

**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.

Public Law 89-329, Sections 401-495, the Higher Education Act of 1965, as amended (HEA), mandates that the Secretary of Education "...shall produce, distribute, and process free of charge common financial reporting forms as described in this subsection to be used for application and reapplication to determine the need and eligibility of a student for financial assistance...".

The determination of need and eligibility are for the following Title IV, HEA, federal student financial assistance programs: the Federal Pell Grant Program; the Campus-Based programs (Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and the Federal Perkins Loan Program); the William D. Ford Federal Direct Loan Program; the Teacher Education Assistance for College and Higher Education (TEACH) Grant; and the Iraq and Afghanistan Service Grant.

Federal Student Aid, an office of the U.S. Department of Education (hereafter "the Department"), subsequently developed an application process to collect and process the data necessary to determine a student's eligibility to receive Title IV, HEA program assistance. The application process involves an applicant's submission of the *Free Application for Federal Student Aid* (FAFSA). After submission and processing of the FAFSA, an applicant receives a *Student Aid Report* (SAR), which is a summary of the processed data they submitted on the FAFSA. The applicant reviews the SAR, and, if necessary, will make corrections or updates to their submitted FAFSA data. Institutions of higher education listed by the applicant on the FAFSA also receive a summary of processed data submitted on the FAFSA which is called the Institutional Student Information Record (ISIR).

The specific questions that applicants are asked to answer in the application process are described separately in the *Data Elements and Justification* document. The document lists all the data elements and explains the purpose and use of each in the application. In addition to calculation of financial need for the various Title IV programs, the FAFSA also collects data that allows for a determination of an applicant's eligibility for state and school financial aid programs. If these data elements were not collected, the Department and institutions of higher education would be unable to make a determination of financial need and subsequently would be unable to award any Title IV, HEA program assistance, as mandated by the HEA. A majority of States would also be greatly hindered in their calculation of State aid to applicants.

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

Important changes to the FAFSA are described separately in the *2014-2015 Enhancements to the Free Application for Federal Student Aid* document.

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 purpose of the application is to collect personal and financial data from current or prospective students in order to perform a need analysis as described in Part F of the HEA. The application is available in both English and Spanish and the main options for completing a FAFSA include (more specific application options are described in Question 12):

- 1) FAFSA on the Web (FOTW) submissions – Applicants can complete the online version of the FAFSA which offers a customized experience;
- 2) Financial Aid Administrator submissions – On behalf of the applicant, this option describes the electronic submission of a FAFSA by a designated third party (e.g., the Department’s FAA Access system or a postsecondary institution’s mainframe computer);
- 3) Paper submissions – Applicants can complete and submit the paper version or the PDF version of the FAFSA; these versions must be mailed to the Department for processing; or

As required by Section 483 of the HEA, for applicants that have previously submitted a FAFSA, there is a Renewal FAFSA that retains certain static data and the applicant only needs to update information that has changed since the previous FAFSA submission. The Renewal FAFSA is offered within FOTW and to applicants who submit with the assistance of a financial aid administrator.

The information an applicant is required to provide on the FAFSA varies based upon the need analysis formula that is being utilized. There are three need analysis formulas, the first is for dependent students (this formula also requires parental data), the second is for independent students without dependents other than a spouse, and the third formula is for independent students with dependents other than a spouse.

After the application is completed, the applicant submits the form to the Department and the data is processed by the Department’s Central Processing System (CPS). The need analysis results in an expected family contribution (EFC), which is an index used by postsecondary educational institutions and States when determining the types and amounts of both federal and non-federal financial aid students will receive. The EFC is calculated in accordance with the statutory formula in Part F of the HEA and is intended to indicate a student’s ability (and for dependent applicants, his or her family’s ability) to contribute toward the student’s cost of attending a postsecondary educational institution. The following components are considered in the need analysis formula to determine the EFC:

- 1) The available income of (A) the independent student and (if married) the independent student’s spouse, or (B) the dependent student and the dependent student’s parents;
- 2) The number of dependents in the family of the student;
- 3) The number of dependents in the family of the student (excluding the parents) who are enrolled or accepted for enrollment, on at least a half-time basis, in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of Section 102 of the HEA and for whom the family may reasonably be expected to contribute to their postsecondary education;
- 4) The net assets of (A) the independent student and (if married) the independent student’s spouse, or (B) the dependent student and the dependent student’s parents;

- 5) The marital status of the student;
- 6) The age of the older parent, in the case of a dependent student; and
- 7) Any additional expenses incurred (A) in the case of a dependent student, when both parents of the student are employed or when the family is headed by a single parent who is employed, or (B) in the case of an independent student, when the student is married and the student's spouse is employed or when the employed student qualifies as a surviving spouse or as a head of household under Title 26, Subtitle A, Chapter 1, Subchapter A, Part I, Section 2 of the Internal Revenue Code of 1986.

