

Supporting Statement

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 copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

Public Law 98-95, the Challenge Grant Amendments of 1983, established a new Endowment Grant Program authorized by Title III of the Higher Education Act. In 1986, the name was changed to the Endowment Challenge Grant Program. In 1998, Congress amended Title III of the Higher Education Act by adding endowment building as an allowable activity under Title III and Title V Programs.

Under the Endowment Challenge Grant Program the Secretary was specifically authorized to make grants to eligible institutions of higher education for the purpose of increasing endowment funds at those institutions. Congress specifically identified that not more than 20% of a grantee's total budget may be used for increasing and building endowments at the grantee institution.

The "endowment fund corpus" consists of the Federal grant and institutional match. The institution may not spend any of the endowment fund corpus for the length of the 20-year grant period. At the end of the grant period, the grantee may use the endowment fund corpus for any educational purpose.

In general, a grantee may spend up to 50% of endowment fund income earned during the 20-year grant period. Endowment fund income is the value of the endowment fund minus the endowment fund corpus. The institution may use that income to defray expenditures necessary for the operation of the institution, including general operating and maintenance expenses.

The statute establishing this Endowment Challenge Grant Program, and for the Title III and Title V endowment building activity, requires the grantee to:

- a. Establish an endowment fund independent of any other endowment fund at the institution;
- b. Invest the endowment fund corpus and income in low-risk securities in which a regulated insurance company may invest under the law of the state;
- c. Exercise judgment and care in investing;
- d. Spend no more than 50% of the total aggregate endowment fund income;

- e. Withdraw no part of the endowment fund corpus before 20 years, both the matching funds and Federal funds;
 - f. Repay the Secretary if the institution withdraws part of the endowment fund corpus or more than 50% of the income before 20 years; and
 - g. Provide to the Secretary information to audit or examine expenditures made from the endowment fund corpus or income.
- 2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use of the agency has made of the information received from the current collection.**

The information submitted on this form will be analyzed by the program office to determine whether or not the grantee has complied with the statutory and regulatory requirements. In cases of non-compliance, the Department must see that the grantee takes corrective action.

- 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 electronically accessible form will collect the same information as the previous form. A "Dear Colleague" letter has been sent out to grantees required to report on endowments informing them of the new electronically accessible form. In addition, a web link to the electronic endowment reporting form, a temporary pin number and detailed instructions have been provided. Respondents will be required to complete the electronic form and submit it online by the requested deadline.

- 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 Department has reviewed the information required in this financial report form and has looked elsewhere in the Department for duplicate information. We have found there is no duplicate information being requested within the Department. Grantee institutions do not send information on these particular endowment funds to any other Federal office.

- 5. If the collection of information impacts small businesses or other small entities (Item 8b of IC Data Part 2), describe any methods used to minimize burden.**

The collection of information does not involve small businesses or other small entities.

- 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.**

If this information was not collected or collected less frequently than annually, we would not know whether grantees were properly investing the endowment monies or whether they had used any portion of the corpus, or spent more than 50% of the income.

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

The only special circumstance of this collection is that program regulations (34CFR Part 628.47(b)) require grantees to retain each year's records for a minimum of five years after the grant period ends.

- 8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, 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.**

No consultations were conducted with persons outside the agency since there has been no funding for this program since FY 1995 and this program is considered to be in a close-out status. We will publish 60-day and 30-day Federal Register Notices to allow public comment.

- 9. Explain any decision to provide any payment or gift to respondents, other than remunerations of contractors or grantees.**

No payments or gifts are provided.

- 10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

The Department's disclosure policies adhere to the provisions of the Privacy Act.

- 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 question 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 sensitive personal information is solicited.

12. Provide estimates of hour burden of the collection of information.

The estimated professional burden hours are 3125 hours.

Reporting Burden:

The estimated professional burden hours for this collection of this information are 2500 hours. This figure is calculated base on 1.25 burden hours per respondent. Since there are 2500 respondents, $1.25 \text{ hour} \times 3125 \text{ respondents} = 3125 \text{ estimated burden hours}$.

Therefore, the total estimated annual burden hours are 3125 hours.

Recordkeeping Burden:

The Department's regulations at 34 CFR 628.47(a) requires that grantees keep the following records:

- (1) The source, kind and amount of matching funds;
- (2) The type and amount of investments of the endowment fund;
- (3) The amount of endowment fund income; and
- (4) The amount and purpose of expenditures of endowment fund income.

The Department believes that these records are generated electronically as a matter of usual and customary business transactions (e.g. bank records); therefore, in accordance with 5 CFR 1320.3(b) (2), the Department's burden estimate does not include burden associated with generating the records required by 34 CFR 628.47(a). Notwithstanding, the Department recognizes that grantees incur a minimum clerical burden in maintaining the required records. The Department estimates that each grantee would spend not more than (15) minutes per year filing pertinent records. Therefore, the recordkeeping burden is as follows: $2500 \text{ Respondents} \times 15 \text{ (.25 hours)} = 3125 \text{ hours}$.

Total Burden Hours:

The total estimated annual burden hours are 3125 hours. This final figure is calculated using the estimated based on 1 professional burden hour per each respondent. Since there may be an estimated 2500 respondents in any given fiscal year, $1.25 \text{ hour} \times 2500 \text{ respondents} = 3125$.

Burden Hour Costs:

The figure noted here represents the resources needed and the costs associated for all the respondents to complete the financial report form.

Costs:

Professional	2500 Respondents x \$144 = 360,000
Clerical	625 x \$8 = \$5,000

No other cost to 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 Department notes that grantees may incur cost in complying with the audit required by 34 CFR 628.47(e); however, since these audits are conducted as part of the Federal Government's Single Audit program (OMB Circular A-133), the Department cannot determine the relative proportionate costs for these particular program requirements.

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.

Estimate of cost to the Federal Government - Item A) represents the amount of clerical and related resources required to prepare the annual mailing of information regarding the new electronic financial report form. Item B) represents the amount of related resources required to process the incoming financial report data and the day-to-day management of related technical information. We also estimate for preparation and review staff will spend 1 hour per package.

A. Average Hourly Clerical Rate

Clerical Staff N/A

B. Average Hourly Professional

Staff Rate: GS 13/9 = \$43.50 x 1 hour x 2500

Analysis/Review = \$108,750

Duplication/Mailing = 2500 x .46 = \$1,150

15. Explain the reasons for any program changes or adjustments to #16f of the IC Data Part 1 Form.

The changes or adjustments are due to the increased number of respondents. The number of respondents has changed from the last time the form was submitted. In 1998, Congress amended

Title III of the Higher Education Act by adding endowment building as an allowable activity under Title III and Title V Programs. The electronic version was not available until June 2012.

- 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.**

We will use the information submitted by the grantees to determine the progress of increasing their endowment fund and to monitor the grantees' compliance with regulations. The Department does not intend to ever publish the data contained in these reports.

- 17. If seeking approval to do not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

We have no objection to displaying this information.

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

No exceptions are requested.

C. Collection of Information employing Statistical Methods

No statistical methods are used in the collection of this information.