

## 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 section<sup>1</sup>. Specify the review type of the collection (new, revision, extension, reinstatement with change, reinstatement without change). If revised, briefly specify the changes. If a rulemaking is involved, make note of the sections or changed sections, if applicable.

This request is for an extension of the information collection supporting the policies and reporting requirements contained in [Subpart E of Part 668](#) – Verification and Updating of Student Aid Application Information. Sections 668.53, 668.54, 668.55, 668.56, 668.57, 668.59 and 668.61 contain information collection requirements (OMB control number 1845-0041). This subpart governs the verification and updating of the Free Application for Federal Student Aid (FAFSA) used to calculate an applicant's Expected Family Contribution (EFC) for purposes of determining an applicant's need for student financial assistance under Title IV of Higher Education Act of 1965, as amended (HEA). The collection of this documentation helps ensure that students (and parents in the case of PLUS loans) receive the correct amount of Title IV program assistance by providing accurate information to calculate an applicant's expected family contribution.

There has been no change to the regulatory language since the prior information collection filing. The regulations require the verification process to include the updating of a student's marital status during the award year when the institution determines that the update is necessary to address an inequity or reflect more accurately the applicant's ability to pay. The regulations identify the number of items to be verified as an average of three data elements as selected on an individual basis. The regulations require that all data changes be transmitted to the Department in order to insure that our systems contain correct data.

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 regulations require participating institutions to inform an applicant selected for verification with a clear explanation of the documentation needed to satisfy the verification requirements, the deadline for the submission of those documents, and the consequences of an applicant's failure to provide the required documentation within the specified time period. Subsequently, the institution will review the submitted

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

documentation and compare the data with that which was originally submitted on the FAFSA. When the data contained on the verification documentation differs from the FAFSA data, the original FAFSA data must be corrected.

Institutions will utilize the verification and updating regulation information to record any changes to application data to ensure that only eligible students receive Title IV, HEA student financial assistance. And by an institution's reporting of confirmation of student information or updates to student information, the Department will have more accurate data to use to determine trends or to insure that eligible students continue to have access to limited federal aid funds.

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.

Institutions are encouraged to use computer and Internet technology to image, transmit, and receive the supporting documents. Changes to FAFSA information are reported using the Department's FAA Access to CPS Online system or the Electronic Data Exchange (EDE), which are both web-based. Students who filed the FAFSA electronically are also able to make changes to the record electronically using the Personal Identification Number (PIN) provided by the Department to ensure a more secure exchange of information.

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 student completes the Free Application for Federal Student Aid (FAFSA) using self-reported data and submits the data by paper or electronically to the Department. Those students selected for verification by the Secretary must submit documentation to support the data as originally provided on the FAFSA. The submission of supporting documentation is not duplicated during any other part of the application process.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden. A small entity may be (1) a small business which is deemed to be one that is independently owned and operated and that is not dominant in its field of operation; (2) a small organization that is any not-for-profit enterprise that is independently owned and operated and is not dominant in its field; or (3) a small government jurisdiction, which is a government of a city, county, town, township, school district, or special district with a population of less than 50,000.

No small businesses are impacted by this collection.

6. Describe the consequences to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

Without these annual data collections institutions would not be able to comply with the statutory verification requirements, resulting in students receiving more aid than they would otherwise be eligible to receive, based solely upon self-reported data. The Department's selection of applicants for the verification process is based upon annual studies it conducts to identify applicant classes that are most prone to report erroneous 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.

This information collection requirement requires no special circumstances.

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.

There were no comments to the 60-day Federal Register notice. This is the 30-day Federal Register notice published seeking public comment.

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

No payments or gifts will be provided to the respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy. If personally identifiable information (PII) is being collected, a Privacy Act statement should be included on the instrument. Please provide a citation for the Systems of Record Notice and the date a Privacy Impact Assessment was completed as indicated on the IC Data Form. A confidentiality statement with a legal citation that authorizes the pledge of confidentiality should be provided.<sup>2</sup> If the collection is subject to the Privacy Act, the Privacy Act statement is deemed sufficient with respect to confidentiality. If there is no expectation of confidentiality, simply state that the Department makes no pledge about the confidentiality of the data.

No assurance of confidentiality is provided to respondents. Submission of required documents is required for applicants selected for verification.

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.