The need analysis formula used to determine an EFC changes in order to simplify the application for families who meet specific conditions. The HEA specifies a Simplified Needs Test (SNT) for calculating the EFC for families who meet the requirements of Section 479 of the HEA. The SNT applies to families who have adjusted gross incomes less than \$50,000 per year, and who meet at least one of the following eligibility requirements:

- 1) As defined in Section 479(b)(1) of the HEA, have filed or are eligible to file an Internal Revenue Service (IRS) Form 1040A or 1040EZ; or
- 2) The independent student, independent student's spouse, or the dependent student's parent(s) received benefits in the last 24 months from any of the following federal means-tested benefit programs: Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP) (formerly the Food Stamp Program), Free or Reduced Price Lunch, Temporary Assistance for Needy Families (TANF), and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); or
- 3) The independent student, independent student's spouse, or the dependent student's parent(s) is a dislocated worker.

All assets are excluded from consideration when calculating the EFC for families who meet the SNT requirements resulting in a Simplified Needs Analysis that utilizes the following six components:

- 1) Adjusted gross income;
- 2) Federal taxes paid;
- 3) Untaxed income and benefits;
- 4) The number of family members;
- 5) The number of family members (excluding the parents) in postsecondary education; and
- 6) An allowance (A) for federal and other taxes, as defined in Section 475(c)(2) of the HEA for parents and dependent students and in Section 477(b)(2) of the HEA for independent students with dependents, or (B) for federal and local income taxes, as defined in Section 476(b)(2) of the HEA for independent students without dependents.

In addition to the Simplified Needs Analysis, there is another circumstance where the need analysis formula to determine an EFC is modified. Section 479(c) of the HEA further simplifies the application by establishing an Automatic Zero (Auto Zero) formula permitting the automatic determination of an EFC of zero for families within a certain income threshold, and who file or are eligible to file the IRS Forms 1040A or 1040EZ or who received benefits from one of the federal means-tested benefit programs described above, or for those who meet the dislocated worker criteria. The College Cost Reduction and Access Act of 2007 (P.L. 110-84) indexed the income threshold to be updated annually according to increases in the Consumer Price Index (CPI). For the 2014-2015 application cycle the income threshold will be \$24,000 for the Auto Zero formula.

The Auto Zero formula excludes other income and all assets for the purpose of calculating an EFC. Independent students with no dependents other than a spouse are not eligible to receive an automatic zero EFC determination.

Once the CPS processes the applicant's data using the appropriate need analysis formula, the Department sends an ISIR electronically to the postsecondary institutions the applicant listed on the FAFSA. An ISIR is also sent to the State grant agencies (based on the applicant's state of legal residence), as well as the states where the institutions the applicant listed on his or her FAFSA are located.

The Department notifies the applicant by sending a Student Aid Report (SAR) in the language the applicant used to submit the FAFSA. Similar to the ISIR, the SAR will contain the results of the processed application, including the student's EFC, a transcript of the information that the student originally reported on the FAFSA, and other relevant information (e.g., the applicant's financial aid history from the Department's National Student Loan Data System (NSLDS)). There are three versions of the SAR that an applicant may receive; a paper SAR, a paper SAR Acknowledgment, or an eSAR.

- 1) The paper SAR is a full summary that is mailed to applicants who filed a paper FAFSA and who did not provide an e-mail address. A paper SAR is also mailed to applicants whose records were rejected due to critical errors during processing.
- 2) The SAR Acknowledgment is a condensed paper SAR that is mailed to applicants who applied electronically, but did not provide an e-mail address and do not meet the criteria for a full SAR.
- 3) The eSAR is an online version of the SAR that is available on FOTW to all applicants with a PIN. Notifications for the eSAR are sent to students who applied electronically or by paper and provided an e-mail address. These notifications are sent by e-mail and include a secure hyperlink that takes the user to the FOTW site.

Applicants are expected to review the information on their SAR and, if necessary, correct errors in the reported information, verify the responses if so requested, and supply any missing information. Specifically, there are several ways that an applicant can correct, update or provide additional information:

- 1) FOTW - Any applicant who has a Federal Student Aid PIN (FSA PIN) - regardless of how they originally applied - may correct any of the data on the FAFSA, except the applicant's Social Security Number (SSN), by using the corrections functionality on the FOTW site.
- 2) Paper SAR - Applicants who receive or request a paper SAR can make hand-written corrections or additions directly on the paper SAR and mail it back to the Department. Corrections to the applicant's SSN can be made using the paper SAR. Note that although the paper SAR can be used to make changes, the SAR Acknowledgment and the eSAR cannot be used for corrections.
- 3) FAA Access - With the applicant's permission, an institution can use FAA Access to correct the FAFSA.
- 4) Electronic Other - With the applicant's permission, corrections can be made via the postsecondary institution's third-party servicer, a postsecondary institution's mainframe computer, or a postsecondary institution's proprietary software for the student.
- 5) Federal Student Aid Information Center (FSAIC) - FSAIC has the ability to assist applicants with a limited amount of changes. Any applicant, who has their Data Release Number (DRN) which is included on the applicant's SAR, can make changes to the postsecondary institutions listed on their FAFSA or change their address by calling FSAIC.

