

SUPPORTING STATEMENT

for

DoD Education Loan Repayment Program Annual Application (DD Form 2475)

A. JUSTIFICATION

1. Need for Information Collection

Title 10 USC 2171, 2173, 16301, 16302, and 16303 authorize the Military Services to repay student loans for individuals who agree to enter the military in specific occupational areas for a specified service obligation period. The program was initially authorized to individuals who joined the Reserve Components between the period of October 1, 1980 and October 1, 1981, or the Active Force between December 1, 1980, and October 1, 1981. Another mandatory requirement was selection for a critical skill. The law was made permanent in November 1985 and provides for repayment of eligible student loans for service performed on active duty or as a member of the Reserve Components in a military specialty determined by the Secretary of Defense. Repayment is on a yearly basis and is for a completed year of service at an amount set by law. The legislation requires the Services to verify the status of individual's loan prior to repayment; therefore, verification data from the individual and the lending institution must be obtained before repayment can be made. This information collection is needed to confirm loan status of military members so that the Department can make repayment to lending institutions.

2. Use of Information

The purpose of this information collection is to verify data from lending institutions to repay eligible student loans for military personnel who meet specific criteria and who are commissioned or enlist for active military service or enter the Selected Reserves for a specified obligation period. The DD Form 2475, "DoD Educational Loan Repayment Program (LRP) Annual Application," which is the form associated with this information collection, is utilized by both Active and Reserve Component Service members who may be eligible for repayment of student loans to verify eligibility for and amounts of repayment. Service members who entered active duty under the various Service student loan repayment programs complete their portion of the DD Form 2475 each year indicating the lending institution and account number. Service personnel record custodians verify Service eligibility requirements and forward the DD Form 2475 to the lending institution. The lending institution verifies loan amount and status, and returns the completed form to the member's unit. The information from the DD Form 2475 is used by the Service finance office for disbursement of annual payment to the lending institution. This information has been used, as authorized by Title 10 USC 2171, 2173, 16301, 16302, and 16303, to verify data from lending institutions to repay student loans for military members who qualify under the Service student loan repayment programs.

3. Improved Information Technology

The individual Service member, the Service member's unit personnel records custodian, and the lending institution are required to complete and verify sections of the DD Form 2475. The requirement for all three (Service member, unit personnel records custodian, and lending institution) to fill in data and provide a signature verification of their data makes it extremely difficult to completely automate this form. Most challenging would be a process that is fully compatible with the numerous lending institutions; however, the form is accessible via the internet and sections can be completed before printing for signature. At this time, neither automated signature pads nor electronic signatures are fully deployed throughout DoD. There is no practical or cost-effective way to completely implement the requirements of the Government Paperwork Elimination Act with respect to the form.

4. Efforts to Identify Duplication

Investigation resulted in no findings of duplicate reporting or records. The information collected is not available in any centralized location.

5. Methods Used to Minimize Burden on Small Entities

The collection does not involve small entities.

6. Consequences of Not Collecting the Information

Title 10 USC 2171, 2173, 16301, 16302, and 16303 require that the existence and amount of student loans be verified annually prior to payment. If collection were stopped, DoD would be unable to verify that valid loans exist as well as the amount owed in order to determine annual payments.

7. Special Circumstances

There are no special circumstances. The data collection will be conducted in a manner consistent with the guidelines in 5 CFR 1320.5(d)(2).

8. Agency 60-day Federal Register Notice and Consultations

a. The 60-day notice was published in the Federal Register on May 15, 2013, page 28579-28580. One comment was received for DOD-2013-OS-0106-0001 on May 28, 2013: "Prior to any funds being released to institutions, the soldier should be properly counseled on their student debt, especially if they went to a proprietary (for-profit) college.

