Section 685.301(e)--COD Reporting Requirements by Institutions

Section 685.301(e) provides that institutions originating and disbursing loans under the Direct Loan Program must report a student's "payment data" to the Secretary. The term "payment data" is defined in 34 CFR 685.102(b) to mean "an electronic record that is provided to the Secretary by an institution showing student disbursement information". The Department has implemented this provision by requiring that institutions electronically report student and Direct Loan information to the COD System. The new regulation in §685.200(f) provides that a borrower is not eligible to receive an additional Direct Subsidized Loan if the sum of the borrower's subsidized usage periods equals or exceeds the borrower's maximum eligibility period. The new regulation also provides different rules for borrowers who are enrolled in teacher certification programs for which the institution awards no academic credential, preparatory coursework necessary for enrollment in an undergraduate program, and preparatory coursework necessary for enrollment in a graduate or professional program.

The Department will determine whether the borrower has continued eligibility for Direct Subsidized Loans. To ensure that the Department has the information necessary to make that determination, institutions will be required to report additional information to the Department's COD System. For example, institutions will be required to report: the program's Classification of Instructional Programs (CIP) Code; the credential level of each program; the length of the program for which the loan is intended; the enrollment status of the borrower at the time the loan is disbursed; whether a loan is for a teacher certification program for which the institution awards no academic credential; whether a loan is for preparatory coursework necessary for enrollment in an undergraduate program; and whether the loan is for preparatory coursework necessary for enrollment in a graduate or professional program.

These data will allow the Department to calculate the borrower's maximum eligibility period, subsidized usage period, and remaining eligibility period as described in §685.200(f)(1)(ii)-(f)(1)(iv), determine whether the borrower is eligible to receive an additional Direct Subsidized Loan, and ensure that borrowers do not receive Direct Subsidized Loans if they are no longer eligible to receive a Direct Subsidized Loan under §685.200(f)(2).

To estimate the total increase in burden imposed on institutions of higher education, the Department estimated the average number of reports that each institution submitted to COD each business day (by institutional type, i.e., public, private, proprietary). We based our calculations of estimated burdens on a 248 business-day year (365 days, less 104 weekend days and 13 Federal holidays) and that institutions submit data in large batches, not separately, for each individual borrower. We estimate that the additional reporting will add 1 minute (0.02 hours) of additional burden per report.

Of the 5,847 institutions that disbursed Direct Loans during the most recently completed award year, 1,933 of them are public institutions. The average number of reports per day that public institutions submit is 2.73. We further estimate that additional reporting will add 26,174 hours (1,933 institutions multiplied by 248 business days, multiplied by 2.73 reports per day, multiplied by 0.02 hours per report).

Of the 5,847 institutions that disbursed Direct Loans during the most recently completed award year, 1,750 of them are private, not-for-profit institutions. The average number of reports per day that private, not-for-profit institutions submit is 1.29. We estimate that additional reporting will add 11,197 hours (1,750 institutions multiplied by 248 business days, multiplied by 1.29 reports per day, multiplied by 0.02 hours per report).

Of the 5,847 institutions that disbursed Direct Loans during the most recently completed award year, 2,164 of them are proprietary institutions. The average number of reports per day that proprietary institutions submit is 0.84. We further estimate that additional reporting will add 9,016 hours (2,164 institutions multiplied by 248 business days, multiplied by 0.84 reports per day, multiplied by 0.02 hours per report).

Collectively, as a result of the new reporting requirements created for public, private and proprietary institutions, the total burden associated with §685.301(e), under 1845-NEW1, will increase by 46,387 hours (26,174 hours for public institutions + 11,197 hours for private, not-for-profit institutions + 9,016 hours for proprietary institutions).