An applicant who corrects and/or updates (as defined in 34 CFR 668.55) their FAFSA resubmits the information to the Department. The Department, in turn, processes the changed information and sends the applicant a revised SAR. For most applicants the application process is now concluded, as the Department has processed the most accurate and complete information for use in the need analysis formula and the postsecondary institution is able to determine eligibility and award aid.

Regulations, however, established a verification process (as defined in 34 CFR 668, Subpart E) that requires some applicants to provide documentation to the postsecondary institution to confirm the information reported on the FAFSA. These procedures "...govern[s] the verification by institutions of information submitted by applicants for student financial assistance in connection with the calculation of their expected family contributions (EFC)."

Applications are selected for verification either by the CPS or by the postsecondary institution. A postsecondary institution must verify all applications the CPS selects for verification. For students selected for verification, they must complete the verification process with the postsecondary institution, and then the postsecondary institution can award aid once any final changes are submitted to the CPS for processing. In conclusion, the above narrative provides an overview of the application process that exists to determine an applicant's eligibility for Title IV, HEA program assistance. Since Title IV, HEA funds should only be awarded to eligible students and the amounts awarded should reflect the actual need of the applicant and family, the awarding of aid by the financial aid office at the postsecondary institution does not occur until the applicant has completed the entire application process - initial submission, review, corrections and/or verification, if necessary. The entire application process allows the Department to capture the most complete and accurate information for use in the need analysis formula and reduces the possibility that an applicant could receive Title IV, HEA funds they are not eligible to receive.

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.

Over time, the Department has made several process improvements that have utilized technology advancements. The following describes some components of the application process that have incorporated such advancements.

FAFSA on the Web (FOTW)

Section 483(a)(3) of the HEA mandates that, "The Secretary shall produce, distribute, and process forms in electronic format...". Subsequently, the Department developed FOTW in 1998. FOTW has grown to be the primary entry point for tens of millions of students who apply for Federal, State and institutional financial aid. The Department endeavors to improve FOTW continually to further simplify the application experience for students and families. The following describes the benefits of using FOTW:

- Applications submitted through FOTW are processed much faster than the paper or PDF versions of the FAFSA.
- Applicants that have previously applied for aid benefit by completing the Renewal FAFSA, which retains certain static data. Of the static data elements, only information that has changed since the previous FAFSA submission needs to be updated and the new data added.
- Applicants that need to correct or provide missing information can do so easily by returning to FOTW.
- FOTW offers skip-logic and assumption-logic that creates a customized, smart application experience based on an applicant's personal data and previous answers.

- Applicants who use FOTW benefit from web edits that ensure all required fields are completed and all data conflicts are resolved prior to application submission, which makes for a reduced application rejection rate during processing. (Approximately 13% of paper FAFSAs and 3% of electronic FAFSAs are rejected due to errors or other anomalies. These percentages are for non-signature rejects only.)
- FOTW is a safe and secure Web site that uses standard commercial encryption protocols that determine the highest encryption level the browser will support.
- In compliance with the Americans with Disabilities Act, FOTW is 508 compliant and accessible to visually impaired applicants.

FSA PIN

The FSA PIN is a 4-digit number used in combination with a SSN, name, and date of birth for authentication and identification purposes, and allows access to an individual's personal information on Department Web sites, such as FOTW. Students and parents can each apply for their own FSA PIN. The FSA PIN can also be used as an electronic signature. Since the submission of the FAFSA requires the applicant's signature and the parent's signature if the applicant is a dependent student and parental information is provided, the FSA PIN facilitates an easier application experience, eliminating the need for a paper signature submission. In addition, the FSA PIN can be used each year to access the Renewal FAFSA and to access FAFSA data and make corrections or updates.

Customer Service - Federal Student Aid Information Center (FSAIC)

In addition to the assistance provided by FSAIC when handling inquiries about the financial aid process and questions about the application, FSAIC offers technological features that have simplified the application experience for many applicants.

- Live Help - Customers submitted 1.34 million inquiries to FSAIC in 2012 via web chat. That was 13.7% of all FSAIC interactions that year. Following a usability study of FSAIC's Live Help capability in 2011, the Department implemented several improvements in 2012 including:
 - o visually differentiated text for customer and customer service agent,
 - o timestamps,
 - o status indicators to show when an agent is typing,
 - o improved chat window layout, and
 - o session expiration to protect customer information.
- Automated Phone Self-Service - Changes to the FSAIC interactive voice response unit (IVRU) menus made in 2012 substantially increased customer awareness of self-service functionality for some of the most common customer inquiries including a FAFSA application status check, National Student Loan Data System loan history, and a seasonally rotated list of frequently asked questions. These features are available to customers 24 hours a day, 7 days a week and require no agent assistance. Customer completion of calls within the IVRU increased from 919k in 2011 to 2.01 million in 2012.

Image and Data Capture (IDC)

The Department has maintained the IDC document management system. The system scans images, captures data, and sends the data for processing to the CPS. The IDC utilizes optical character recognition (OCR) to electronically recognize and capture typed or hand-written data from the paper FAFSA, PDF FAFSA and SAR. Use of this technology results in the automation of data entry tasks, thus reducing the processing time for applicants.