The Department is not requesting any sensitive data.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- Indicate the number of respondents by affected public type (federal government, individuals or households, private sector – businesses or other for-profit, private sector – not-for-profit institutions, farms, state, local or tribal governments), frequency of response, annual hour burden, and an explanation of how the burden was

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<sup>2</sup> Requests for this information are in accordance with the following ED and OMB policies: Privacy Act of 1974, OMB Circular A-108 – Privacy Act Implementation – Guidelines and Responsibilities, OMB Circular A-130 Appendix I – Federal Agency Responsibilities for Maintaining Records About Individuals, OMB M-03-22 – OMB Guidance for Implementing the Privacy Provisions of the E-Government Act of 2002, OMB M-06-15 – Safeguarding Personally Identifiable Information, OM:6-104 – Privacy Act of 1974 (Collection, Use and Protection of Personally Identifiable Information)

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.

Subpart E – Verification and Updating of Student Aid Application Information sections 668.53, 668.54, 668.55, 668.56, 668.57, 668.59 and 668.61 contain collection requirements (OMB control number 1845-0041).

Section 668.53 – Policies and procedures.

The regulations require that all Title IV program participating institutions establish and use written policies and procedures for the verification of information supplied by aid applicants on the FAFSA. These procedures must include timeframes for the request for and submission of documentation, applicant responsibilities in the verification process including consequences of the failure to provide the requested data, among other regulatory elements.

Because the items from the FAFSA selected for verification change annually, we estimate that each participating institution will require 2 hours to review their procedures and update any programming to capture the verification items for that award year.

**AFFECTED PARTIES:**

# of Respondents	# of Responses	Hrs/Response	# of Burden Hours
For-profit institutions			
2,199	2,199	X 2 hours	4,398
Private institutions			
1,743	1,743	X 2 hours	3,486
Public institutions			
1,896	1,896	X 2 hours	3,792
<b>TOTAL</b>			
<b>5,838</b>	<b>5,838</b>		<b>11,676</b>

Section 668.54 – Selection of an applicant’s FAFSA information for verification.

The regulations require that the institution perform verification on all applicants at their institution who are selected by the Department of Education. The regulations also allow for institutions to select applications for institutional verification based on their written policies and procedures. There are also listed allowed exclusions from the verification process.

Because the selection process would be addressed in the updating of policy and procedures and the updating of any programs at the institution we are not including any burden hours for this section of the regulation.

Section 668.55 – Updating information.

The regulations require that all applicants update all dependency status changes throughout the award year, update changes in household size, the number in the household attending postsecondary educational institutions throughout the award year, and under certain situations a financial aid administrator can include changes in an applicant’s marital status.

We estimate that approximately ten percent of the approximate 21 million FAFSA applicants will be required to update information listed above.

AFFECTED PARTIES:

# of Respondents	# of Responses	Hrs/Response	# of Burden Hours
Individuals	** 2,100,000	X 0.08	168,000
Proprietary Institutions	* 798,000	X 0.17	135,660
Private Not-For Profit Institutions	* 630,000	X 0.17	107,100
Public Institutions	* 672,000	X 0.17	114,240
<b>TOTAL</b>	<b>* 4,200,000</b>		<b>525,000</b>

Note - An asterisk (\*) is used to avoid double counting the same respondents that has been identified in one of the section breakouts. The double asterisk denotes this group as a subsection of the individuals identified in section 668.57 and is used to avoid double counting the same respondent.

Section 668.56 – Information to be verified.

The regulations specify that the Secretary will publish an annual listing of FAFSA information that may be required to be verified. The Federal Register includes a range of information that applicants will need to confirm and the types of acceptable documentation that is to be submitted to substantiate the previously provided information on the FAFSA for each of the items identified.

The review of the Federal Register identifying the verification classifications is part of the annual review of the institution’s policies and procedures identified in Section 668.53, there is no additional burden assessed here.

Section 668.57 – Acceptable documentation.

The regulations clarify acceptable documentation for the specified areas for verification. The regulations also allow the institutions to accept income information provided on the FAFSA if it has been obtained directly from the Internal Revenue Service during the initial application process through the IRS Data Retrieval process when the retrieved data has not been changed by the applicant.

The Department selected about 30 percent of the approximate 21 million FAFSA filers in the 2012-2013 award year. We anticipate it will take the applicant an average of seven minutes to review the verification request and locate the requested documents to provide to the institution.