Respondent Type	# of Respondents	# of Responses	Hours/ Response	Total Hours
34 CFR 685.301(e) - additional reporting to the COD System				
Individuals				
Private Sector				
Business or other for-profits				
Proprietary institutions - additional reporting to the COD System	2,164	450,804	0.02	9,016
Not-for profits				
Not-for-profit institutions - additional reporting to the COD System	1,750	559,860	0.02	11,197
State, Local, or Tribal Governments				
Public institutions - additional reporting to the COD System	1,933	1,308,718	0.02	26,174
TOTAL 34 CFR 685.301(e) - additional reporting to the COD System	5,847	2,319,383		46,388

<u>Section 685.309(b)--NSLDS Enrollment Reporting by Institutions</u>

Section 685.309(b) provides that eligible institutions that enroll a Direct Loan borrower must report information about the borrower's enrollment to the Secretary. The Department has implemented these provisions by requiring institutions to electronically report, at least twice per year, student and loan information to NSLDS. The new Direct Subsidized Loan regulations in §685.200(f)(3) provide that a borrower becomes responsible for accruing interest on any Direct Subsidized Loans he or she previously received if, after the borrower meets or exceeds his or her maximum eligibility period, the borrower enrolls in an undergraduate program of equal or shorter duration than the program on which their maximum eligibility period was previously based. The new regulations also provide specific rules for borrowers who are enrolled in teacher certification programs for which the institution awards no academic credential, preparatory coursework necessary for enrollment in a graduate or professional program, and programs for which borrowers are not otherwise eligible for Direct Subsidized Loans .

The Department will determine whether the borrower is responsible for accruing interest on their previously received Direct Subsidized Loans. To ensure that the Department has the information to necessary to make that determination, institutions will be required to report additional information to NSLDS. For example, institutions will be required to report: the CIP code and the credential level for the program in which a borrower is enrolled; the length of the program in academic years, weeks, or months (consistent with current institutional reporting in the COD System); and a more detailed enrollment status of the borrower (e.g., full-time, three-quarter-time, half-time, or less-than-half-time).

These data will allow the Department to determine whether a borrower who is not eligible for additional Direct Subsidized Loans is responsible for accruing interest on his or her previously received Direct Subsidized Loans.

To estimate the total increase in burden imposed on institutions of higher education due to the new reporting requirements under §685.309(b), we divided institutions into two groups--institutions that use enrollment servicers, which are more automated and take less time to report enrollment to the Department, and institutions that do not use enrollment servicers and therefore take longer to report enrollment to the Department. We assumed that each institution that reports enrollment does so twice per year (as minimally required). We estimate that the additional reporting will, for institutions using an enrollment servicer, add 0.25 hours of burden per report. For institutions that do not use an enrollment servicer, we estimate that the additional reporting will add 0.5 hours of additional burden per report.

Of the 8,186 institutions that reported enrollment information during the most recently completed award year, 2,710 of them are public institutions. Of the 2,710 public institutions, 2,092 use enrollment servicers. For the 2,092 public institutions that use enrollment servicers, we estimate that additional reporting will add 1,046 hours (2,092 institutions multiplied by 0.25 additional hours per report, multiplied by 2 reports per year).

Of the 8,196 institutions that reported enrollment information during the most recently completed award year, 2,453 of them are private, not-for-profit institutions. Of the 2,453 private, not-for-profit institutions, 1,894 use enrollment servicers. For the 1,894 private, not-for-profit institutions that use enrollment servicers, we estimate that additional reporting will add 947 hours (1,894 institutions multiplied by 0.25 additional hours per report, multiplied by 2 reports per year).

Of the 8,196 institutions that reported enrollment information during the most recently completed award year, 3,033 of them are proprietary institutions. Of the 3,033 proprietary institutions, 2,342 use enrollment servicers. For the 2,342 proprietary institutions that use enrollment servicers, we estimate that additional reporting will add 1,171 hours (2,342 institutions multiplied by 0.25 additional hours per report, multiplied by 2 reports per year).

Of the 8,186 institutions that reported enrollment information during the most recently completed award year, 2,710 of them are public institutions. Of the 2,710 institutions, 618 of them do not use enrollment servicers. For the 618 public institutions that do not use enrollment servicers, we estimate that additional reporting will add 618 hours (618 institutions multiplied by 0.5 additional hours per report, multiplied by 2 reports per year).

Of the 8,196 institutions that reported enrollment information during the most recently completed award year, 2,453 of them are private, not-for-profit institutions. Of the 2,453 private, not-for-profit institutions, 559 of them do not use enrollment servicers. For the 559 private, not-for-profit institutions that do not use enrollment servicers, we estimate that additional reporting will add 559 hours (559 institutions multiplied by 0.5 additional hours per report, multiplied by 2 reports per year).