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 FAFSA collection requirements do not contain any duplication of data elements. Because legislation requires that the FAFSA be completed annually by applicants, returning applicants encounter similar questions in subsequent years. To reduce that burden, the Renewal FAFSA is available and reuses much of the data previously submitted. Required responses on the Renewal FAFSA are limited to income and asset questions likely to change from year to year.

The review and corrections segment of the application process does not duplicate the process of initial data collection. Reviewing and correcting the application is also fundamental to the application experience because it creates an opportunity to obtain the most accurate applicant 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.

The collection of eligibility information for the awarding of student aid does not impact small businesses.

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 the application process was not completed and data elements not collected, the Department would be unable to make an accurate determination of financial need and subsequently award any Title IV, HEA program assistance, as mandated. In addition, the HEA requires annual determination of the applicant's need for Title IV, HEA program assistance. If the data were collected less frequently, the Department would be in violation of the law. Although an applicant must reapply and receive a new need analysis for every year that student aid is requested, use of the Renewal FAFSA, as described previously, reduces the amount of new data that a student must provide.

As a part of the annual application process, the corrections component provides an opportunity for the applicant to make corrections. The corrections component is crucial in assuring that comprehensive, accurate data is used to calculate the applicant's EFC and overall financial aid eligibility. If the Department were unable to request verification or correction of submitted data, the EFC could be calculated using questionable or erroneous data. In addition, errors discovered as a result of multiple federal database matches (e.g., SSA, Department of Homeland Security (DHS), Veteran Affairs, etc.) could not be corrected. The result would be countless incomplete or inaccurate FAFSA applications and, potentially, millions of incorrect eligibility determinations resulting in the loss of taxpayer dollars by awarding Title IV, HEA program assistance based on erroneous applicant data.

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 application does not invoke special circumstances, as described in the Paperwork Reduction Act submission instructions.

- 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.

The Department published ~~the both 60- and 30-~~ 60- and 30-day Federal Register notices inviting public comment on May 6, 2013, (78 FR 26334, 26334 -26336). During the 60 days, We received 93 comments from individuals or organizations and addressed their comments in a separate document entitled *FSA Application Comments Tracking Summary*.

The Department also consults with an advisory board of financial aid professionals and federal student aid applicants on a yearly basis. Financial aid professionals provide feedback on planned changes to the application and application process.— Students and parents participate in usability studies on existing functions of the application and/or proposed enhancements. A satisfaction survey is also available to users as they exit FOTW. The quantitative and qualitative data gathered is monitored and reported on a quarterly basis. Consideration of the views expressed by these groups is part of the annual development process of the application. The survey is approved under OMB control number 1845-0001. The names and affiliations of the FAFSA advisory team will be provided to OMB upon request.

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

There are no payments or gifts for the completion and/or submission of the application.

- 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.

The confidentiality of the data collected is discussed in the Routine Uses section of the System of Records Notice for the Federal Student Aid Application File (18-11-01), published in 64 FR 30159–30161 (June 4, 1999), as corrected by, 64 FR 72407 (December 27, 1999), as corrected by, 65 FR 11294 (March 2, 2000), as corrected by 66 FR 18758 (April 11, 2001), and as corrected by, 74 FR 68802-68808 (December 29, 2009).

A section on privacy, printed on page 10 of the paper FAFSA and linked from the homepage of FOTW, informs the student that postsecondary educational institutions and State financial aid agencies to which the student requests his or her data be sent will have access to the data, and that the grant agencies in the applicant's state of legal residence will receive certain information even if the student does not provide consent pursuant to section 483(a) of the HEA. Privacy Act information is repeated on the paper SAR and accessible at all times from FOTW. In addition, agencies such as law enforcement agencies, the Office of Management and Budget (OMB), the Department of Justice (DOJ), the Government Accountability Office (GAO), Congress, and other entities have access to the data. Consistent with a notice of an altered system of records that was published in the Federal Register on April 19, 2010 (75 FR 20346), the Department has authorized a small number of secondary schools and local education agencies (LEAs) to obtain information about their student's FAFSA Completion data as a part of a program to facilitate students' completion of the FAFSA. No other individuals have access to this information without the express written consent of the applicant or as authorized by the Secretary consistent with the provisions of Section 483(a)(3)(E).

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.

Except for question 23 (have you been convicted for the possession or sale of illegal drugs for an offense that occurred while you were receiving federal student aid) and questions 24 and 25 (what is your parents' level of education), the FAFSA does not contain questions of a sensitive nature beyond those needed to obtain the information necessary to complete the need analysis and calculate an EFC.

Question 23 is used to determine a student's eligibility for Title IV assistance in accordance with section 484(r) of the HEA. Questions 24 and 25 are often used to determine whether an applicant is a first-generation college student and may be used by State grant agencies, scholarship programs, institutions, and the TRIO programs, which often give special consideration to first-generation college students.