They should be informed things like interest rates, repayment time frame, available options like income-based-repayment, and more. The student loan industry has become too predatory

to assume a soldier knows everything about their current situation. It is easy to get caught in a never ending repayment cycle extending beyond the soldiers time of service.”

b. This information collection was coordinated with officials from the Active and Reserve Military Services.

c. Service comments provided below:

Army National Guard

1. Have a space for both the disbursed and cancelled amount of the loan, along with the disbursement date(s). This way it identifies each individual loan, especially when combining several loans on a single 2475. (Incorporated change; 20130801 final draft)
2. Either combine Sections 3 and 4 for the lender to complete both, or do away with Section 3 completely. (Incorporated change; 20130801 final draft)
3. Revamp the block showing interest to show both interest accrued in the current year and separately any Capitalized interest. Also stipulate on the form that any interest be entered as a dollar amount and not a percentage. Supply a separate block for the lender to include a routing number, separate from the payment processing address. (Incorporated change; 20130801 final draft)
4. Place the loan account number under section 4, therefore it is information that the lender is required to verify. And actual instructions that inform the lender NOT to use a routing number as the payment address. (Incorporated change; 20130801 final draft)
5. Delete block 2f.(Total of prior payments) SM usually never knows this anyway. Need a block for the loan account number. (Incorporated change; 20130801 final draft)

Army

2. SERVICEMEMBER DATA (To be completed by Servicemember) change to - SERVICEMEMBER DATA (To be completed by Servicemember or Borrower (if parent loan incurred for Servicemember's education - see instructions)) (Incorporated change; 20130801 final draft)
3. LOAN DATA (To be completed by loan holder) change to - LOAN DATA (To be completed by loan servicing agency) (Incorporated change; 20130801 final draft)
3.p. Delete block completely. In some cases loan fees are incorporated as part of the loan and should not be a factor when requesting loan information. (Incorporated change; 20130801 final draft)
- 4.a., 4.b., 5.a., and 5.b. Delete all sections. Payments are authorized toward the total remaining original unpaid principal borrowed. Why would we care about disbursements and cancellations? (Incorporated change; 20130801 final draft)

6. REMARKS change to - 4. REMARKS (Incorporated change; 20130801 final draft)

INSTRUCTIONS –

2.a.-e. Self-explanatory change to 2.a.-g. Servicemember or Borrower must complete. If the Borrower is the parent and has a Parent Loan for Undergraduate Students incurred for the Servicemembers education, please ensure the Servicemember's full name and last 4 of their SSN are provided in Section 4. REMARKS. (Incorporated change; 20130801 final draft)

2.f. Delete (Incorporated change; 20130801 final draft)

2.g-h. Self-explanatory. Delete (Incorporated change; 20130801 final draft)

SECTION 3. LOAN DATA (To be completed by loan holder.) change to SECTION 3. LOAN DATA (To be completed by loan servicing agency.) (Incorporated change; 20130801 final draft)

3.d. . . . Servicemember . . . change to Borrower (Incorporated change; 20130801 final draft)

3.e. Loan Account Number of the current loan holder (usually found on payment book or coupon or on promissory note). Change to Loan Account Number to be used to ensure payments are applied to the correct account. (Incorporated change; 20130801 final draft)

3.f.-h. . . . that currently holds your loan. . . . change to - that currently services the loan. (Incorporated change; 20130801 final draft)

3.k. Principal plus interest, plus any fees. Please specifically list the fees in Section 6. REMARKS. Change to Self-explanatory. NOTE: Fees are irrelevant. If the fees were incurred due to default or delinquency, we shouldn't be paying on the loan any way and would need to get additional information regarding the loan if the loan is made current.

If we're talking about the origination fee, it is incorporated with the loan amount and considered part of the loan. (Incorporated change; 20130801 final draft)

3.m. Loan holder must provide their Federal tax identification number for tax withholding. Change to Provide Federal tax identification number for tax withholding. NOTE: I do not know why this is necessary; however, left it since other services may require. (Incorporated change; 20130801 final draft)

3.n. . . . Parts B and E; . . . change to Parts B, D, and E.