Of the 8,196 institutions that reported enrollment information during the most recently completed award year, 3,033 of them are proprietary institutions. Of the 3,033 proprietary institutions, 691 of them do not use enrollment servicers. For the 691 proprietary institutions that do not use enrollment servicers, we estimate that additional reporting will add 691 hours (691 institutions multiplied by 0.5 additional hours per report, multiplied by 2 reports per year).

Collectively, as a result of the new reporting requirements, the total burden associated with §685.309(b), under 1845-NEW1, will be increased by 5,032 hours (1,046 hours for public institutions using enrollment servicers + 947 hours for private, not-for-profit institutions using enrollment servicers + 1,171 hours for proprietary institutions using enrollment servicers + 618 hours for public institutions not using enrollment servicers + 559 hours for private, not-for-profit institutions not using enrollment servicers + 691 hours for proprietary institutions that do not use enrollment servicers).

Respondent Type	# of Respondents	# of Responses	Hours/ Response	Total Hours
34 CFR 685.309(b) - additional reporting to NSLDS				
Individuals				
Private Sector				
Business or other for-profits				

Proprietary institutions - additional reporting to NSLDS - institution uses enrollment servicer	2,342	4,684	0.25	1,171
Proprietary institutions - additional reporting to NSLDS - institution does not use enrollment servicer	691	1,382	0.50	691
Not-for profits				
Not-for-profit institutions - additional reporting to NSLDS - institution uses enrollment servicer	1,894	3,788	0.25	947
Not-for-profit institutions - additional reporting to NSLDS - institution does not use enrollment servicer	559	1,118	0.50	559
State, Local, or Tribal Governments				
Public institutions - additional reporting to NSLDS - institution uses enrollment servicer	2,092	4,184	0.25	1,046
Public institutions - additional reporting to NSLDS - institution does not use enrollment servicer	618	1,236	0.50	618
TOTAL 34 CFR 685.309(b) - additional reporting to NSLDS	8,196	16,392		5,032

<u>Section 685.304 – Entrance and Exit Counseling for Borrowers by Institutions</u>

The regulations implement a new statutory requirement that significantly limits a borrower's eligibility for Direct Subsidized Loans and potentially results in the borrower becoming responsible for accruing interest on existing Direct Subsidized Loans. Under section 485(l) of the HEA, which requires that borrowers be provided with entrance and exit counseling on the provisions governing federal student aid, institutions will be required to revise the entrance and exit counseling provided to borrowers.

For entrance counseling, the added counseling requirements under §685.304(a)(6)(xiii) will require institutions to explain: (1) the limitation on eligibility for Direct Subsidized Loans and the possibility that the borrower will become responsible for accruing interest, as described in §685.200(f); (2) the possible loss of eligibility for additional Direct Subsidized Loans;(3) how a borrower's maximum and remaining eligibility periods and subsidized usage period are determined; (4) the possible borrower responsibility for accruing interest on previously received Direct Subsidized Loans; (5) the borrower's responsibility for payment of all accruing interest on Direct Subsidized Loans during in-school, grace, and periods of authorized deferment; (6) and the impact of borrower responsibility for accruing interest on the borrower's total debt.

For exit counseling, the requirements added under new §685.304(b)(4)(xii) will require institutions to explain:(1) how maximum and remaining periods of eligibility and subsidized usage periods are determined under §685.200(f); (2) the sum of the borrower's subsidized usage periods, as determined under §685.200(f)(1)(iii) following enrollment in or completion of the borrower's most recent educational program; (3) the consequences of continued borrowing or enrollment, including the possible loss of eligibility for additional Direct Subsidized Loans and the possibility that the borrower could become responsible for accruing interest on previously received Direct Subsidized Loans and the portion of a Direct Consolidation Loan that repaid a Direct Subsidized Loan, even during in-school periods, grace periods and periods of deferment, as described in §685.200(f); (4) the impact of the borrower becoming responsible for accruing interest on total student debt; (5) that the Secretary will inform the student borrower of whether he or she has become responsible for accruing interest on his or her Direct Subsidized Loans; (6) and that the borrower can access NSLDS to determine whether the borrower has become responsible for accruing interest on his or her Direct Subsidized Loans, as provided in §685.200(f)(3).

The burden associated with entrance and exit counseling is two-fold, there is burden on borrowers, who are required to complete entrance counseling by virtue of their participation in the Title IV loan programs and there is burden on institutions, which are required to provide counseling to such borrowers.