The FAFSA instructions inform applicants that their response to question 23 may affect their eligibility for Federal student aid. Other FAFSA instructions inform applicants that their

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)

response to questions 24 and 25 do not affect their eligibility for Federal student aid.

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.**

The estimates included are the result of the Department's efforts to determine the public's burden as it relates to the application process for Federal student aid. The Applicant Burden Model (ABM), measures applicant burden through an assessment of the activities each applicant conducts in conjunction with other applicant characteristics and in terms of burden, the average applicant's experience. Key determinants of the ABM include:

- The total number of applicants that will potentially apply for federal student aid;
- How the applicant chooses to complete and submit the FAFSA (e.g., by paper or electronically via FOTW);
- How the applicant chooses to submit any corrections and/or updates (e.g., the paper SAR or electronically via FOTW Corrections);
- The type of SAR document the applicant receives (eSAR, SAR acknowledgment, or paper SAR);
- The formula applied to determine the applicant's EFC (full need analysis formula, Simplified Needs Test or Automatic Zero); and
- The average amount of time involved in preparing to complete the application.

The ABM is largely driven by the number of potential applicants for the application cycle. The total application projection for 2014-2015 is based upon two factors - estimates of the total enrollment in all degree-granting institutions and the percentage change in FAFSA submissions for the last completed or almost completed application cycle. The ABM is also based on the application options available to students and parents. The Department accounts for each application component based on Web trending tools, survey information, and other Department data sources.

The 2014-2015 application projections are estimated based on one response per FAFSA submitted. The projections account for two factors, which include college enrollment projections and FAFSA submission rates for the previously completed cycle. The *Projections of Education Statistics* prepared by the U.S. Department of Education, National Center for Education Statistics (NCES), Integrated Postsecondary Education Data System provides estimates of the total enrollment in all degree-granting institutions, as shown in Table 1.

Table 1. Enrollment projections for 2014 from NCES Projections of Education Statistics to 2020
[in thousands]

Year	Enrollment Projections
2011	21,294
2012	21,556
2013	21,792
2014	22,042
2015	22,252
2016	22,509
2017	22,842
2018	23,219
2019	23,569
2020	23,867

For 2014-2015, we estimate total applicant volume by using the values reflected in Table #1 for total college enrollment projection to calculate the high alternative projection. The high alternative projection is used to account for the difference in the number of students who may apply for aid and the number of students who may actually enroll in college. After a review of prior year projections, the Department will utilize a fixed 15 percent in conjunction with the percentage change in FAFSA submissions of the last completed application cycle. There was no percentage change in FAFSA submissions for this prior cycle. Based on these factors, the Department estimates that 25,348,645 total applicants will submit a FAFSA for 2014-2015; an increase of 294,836 applicants from the 2013-2014 estimates.

Once the applicant volume is projected, we determine the total estimated burden and cost by examining each FAFSA completion method. The completion method reflects how applicants choose to complete and submit the FAFSA, and indicates the needs analysis formula the applicant was presented with when they completed the FAFSA. Each completion method is assigned an individual burden estimate to reflect the average time an applicant will spend to prepare, complete and submit a FAFSA and/or correction. For 2014-2015 estimates, we determined that the 2012-2013 cycle offers a more complete data set to help baseline projections for individual burden. It should also be noted that the Department determined that recordkeeping would not be documented as a component of the burden estimate. Since the Department retains, for the applicant, summaries of the data submitted and a history of their changes, the need for an applicant to retain a set of records is optional.

The components that were included in the individual burden estimate include information from Web trending tools and user perception data from surveys and this allowed us to estimate the individual burden for each completion method. The individual burden estimate includes the following:

- 1) Preparation - Average time it takes to review instructions and gather the documents necessary to complete the FAFSA (e.g., paper FAFSA, copies of W-2 Forms, Student/Spouse and/or Parent's Federal Income Tax Returns, bank statements);
- 2) Completion - Average time it takes for data entry (paper or electronic), referencing instructions, or accessing on-line help or calling customer service;
- 3) Submission - Average time it takes to review the Certification Statement, apply signatures, make copies of paper forms or print electronic outputs, and if necessary, obtain postage and mail.

As a result, Table 2 details the initial submission behavior (completion method) and provides the total burden for submission of the FAFSA; along with associated costs by type of

application. Table 3 details the corrections behavior by type of corrections submitted and allows us to calculate the burden associated with each correction method; associated costs by type of correction are also provided. Table 4 shows the total number of SARs distributed as a result of the initial submission of the FAFSA and any corrections made. This table also identifies the type of SARs distributed and provides associated cost for each.

Lastly, Table 5 summarizes the overall total burden and overall total costs for the 2014-2015 Federal Student Aid Application. The total estimated burden for the 2014-2015 Federal Student Aid Application is **26,164,366 hours**. Table 5 also summarizes the annual cost burden to complete the application process, which is **\$153,625.28**, a decrease from the previous year of \$36,599.48. The reason why the estimated total cost is expected to decrease is because the number of applicants to submit a paper FAFSA or a paper SAR is expected to decrease as applicants become more Web oriented. This cost is attributed to the individual postage cost of 46 cents that would be required of applicants who choose to submit a paper FAFSA (Table 2) or a paper SAR (Table 3).

