

## **SUPPORTING STATEMENT**

### **FOR PAPERWORK REDUCTION ACT SUBMISSION**

#### **Loan Cancellation in the Federal Perkins Loan Program**

##### **1. 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.

This is a request for the renewal of the OMB approval for the recordkeeping requirements contained in 34 CFR 674.53, 674.56, 674.57, 674.58 and 674.59. The information collections in these regulations are necessary to determine Federal Perkins Loan (Perkins Loan) Program borrower's eligibility to receive program benefits and to prevent fraud and abuse of program funds.

Section 674.53 – Teacher cancellation – Federal Perkins, NDSL, and Defense loans.

This regulation identifies the requirements for teachers to qualify for cancellation benefits while performing: full-time teaching in an elementary or secondary school serving low-income students; full-time teaching in special education or full-time teaching in fields of expertise as identified in regulation.

Section 674.56 – Employment cancellation – Federal Perkins, NDSL, and Defense loans.

This regulation identifies the categories of service for borrowers to qualify for cancellation benefits including: full-time employment as a nurse or medical technician; full-time employment in a public or private nonprofit child or family service agency; service as a qualified professional provider of early intervention services; full-time employment as a firefighter to a local, State, or Federal fire department or fire district; full-time employment as a faculty member at a Tribal College or University; full-time employment as a librarian with a master's degree; or full-time employment as a speech pathologist with a master's degree.

Section 674.57 – Cancellation for law enforcement or corrections officer service – Federal Perkins, NDSL, and Defense loans.

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

This regulation identifies the requirements for law enforcement or corrections officers to qualify for cancellation benefits for an eligible employing agency as identified in regulation.

Section 674.58 – Cancellation for service in an early childhood education program.

This regulation identifies the requirements for staff members in a Head Start program to qualify for cancellation benefits as identified in regulation.

Section 674.59 – Cancellation for military service.

This regulation identifies the requirements for borrowers who are members of the U.S. Army, Navy, Air Force, Marine Corps, or Coast Guard to qualify for cancellation benefits as identified in regulation.

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 requests for cancellation of Perkins Loans are received by the institution to determine the eligibility of the borrower and their loans for the cancellation being requested. The recordkeeping requirements are imposed to ensure accountability or program participants for proper program administration and to justify the payment of funds by the federal government. Not collecting the information described would likely result in a loss of Federal money due to waste, fraud and abuse.

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.

Schools conduct business with the Department of Education electronically and share information with the National Student Loan Data System (NSLDS) to verify accuracy of Perkins Loan records.

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.

A review of procedures indicates that the current requirements are minimal and avoid duplication.

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.

Record keeping requirements are imposed to assure accountability of program participants for proper program administration and less frequent collections 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.

The collection of this information will be conducted in a manner that is consistent with the guidelines 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.

This is the 30 day comment period for this collection package to solicit comments on the current burden assigned to this regulation. To date no comments have been received regarding this current information request.

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

No payment or gifts were 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.<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.

While there is no Federal instrument for borrowers to use to request these program benefits, the institution may require the borrower's Social Security Number to process the cancellation request. The Perkins Loan promissory note signed by the borrower to receive the loan contains the Privacy Act Notice. In this notice, which also identifies categories of cancellations, 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 receive a Perkins Loan or benefit of the loan (cancellation, deferment, etc.) the information must be provided. The notice also identifies what information may be disclosed to whom and for what purpose the information may be disclosed.

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,

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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)

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.

**AFFECTED ENTITIES and BURDEN:**

**Section 674.53 – Teacher cancellation-Federal Perkins, NDSL and Defense loans.**

We estimate that there are 4,808 borrowers eligible for this cancellation. We estimate the burden on each borrower for submission of documentation to obtain this cancellation will take .5 hours per borrower.

**BORROWERS:**

$$4,808 \quad \times \quad .5 \text{ hours (30 minutes)} \quad = \quad 2,404 \text{ hours}$$

We estimate that each institution will have additional burden of .25 hours to process the cancellations per eligible borrower.

INSTITUTIONS:

Proprietary Institutions Responses:

337 (.07 X 4,808 borrowers) X .25 hours (15 minutes) = 84 hours

Private Institutions Responses:

2,740 (.57 X 4,808 borrowers) X .25 hours (15 minutes) = 685 hours

Public Institutions Responses:

1,731 (.36 X 4,808 borrowers) X .25 hours (15 minutes) = 433 hours

Total Burden on Institutions: 1,202 hours

**Section 674.56 – Employment cancellation – Federal Perkins, NDSL and Defense loans.**

We estimate that there are 7,216 borrowers eligible for this cancellation. We estimate the burden on each borrower for submission of documentation to obtain this cancellation will take .5 hours per borrower.

