made prior to the borrower entering active duty status is six percent while the borrower is on active duty status.

This request is for an extension of the approved recordkeeping requirements contained in the regulations related to the administrative requirements of the Direct Loan Program. There are no changes to the currently approved recordkeeping requirements of the Direct Loan Program. The only change being made is the reduction in the number of respondents and the corresponding burden hours due to an error in calculating burden on institutions when they would not be required to review the deferment request. The Direct Loan Program is under the authority of the Secretary of Education who does not calculate burden on himself.

The information collection requirements in these regulations are necessary to reduce administrative burden for program participants, determine eligibility to receive program benefits and to prevent fraud and abuse of program funds protecting taxpayers' interest.

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 required documentation will be retained by the Department as Direct Loan holders to assure accountability of program participants for proper program administration and to

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<sup>1</sup> Please limit pasted text to no longer than 3 paragraphs.

justify the payment of funds by the federal government. Not collecting the information described would be likely to result in a loss of Federal benefits due borrowers who are on active military duty and compliance with the Servicemembers Civil Relief Act.

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.

The request from the borrower is now submitted using the latest Public Service Deferment Request (OMB approved form number 1845-0011) with an attached copy of their military orders. Previously the form required a wet signature and an attachment. There is no longer such a requirement. Therefore, a service member may request a determination of eligibility for this benefit by providing a written request (either on the deferment form or in another written form) and a copy of their service orders using a fax machine, a PDF or by post.

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.

Because the regulations specifically require a copy of the borrower's military orders to confirm eligibility to participate in this program, there is no duplication as there is no other Department system that would hold this information.

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 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.

Recordkeeping 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.

This application is consistent with these guidelines.

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.

This is the 30 day comment period for this collection. The 60 day comment period for this collection package to solicit comments on the current burden assigned to this regulation was published as Federal Register Notice, Vol. 77, page 58818, on September 24, 2012. No comments were received during that 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 gifts or payments 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.<sup>2</sup> 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 Public Service Deferment Request form (OMB approved form 1845-0011). In this notice, the borrower is informed of the statutory authority for collecting the information requested. Although disclosure of the information is voluntary, the borrower is informed that in order to be considered for loan program benefit, the information must be provided. The authorities for collecting the requested information from and about the borrower are §421 *et seq.* and §451 *et seq.* of the Higher Education Act of 1965, as amended (20 U.S.C. 1071 *et seq.* and 20 U.S.C. 1087a *et seq.*) and the authorities for collecting and using the borrower's Social Security Number (SSN) are §§428B(f) and 484(a)(4) of the HEA (20 U.S.C. 1078-2(f) and 1091(a)(4)) and 31 U.S.C. 7701(b). Participating in the Federal Family Education Loan (FFEL) Program or the William D. Ford Federal Direct Loan (Direct Loan) Program and giving the Department the SSN information are voluntary, but the borrower must provide the requested information, including your SSN, to participate.

The information is used to verify the borrower's identity, to determine the borrower's eligibility to receive the benefit, to permit the servicing of the borrower's loan(s), and to locate the borrower and collect on the loan upon the expiration of the deferment period. A listing of the persons and entities with whom the information may be disclosed and for what purposes the information may be disclosed is also included.

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 by affected public type (federal government, individuals or households, private sector – businesses or other for-profit, private

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<sup>2</sup> 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)

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.

Using information from calendar year 2011 we estimate the number of active duty military borrowers in the Direct Loan program requesting the maximum interest rate of 6 percent available to them under the Servicemembers Civil Relief Act (SCRA) was 2723. We estimate that it will take each borrower 15 minutes to submit his or her request for protection under the SCRA.

	# of Respondents	# of Responses		# Hours of Burden
Borrowers	2,723	2,273	x .25 hrs	681 hours

Previously we estimated that institutions would require approximately five minutes for processing the request by reviewing the deferment request and supporting data. This was done in error. Institutions would not be responsible for reviewing this deferment request. The Direct Loan program is under the authority of the Secretary of Education and the Secretary does not calculate burden on himself. We are therefore removing 2,250 respondents and 180 hours from the current burden.

Respondents, Responses and Burden Hours:

	# of Respondents	# of Responses	# Hours of Burden
Current Inventory:	4,500	4,500	743
Minus Incorrectly Ascribed Burden:	<u>-2,250</u>	<u>-2,250</u>	<u>-180</u>
Corrected Inventory:	2,250	2,250	563

Revised Inventory:	2,723	2,723	681
Change in Inventory based on corrected inventory:	-473	-473	-118
Change in Inventory based on current inventory:	-1,777	-1,777	-62

Borrowers who wish to submit the Public Service Deferment request will require a first class postage stamp to mail the form and supporting document. The current cost for a first class postage stamp is .45 cents. The number of borrowers 2,743 x .45 cents equals \$1,234.35.

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 burdens associated with this collection other than those other than those listed in item 13.

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 additional cost to the Federal government as a result of these regulations.

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).

This request is to extend the current information collection. There has been no revision to the required recordkeeping to assure accurate application of the Servicemembers Civil Relief Act interest rate calculation. The changes to the burden hour estimates are a result of an increase in the number of servicemembers who have requested relief under this regulation.

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.

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-I.