Table 2. Initial Submission of FAFSA

Type of Application Filed	Type of FAFSA Applicant (Independent or Dependent)	Percent	Estimated Number of Applicants (Volume)	Estimated Individual Applicant Burden (Hours)	Estimated Individual Applicant Cost (Dollars)	Total Burden for All Applicants (Hours)	Total Cost for All Applicants (Dollars)
FAFSA on the Web (FOTW)							
FOTW (IC 1)		<i>Overall Usage</i>		42.35%			
The online version of the FAFSA that offers applicants a customized experience.	Dependent	43%	4,616,115	1.22	\$ -	5,631,660	\$ -
	Independent	57%	6,119,036	0.71	\$ -	4,344,516	\$ -
	Subtotals			10,735,151			9,976,176
FOTW - Renewal (IC 2)		<i>Overall Usage</i>		44.65%			
The online version within FOTW for applicants who have previously completed the FAFSA.	Dependent	44%	4,979,995	0.90	\$ -	4,481,995	\$ -
	Independent	56%	6,338,175	0.56	\$ -	3,549,378	\$ -
	Subtotals			11,318,170			8,031,373
FOTW - EZ (IC 3)		<i>Overall Usage</i>		5.60%			
The online version within FOTW for applicants who qualify for the Simplified Needs Test (SNT) or Automatic Zero (Auto Zero) needs analysis formulas.	Dependent	33%	468,443	1.12	\$ -	524,656	\$ -
	Independent	67%	951,081	0.68	\$ -	646,735	\$ -
	Subtotals			1,419,524			1,171,391
FOTW - EZ Renewal (IC 4)		<i>Overall Usage</i>		5.70%			
The online version within FOTW for applicants who have previously completed the FAFSA and who qualify for the Simplified Needs Test (SNT) or Automatic	Dependent	34%	491,257	0.83	\$ -	407,743	\$ -
	Independent	66%	953,616	0.52	\$ -	495,880	\$ -
	Subtotals			1,444,873			903,623

Type of Application Filed	Type of FAFSA Applicant (Independent or Dependent)	Perc ent	Estimate d Number of Applicant s (Volume)	Estima ted Individ ual Applica nt Burden (Hours)	Estimated Individual Applicant Cost (Dollars)	Total Burden for All Applica nts (Hours)	Total Cost for All Applicants (Dollars)
Zero (Auto Zero) needs analysis							
FOTP - FAFSA on the Phone (IC 5)	<i>Overall Usage</i>		0.0175%				
FSAIC customer service representatives assist applicants by filing the FAFSA on their behalf through FOTW.	Dependent	27%	1,198	1.03	\$ -	1,234	\$ -
	Independent	73%	3,238	0.63	\$ -	2,040	\$ -
	Subtotals		4,436			3,274	\$ -
FOTW - FAFSA on the Phone EZ (IC 6)	<i>Overall Usage</i>		0.0025%				
FSAIC customer service representatives assist applicants by filing the FAFSA on their behalf through FOTW	Dependent	28%	178	0.94	\$ -	167	\$ -
	Independent	72%	456	0.60	\$ -	274	\$ -
	Subtotals		634			441	\$ -
School Entry							
FAA Access (IC 7)	<i>Overall Usage</i>		0.25%				
With the FAFSA filer's permission, an institution can use FAA Access to submit the FAFSA	Dependent	25%	15,843	1.47	\$ -	23,289	\$ -
	Independent	75%	47,529	0.96	\$ -	45,628	\$ -
	Subtotals		63,372			68,917	\$ -
FAA Access - Renewal (IC 8)	<i>Overall Usage</i>		0.20%				
With the FAFSA filer's permission, an institution can use FAA Access to submit the Renewal FAFSA for an applicant	Dependent	28%	14,195	1.15	\$ -	16,324	\$ -
	Independent	72%	36,502	0.81	\$ -	29,567	\$ -
	Subtotals		50,697			45,891	\$ -
FAA Access - EZ (IC 9)	<i>Overall Usage</i>		0.20%				
With the FAFSA filer's permission, an institution can use FAA Access to submit the Renewal FAFSA for an applicant	Dependent	41%	20,786	1.37	\$ -	28,477	\$ -
	Independent	59%	29,911	0.93	\$ -	27,817	\$ -
	Subtotals		50,697			56,294	\$ -
FAA Access - EZ Renewal (IC 10)	<i>Overall Usage</i>		0.20%				
With the FAFSA filer's permission, an institution can use FAA Access to submit the Renewal FAFSA for an applicant	Dependent	43%	21,800	1.08	\$ -	23,544	\$ -
	Independent	57%	28,897	0.77	\$ -	22,251	\$ -
	Subtotals		50,697			45,795	\$ -
Electronic Other (IC 11)	<i>Overall Usage</i>		0.60%				
"Electronic Other Original" refers to the	Dependent	22%	33,460	1.25	\$ -	41,825	\$ -
	Independent	78%	118,632	0.87	\$ -	102,913	\$ -