BORROWERS:

7,216 X .5 hours (30 minutes) = 3,608 hours

We estimate that each institution will have additional burden of .25 hours to process the cancellations per eligible borrower.

INSTITUTIONS:

Proprietary Institutions Responses:

505 (.07 X 7,216 borrowers) X .25 hours (15 minutes) = 126 hours

Private Institutions Responses:

4,113 (.57 X 7,216 borrowers) X .25 hours (15 minutes) = 1,028 hours

Public Institutions Responses:

2,598 (.36 X 7,216 borrowers) X .25 hours (15 minutes) = 650 hours

Total Burden on Institutions: 1,804 hours

**Section 674.57 – Cancellation for law enforcement or corrections officer service.**

We estimate that there are 809 borrowers eligible for this cancellation. We estimate the burden on each borrower for submission of documentation to obtain this cancellation will take .5 hours per borrower.

**BORROWERS:**

809 X .5 hours (30 minutes) = 405 hours

We estimate that each institution will have additional burden of .25 hours to process the cancellations per eligible borrower.

**INSTITUTIONS:**

**Proprietary Institutions Responses:**

57 (.07 X 809 borrowers) X .25 hours (15 minutes) = 14 hours

**Private Institutions Responses:**

461 (.57 X 809 borrowers) X .25 hours (15 minutes) = 115 hours

**Public Institutions Responses:**

291 (.36 X 809 borrowers) X .25 hours (15 minutes) = 73 hours

Total Burden on Institutions: 202 hours

**Section 674.58 – Cancellation for service in a Head Start program.**

We estimate that there are 5,561 borrowers eligible for this cancellation. We estimate the burden on each borrower for submission of documentation to obtain this cancellation will take .5 hours per borrower.

**BORROWERS:**

5,561 X .5 hours (30 minutes) = 2,781 hours

We estimate that each institution will have additional burden of .25 hours to process the cancellations per eligible borrower.

**INSTITUTIONS:**

**Proprietary Institutions Responses:**

389 (.07 X 5,561 borrowers) X .25 hours (15 minutes) = 97 hours

**Private Institutions Responses:**

3,170 (.57 X 5,561 borrowers) X .25 hours (15 minutes) = 793 hours

**Public Institutions Responses:**

2,002 (.36 X 5,561 borrowers) X .25 hours (15 minutes) = 501 hours

Total Burden on Institutions: 1,391 hours

**Section 674.59 – Cancellation for military service.**

We estimate that over a five year period of submission required to receive 100% cancellation that there will be 43,117 borrowers eligible for this cancellation. We estimate the burden on each borrower for submission of documentation to obtain this cancellation will take .5 hours per borrower.

**BORROWERS:**

43,117 X .5 hours (30 minutes) = 21,559 hours

We estimate that each institution will have additional burden of .25 hours to process the cancellations per eligible borrower.

**INSTITUTIONS:**

Proprietary Institutions Responses:

3,018(.07 X 43,117 borrowers) X .25 hours (15 minutes) = 755 hours

Private Institutions Responses:

24,577 (.57 X 43,117 borrowers) X .25 hours (15 minutes) = 6,144 hours

Public Institutions Responses:

15,522 (.36 X 43,117 borrowers) X .25 hours (15 minutes) = 3,881 hours

Total Burden on Institutions: 10,780 hours

	# of Respondents	# of Responses	#Hrs Burden
BORROWERS	61,511	61,511	30,757
INSTITUTIONS	<u>1,529</u>	<u>61,511</u>	<u>15,379</u>
TOTAL	63,040	123,022	46,136

**Changes to Affected Entities and Burden:**

Current Inventory	117,162	117,162	43,938
Revised Inventory	63,040	123,022	46,136
Difference	-54,122	+5,860	+2,198



### **Annual Cost of Burden to Respondents**

No significant additional costs.

Previously the number of respondents was the same as the number of responses. This is inaccurate. For the 2010-2011 award year there were 1,529 institutions participating in the Perkins Loan program. This filing shows a decrease in respondents to correct this over-reporting of institutional respondents.

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 start-up costs associated with these regulations.

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 are no additional costs 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).

The Department of Education is requesting an extension of this information collection. The regulations requiring this collection remain in place without change. There has been a slight increase in the estimated burden hours due to an anticipated increase in requests for the types of service performance cancellations identified in the regulations.

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.