NOTE: For RA LRP participants - Loans that qualify for repayment are Guaranteed Student Loans (GSL)/Stafford loans, Federally Insured Student Loans (FISL), National Direct Student Loans (NDSL)/Perkins Loans, or any loan covered under Title IV, Part B, D, or E of the Higher Education Act. Parent Loans for Undergraduate Students

(PLUS) and Consolidated Loans are also eligible for repayment under the LRP, as long as the loans were incurred for the Soldier's education. Since the loans may be in someone else's name and could include loans incurred for individual's education other than the Soldier (such as a sibling or loans incurred for their own education), it would be necessary to have the borrower complete Section 2 and include information regarding the education for which the loans were incurred. (This is one of the reasons why we have to do a separate letter for the Servicemember to provide to the loan servicing agency when completing the form.) (Incorporated change; 20130801 final draft)

3.o. and p. Self-explanatory. Change to 3.o. Self-explanatory. (Incorporated change)

After completion and signature, the personnel records custodian will forward the form to the address listed in Section 1, Block b. change to - After completion and signature, please return form to address listed in Section 1.a. (Incorporated change; 20130801 final draft)

Navy

1. Recommend delete block 2f (number of payments) in an effort to expand block 2e (email). Block 2f is not used by use and 9 times out of 10 is not used correctly by the Sailor. However, Block 2e is used all the time by use and the Sailor is more accurate with this type of data. (Incorporated change; 20130801 final draft)

2. Recommend making block 4g a drop down similar to our SOU...we get many different loan types in that block that are specific to the lender. Usually they are some kind of abbreviation of a loan type...and different loan specialist even at the same company use different loan types "words"...it's confusing. (Did not incorporate change request – only portions of the form can be filled in electronically and because of the many different, and sometimes changing loans, this would be not be feasible.)

3. Phone number to the lender agent (Section 3 r)? At times they confuse us and need to be contacted. Anyone that tries to contract the lender for clarification usually gets referred to the customer line set up for borrowers (which is a none started once they determine you don't have a letter on file to discuss your service members issue). There are ways around this but it takes a lot of time and it would help if we could call directly to the agent completing the form for clarification wrt to making payments. (Army response: I do not think will ever have easy access to the loan information. Usually, the loan holder will not provide information without specific legal documents on file. However, I do think if we were able to contact the certifying officials, they would be more likely to provide information to us as the designated personnel officer the completed the form was provided to.)

4. Consolidated Loans present a problem because the individual loans within the consolidated loan will have promissory notes associated with them that might need to be verified. Lender should be on the hook to supply all promissory notes associated with this type of loan not just the consolidated loan note. Is there away to require promissory notes from the lender? Or is it enough to assume (validated by the lender) that one or many exists just by filling out the 2475? Might save us a lot of trouble down the road during the

the application process especially when the type of loan is listed vaguely as "Title 4" or "non-Title 4... (Army response: I agree, Consolidated Loans present a problem; however, if the loan was consolidated prior to entry on active duty then the note is sufficient. If the loan is consolidated after entry on active duty is the real issue and I would think items 4.a. - 4.d. should be sufficient to capture the information.)

5. Plus Loans borrowers in Section 2...sometimes the lender outright rejects the 2475 (as in not processing it) because the service member is not signing the 2475. I know the problem is not wide spread...but at times we were required to have 2 signatures in that Section iot get the Lender to fill out Section 3. Stronger language is required in the Section 2 instructions...as in signature not necessary or can be found in Section 5 next to name?? what we want to avoid is the rejection of the 2475 from further processing by the lender.

(Army response: You are correct Plus Loans do pose a problem, that is why I suggested Section 2 be completed by the Servicemember or Borrower. If the borrower (Parent) completes, then there would be the need for the parent to provide the Servicemembers full name and last 4. I have no objection to rewording for a stronger effect.) (Submitter did not have suggestion on stronger working, so no change to this section.)

6. In Section 3 instructions...just curious was is RA LRP? The language seems appropriate for a Sailor (i.e. service members) and not sure why directed just to a Soldier PLUS or Consolidated Loan. (Army response: I was having problems with the Parent Loans and Consolidated Loans in the parent's name (sometimes the verified loans included other children and loans incurred for the parent's education). I have no objection removing RA LRP participants and using "eligible LRP participants".) (Incorporated change; 20130801 final draft)

OSD Reserve Affairs

In the "AUTHORITY" line, section 16303 of 10 USC needs to be added.

c. DD Form 2475 has been in use and tested for sixteen (16) years. Less than 1% are questioned or mis-routed.