Type of Application Filed	Type of FAFSA Applicant (Independent or Dependent)	Percent	Estimated Number of Applicants (Volume)	Estimated Individual Applicant Burden (Hours)	Estimated Individual Applicant Cost (Dollars)	Total Burden for All Applicants (Hours)	Total Cost for All Applicants (Dollars)
Subtotals			152,092			144,738	\$ -
submission of FAFSA data using the Electronic Data Exchange (EDE) process. With the FAFSA filer's permission, a FAFSA							
Paper Submissions							
PDF FAFSA or Paper FAFSA (IC 12)	<i>Overall Usage</i>		<i>0.23%</i>				
The paper version of the FAFSA printed by the Department and provided for applicants who are unable to access the Internet or the online version of the printed FAFSA for applicants who can access the Internet but are unable to complete the form using FOTW.	Dependent	38%	22,155	2.09	\$ 0.46	46,303	\$ 10,191.30
	Independent	62%	36,147	1.71	\$ 0.46	61,812	\$ 16,627.62
	Subtotals		58,302			108,115	\$ 26,818.92
Total Applicants (Responses)							25,348,645
Applicant Burden (Hours)							20,556,028
Applicant Cost (Dollars)							\$26,818.92

Table 3. Correcting Submitted FAFSA Information

Type of Correction	Type of FAFSA Respondent by Filing Option (Independent or Dependent)	Percent	Estimated Number of Corrections Received (Volume)	Estimated Individual Burden (Hours)	Estimated Individual Applicant Cost (Dollars)	Total Burden for All Respondents (Hours)	Total Cost for All Applicants (Dollars)
FOTW - Corrections (IC 13)	<i>Overall Usage</i>		<i>57.00%</i>				
Any applicant who has a Federal Student Aid PIN (FSA PIN) - regardless of how they originally applied - may correct using Corrections with FOTW.	Dependent	54%	6,788,012	0.16	\$ -	1,086,082	\$ -
	Independent	46%	5,782,381	0.11	\$ -	636,062	\$ -
Electronic Other - Corrections (IC 14)	<i>Overall Usage</i>		<i>19.00%</i>				

Type of Correction	Type of FAFSA Response by Filing Option (Independent or Dependent)	Percent	Estimated Number of Corrections Received (Volume)	Estimated Individual Burden (Hours)	Estimated Individual Applicant Cost (Dollars)	Total Burden for All Respondents (Hours)	Total Cost for All Applicants (Dollars)
With the applicant's permission, corrections can be made via: a school's third party servicer, a school's mainframe computer, FAA Access or a school's proprietary software.	Dependents & Independents		4,190,131	0.16	\$ -	670,421	\$ -
Paper SAR (IC 15)	<i>Overall Usage</i>		1.25%				
Applicants can write corrections directly on the paper SAR and mail for processing.	Dependents & Independents		27 5,666	0.32	\$ 0.46	88,213	\$ 126,806.36
FAA Access - Corrections (IC 16)	<i>Overall Usage</i>		8.00%				
With the FAFSA filer's permission, an institution can use FAA Access to correct the FAFSA.	Dependents & Independents		1,76 4,266	0.16	\$ -	282,283	\$ -
Internal Department Corrections (IC 17)	<i>Overall Usage</i>		14.00%				
The Department will submit an applicant's record for system-generated corrections. There is no burden to the applicants under this correction type.	Dependents & Independents		3,08 7,465	0.00	\$ -	0	\$ -
FSAIC Corrections (IC 18)	<i>Overall Usage</i>		0.75%				
Any applicant, who has their Data Release Number (DRN), can make changes to the postsecondary institutions listed on their FAFSA or change their address by calling FSAIC.	Dependents & Independents		16 5,400	0.05	\$ -	8,270	\$ -
Total Corrections (Responses)							22,053,321
Applicant Burden (Hours)							2,771,330
Applicant Cost (Dollars)							\$126,806.36

Table 4. Reviewing FAFSA Information – Student Aid Report Distribution

Type of SAR Sent	Type of FAFSA Respondent by Filing	Documents Sent (Volume)	Estimated Individual	Estimated Individual Applicant Cost	Total Burden for All Applicants	Total Cost for All Applicants (Dollars)
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	Option (Independent or Dependent)		Burden (Hours)	(Dollars)	(Hours)	
SAR Electronic (eSAR) (IC 19)	<i>Distribution</i>	93.5%				
PDF version of the SAR for applicants who applied electronically or by paper and provided an e-mail address.	Dependents & Independents	44,320,838	0.05	\$ -	2,216,042	\$ -
SAR Acknowledgment (IC 20)	<i>Distribution</i>	3.5%				
Condensed paper SAR that is mailed to applicants who applied electronically but did not provide an e-mail address.	Dependents & Independents	1,659,069	0.10	\$ -	165,907	\$ -
Paper SAR (IC 15)	<i>Distribution</i>	3%				
Full paper summary that is mailed to applicants who filed a paper FAFSA and who did not provide an e-mail address and to applicants whose records were rejected due to critical errors during processing.	Dependents & Independents	1,422,059	0.32	\$ -	455,059	\$ -
Total SARs Distributed					47,401,966	
Applicant Burden (Hours)					2,837,008	
Applicant Cost (Dollars)					\$0.00	