We estimate that each entrance counseling interview will take 2 additional minutes (0.03 hours) per borrower to complete and estimated that number of borrowers who took entrance counseling in the last award year as 2,723,751. Therefore, we estimate that burden will increase by 81,713 hours (2,723,751 borrowers multiplied by 1 interview per borrower multiplied by 0.03 additional hours per interview).

We estimate that, for all institutions, the additional entrance counseling requirements will add 1 hour of burden per institution to incorporate new material into their counseling and implement new counseling procedures. Of the 5,847 institutions that are required to perform entrance counseling, 1,933 are public institutions, 1,750 are private, not-for-profit institutions, and 2,164 are proprietary institutions. For the 1,933 public institutions, we estimate that burden will increase by 1,933 hours (1,933 institutions multiplied by 1 hour). For the 1,740 private, not-for-profit institutions, we estimate that burden will increase by 1,750 hours (1,750 institutions multiplied by 1 hour). Of the 2,164 proprietary institutions, we estimate that burden will increase by 2,164 hours (2,164 institutions multiplied by 1 hour). Collectively, we estimate that the total burden created for institutions of higher education to provide the added entrance counseling is 5,847 hours (1,933 hours + 1,750 hours + 2,164 hours).

We estimate that each exit counseling interview will take an additional 3 minutes (0.05 hours) per borrower to complete and estimated the 2,699,275 borrowers took exit counseling in the most recently completed award year. Therefore, we estimate that burden will increase by 134,964 hours (2,699,275 borrowers multiplied by 1 interview per borrower multiplied by 0.05 additional hours per interview).

Of the 5,847 institutions, 1,933 are public institutions, 1,750 are private, not-for-profit institutions, and 2,164 are proprietary institutions. We estimate that, for all institutions, the additional exit counseling requirements will add 1.5 hours of burden per institution to incorporate new material into their counseling and implement new counseling procedures. For the 1,933 public institutions, we estimate that burden will increase by 2,900 hours (1,933 institutions multiplied by 1.5 hours). For the 1,750 private, not-for-profit institutions, we estimate that burden will increase by 2,625 hours (1,750 institutions multiplied by 1.5 hours). Of the 2,164 proprietary institutions, we estimate that burden will increase by 3,246 hours (2,164 institutions multiplied by 1.5 hours). The total burden created for institutions of higher education to provide the added exit counseling is 8,771 hours (2,900 hours + 2,625 hours + 3,246 hours).

Collectively, under 1845-NEW1 the new entrance and exit counseling regulatory requirements in section 685.304, will add 231,322 hours ([81,713 + 134,964 for borrowers] + [5,847 + 8,771 hours for institutions]) of additional burden on institutions and borrowers.

Respondent Type	**# of Respondents**	**# of Responses**	**Hours/ Response**	**Total Hours**
1. 34 CFR 685.304(a)(6)(xii) - entrance counseling explaining new provisions				
Individuals				
Students receiving entrance counseling explaining new provisions	2,723,751	2,723,751	0.03	81,713
Private Sector				
Business or other for-profits				
Proprietary institutions - provide entrance counseling to students explaining new provisions	2,164	2,164	1.00	2,164
Not-for profits				
Not-for-profit institutions - provide entrance counseling to students explaining new provisions	1,750	1,750	1.00	1,750
State, Local, or Tribal Governments				
Public institutions - provide entrance counseling to students explaining new provisions	1,933	1,933	1.00	1,933
TOTAL 34 CFR 685.304(a)(6)(xii) - exit counseling explaining new provisions	2,729,598	2,729,598		87,560

2. 34 CFR 685.304(b)(6)(xii) - exit counseling explaining new provisions

Individuals				
Students receiving exit counseling explaining new provisions	2,699,275	2,699,275	0.05	134,964
Private Sector				
Business or other for-profits				
Proprietary institutions - provide exit counseling to students explaining new provisions	2,164	2,164	1.50	3,246
Not-for profits				
Not-for-profit institutions - provide exit counseling to students explaining new provisions	1,750	1,750	1.50	2,625
State, Local, or Tribal Governments				
Public institutions - provide exit counseling to students explaining new provisions	1,933	1,933	1.50	2,900
TOTAL 34 CFR 685.304(b)(6)(xii) - exit counseling explaining new provisions	2,705,122	2,705,122		143,734