9. Payments to Respondents

No payments or gifts will be made to respondents.

10. Assurance of Confidentiality

All data is protected by the Privacy Act of 1974 and is protected according to the regulations therein and by related DoD directives and instructions.

11. Personal Identifying Information, Sensitive Questions and Protection of the Information

Personal Identifying Information (PII): Respondents are advised that their data is for OFFICIAL USE ONLY and will be maintained and used in strict confidence in accordance with Federal law and regulations and that the procedures are in place to protect the confidentiality of the information. The erroneous release of PII might cause legal action from individuals against DoD and/or the government.

Protection of the Information: All personal information provided by the subject falls under the Privacy Act of 1974.

Social Security Number (SSN): Is requested to ensure accuracy of data involving the specified individual applicant. The form states this information is voluntary; however, failure of the applicant to provide their SSN may delay the processing of the application

Sensitive Questions (i.e. gender, race and ethnicity): There are no sensitive questions asked in this information collection.

Privacy Impact Assessments (PIA): Per DoD CIO Office, a PIA is not required for this program.

System of Records Notice (SORNs): The following SORNs oversee the collection of the SSN for DD Form 2475. SORNs are maintained by each of the Services. The DoD Blanket Routine Uses, assessed at <http://dpclo.defense.gov/privacy/>, applies to this collection. Applicable SORNs

Official Military Personnel Files:

http://dpclo.defense.gov/privacy/SORNs/component/airforce/F036_AF_PC_C.html

http://dpclo.defense.gov/privacy/SORNs/component/army/A0600-8-104B_AHRC.html

http://dpclo.defense.gov/privacy/SORNs/component/army/A0600-8-104b_NGB.html

<http://dpclo.defense.gov/privacy/SORNs/component/navy/N01070-3.html>

<http://dpclo.defense.gov/privacy/SORNs/component/usmc/M01070-6.html>

12. Estimates of Annual Response Burden and Labor Cost for Hour Burden to the Respondent for Collection of Information

a. Response Burden for DD Form 2475:

Total Annual Respondents:	22,391
Frequency of Response:	1
Total Annual Responses:	22,391
Burden per Response:	10 minutes
Total Burden Hours:	$223,910/60 = 3,732$ hours

b. Explanation of How Burden was Estimated: The number of annual responses was collected from Service contacts. The burden per response was estimated from discussions with Service members. Although a cost per form is included, the form is a .pdf fillable document.

c. Labor Cost to Respondents:

Hourly pay of a loan certifying official is \$18.51 per hour
 $\$18.51 \times (10 \text{ minutes}/60 \text{ minutes}/\text{hour}) = \3.10 per form
TOTAL COST: \$69,412

13. Estimates of Other Cost Burden for the Respondent for Collection of Information:

a. Total Capital and Start-up Cost: None

b. Total average annual Operations and Maintenance Costs: None

14. Estimates of Cost to the Federal Government:

E4-E6 processing Section II of DD Form 2475
Estimated hourly pay \$23.17
Average process time per form: 10 minutes
 $\$23.17 \times (10 \text{ minutes}/60 \text{ minutes}/\text{hour}) = \3.86 per form

$\$3.86/\text{form} \times 22,391 \text{ forms} = \$86,429.26$ estimated cost to the Federal Government annually.

15. Changes in Burden.

An adjustment was made to the estimated respondents to accurately reflect responses received.

a. The estimated number of respondents has increased by 4,891 since the last revision in 2009.

b. An increase of 815 total annual respondent hours since the 2009 revision.

c. Labor cost increase of \$9,270.43 for the loan certifying official and \$6847.40 for the E4-E6 since the 2009 revision.

16. Publication Plans/Time Schedule.

There are no plans to publish any of the information collected.

17. Approval Not to Display Expiration Date.

DoD is not seeking an exception to displaying the expiration date of this information collection.

18. Exceptional to the Certification Statement.

No exceptions to the certification statement are being requested.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS.

Statistical methods are not employed for collection of this information.