Affected Parties:

# of Respondents	# of Responses	Hrs/Response	# of Burden Hours
Individuals			
6,300,000	6,300,000	X 0.12	756,000
Proprietary Institutions			
*	2,394,000	X 0.12	287,280
Private Not-For Profit Institutions			
*	1,890,000	X 0.12	226,800
Public Institutions			
*	2,016,000	X 0.12	241,920
<b>TOTAL</b>			
<b>6,300,000</b>	<b>12,600,000</b>		<b>1,512,000</b>

Note - An asterisk (\*) is used to avoid double counting the same respondents that has been identified in one of the section breakouts.

Section 668.59 – Consequences of a change in application information.

The regulations require that all changes to the applicant’s FAFSA information resulting from verification be submitted to the Department for those applicants receiving aid under any of the subsidized student financial assistance programs.

Of the approximate 21 million applicants in the 2012-2013 award year, we estimate that about 6.3 million applicants will be selected for verification. Based upon the average number of transactions as a consequence of a change in FAFSA information, we believe that the 6.3 million applicants verified will have an average of 2.5 transactions per applicant selected to complete the verification/data correction process yielding 15,750,000 responses. We expect the average amount of time per response to be 7.4 minutes (.12 hours) for a total of 1,890,000 hours of burden.

Affected Parties:

# of Respondents	# of Responses	Hrs/Response	# of Burden Hours
Proprietary Institutions			
*	5,985,000	X 0.12	718,200
Private Not-For Profit Institutions			
*	4,725,000	X 0.12	567,000
Public Institutions			
*	5,040,000	X 0.12	604,800
<b>TOTAL</b>			
*	<b>15,750,000</b>		<b>1,890,000</b>

Note - An asterisk (\*) is used to avoid double counting the same respondents that has been identified in one of the section breakouts.

Section 668.61 – Recovery of funds from interim disbursements.

The regulations outline the efforts that institutions must make to recover funds from students who received an interim disbursement of Title IV, HEA student financial assistance and who, through the verification process, are determined to have received more funding than they were eligible to receive. Due to the risks of owing repayments of program funds for students who do not complete verification or are shown to be ineligible due to the completion of verification few institutions process interim disbursements. Therefore the Department has determined that any burden on the institutions would be negligible.

A summary is of the proposed burden is noted below:

<i># of Respondents</i>	<i># of Responses</i>	<i># Hrs of Burden</i>
<b>Section 668.53-Policies and Procedures</b>		
5,838	5,838	11,676
<b>Section 668.55 – Updating information</b>		
*	4,200,000	525,000
<b>Section 668.56 – Information to be verified</b>		
N/A	N/A	N/A
<b>Section 668.57 – Acceptable documentation</b>		
6,300,000	12,600,000	1,512,000
<b>Section 668.59 – Consequences of a change in FAFSA information</b>		
*	15,750,000	1,890,000
<b>Section 668.61 – Recovery of funds from interim disbursements</b>		
N/A	N/A	N/A
Sub total		
6,305,838	32,555,838	3,938,676
<i>Current Inventory</i>		
<b>9,859,207</b>	<b>33,670,371</b>	<b>4,713,934</b>



**Net decrease**

**-3,553,369**

**-1,114,533**

**-775,258**

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14.)

- The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and acquiring and maintaining record storage facilities.
- If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.
- Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government or (4) as part of customary and usual business or private practices. Also, these estimates should not include the hourly costs (i.e., the monetization of the hours) captured above in Item 12

Total Annualized Capital/Startup Cost :  
Total Annual Costs (O&M) :  
Total Annualized Costs Requested : \_\_\_\_\_

There are no start-up costs associated with these regulatory changes.

14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

There are no additional costs to the government.

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 decrease of 775,258 burden hours is due to the continued streamlining and automation of the verification process. The ability of an individual to retrieve his or her financial information directly from the Internal Revenue Service (IRS) when completing the Free Application for Federal Student Aid (FAFSA) has decreased the number of verification interactions institutions must have with students who are using the FAFSA on the Web application which helps to prevent and combat fraud, waste and abuse.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The results of the collection of information will not be published.

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

ED is not seeking approval to not display an expiration date. The OMB expiration dates will be displayed in the Federal Register once approved.

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

ED is not requesting any exceptions to the "Certification for Paperwork Reduction Act Submissions."