Table 5. Total Burden and Total Costs for 2014-2015 Federal Student Aid Application

Application Process	Responses	Burden (Hours)	Cost (Dollars)
Initial Submission	25,348,645	20,556,028	\$26,818.92
Corrections	22,053,321	2,771,330	\$126,806.36
SAR Review	0	2,837,008	\$0.00
Total Annual Responses	47,401,966		
Total Burden for All Applicants		26,164,366	
Total Cost for All Applicants			\$ 153,625.28

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 other annual burden costs to respondents or record keepers other than what is shown in #12.

~~Other than the costs shown in Items 12 and 14, there is no annual cost burden to respondents or record keepers.~~

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 projected cost to the federal government to produce, process, and distribute the application and related application products or materials is **\$83,589,846**. The projections include the costs associated with the Department’s CPS and other costs like printing, mailing and customer service. See the following Table for cost details.

Table 6. Annual Costs

Projected Costs	
Category 1 - Front End Business Integration (FEBI) per Applicant Services: This category is the primary delivery area performed under the FEBI contract under the tiered per applicant pricing structure. It consists of system development and maintenance of the FEBI Information Technology (IT) products and the primary operational programs: Central Processing Systems (CPS) mainframe software and systems, develop the paper application and other paper products related to eligibility, status reports, ongoing support of existing software and hardware, management of volume peaks, cooperation with multiple contractors, Personal Identification Number (PIN) database, Managing Printing of CPS mailing, Federal Student Aid Information Center (FSAIC), Editorial Services, CPS/ Student Aid Information Gateway (SAIG) Help desk & Customer Communications, Image and Data Capture (IDC), E-mail, Print, and other Operational Services including Conference Support, Participation Management (PM) Operations, Form Support (FAFSA Forms and PM Enrollment Forms,) and Federal Student Aid Training.	\$77,870,346
Category 2 - Other FEBI Programs and Products:	
COD Ancillary Services Printing, mailing, imaging, and storing paper promissory notes.	\$2,664,236
School Products Providing schools with the EDEXpress suite of software products to participate in Electronic Data Exchange.	\$546,950
Postage Mailing SARs and SAR Acknowledgments, PIN mailers and PIN reject letters, Renewal Application reminder letters and follow-up letters, subsequent application letters and IRS income follow-up notification letters.	\$2,508,314
Total Projected Annual Cost	\$83,589,846

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 is reporting a net burden increase of **204,513** hours attributed to the increase in applicants.

We project that the 2014-2015 enhancements to the application will not substantively impact burden.

Table 7 shows the net burden change and total cost for applicants. The change in total annual responses is also listed in the Table. Total annual responses include the original FAFSA submission and corrections.

Table 7. Net Burden Change

	2013-2014	2014-2015	Change	% Change	Burden Disposition
		Accounting for change in applicant burden and change in applicants.			
Total Applicants	25,053,809	25,348,645	+294,836	1.18%	
Total Applicant Burden	25,959,85	26,164,366	+204,513	.79%	

	3				
Total Annual Responses	46,099,008	47,401,966	+1,302,958	2.83%	
Cost for All Applicants	\$190,224.76	\$153,625.28	\$36,599.48	-19.24%	

Updated completion times were calculated for each component and have been used to estimate the burden in Table 8, excluding the change in the applicant volume. The results demonstrate that the burden for all applicants will remain constant.

Table 8. Applicant Burden Change using 2013-2014 Burden Estimates

	2013-2014	2014-2015*	Change	% Change	Burden Disposition
		*Accounting only for change in applicant burden; does not include change in applicants.			
Total Applicants	25,053,809	25,053,809	0	0.00%	
Total Applicant Burden	25,959,853	25,839,174	-120,679	-0.46%	

Table 9 shows the increase in burden given the increase in applicants projected for 2014-2015. The 1.18 percent increase in applicants would result in an increase in burden of 325,912 hours.

Table 9. Applicant Burden Change and Applicant increase

	2013-2014	2014-2015			
		*Accounting for increase of applicants and burden change.			
Total Applicants	25,053,809	25,348,645	+294,836	1.18%	
Burden Change Estimates	-120,679	+204,513	+325,192	-0.46%	Adjustment.

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 collected information will not be published for tabulation or publication.

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 expiration date for OMB approval will not be included on the 2014-2015 paper or PDF FAFSA for design reasons, although the OMB control number is displayed. The term of approval and use of the form is apparent in the first-page instructions that inform applicants to send in the form from January 1, 2014 through June 30, 2015.

The expiration date for OMB approval will not be included on the 2014-2015 paper SAR for design reasons, although the OMB control number is displayed. The term of approval is apparent in the paper and electronic versions of the application which would have to be submitted in order to generate a SAR.

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

Exceptions to the certification requirement are not requested for this information collection.