

**SUPPORTING STATEMENT**  
**FOR PAPERWORK REDUCTION ACT SUBMISSION**  
**FINANCIAL DISCLOSURE FOR REASONABLE AND AFFORDABLE**  
**REHABILITATION PAYMENTS FORM**

**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 is a request for an information collection for the form used to obtain standardized financial information from borrowers with defaulted FFEL or DL program loans. This information would be used by either the Secretary or a guaranty agency to make a determination of a reasonable and affordable monthly loan payment which if made according to the agreed schedule would afford defaulted borrowers an opportunity for loan rehabilitation.

The regulations published in the Notice of Proposed Rulemaking (NPRM) on July 29, 2013, required that the form would be used for all defaulted borrowers who wished to establish a reasonable and affordable monthly rehabilitation repayment amount on a defaulted loan to afford an opportunity for loan rehabilitation.

Sections 685.211(f)(5) and 682.405(b)(1)(vii) included in the Department's final regulations published on November 1, 2013, has revised that premise. Now, only a borrower who objects to the monthly rehabilitation payment amount determined using the 15 percent formula described in the final regulations is required to provide the guaranty agency or the Secretary the information needed to calculate a monthly rehabilitation payment amount by completing the OMB approved form 1845-0120 Financial Disclosure for Reasonable and Affordable Rehabilitation Payments (RAP) form and supplying supporting documentation as needed.

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 information provided on the final Financial Disclosure for Reasonable and Affordable Rehabilitation Payments form would be provided by the borrower to the

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

Direct Loan or FFEL loan holder (either the guaranty agency or the Department) for the purpose of determining the loan rehabilitation monthly repayment amount. This would be a new form.

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.

While the final form would be downloadable from the Department's Web site, once printed it would be completed by the borrower and spouse (if applicable), and submitted with copies of supporting documentation to the loan holder.

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 current requirements are minimal and avoid duplication. There is no similar information available that can be used or modified for this purpose at this time.

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 affected by this information 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.

Absent this proposed data collection form, the loan holder would not have sufficient or accurate information required to calculate the loan rehabilitation monthly repayment amount.

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 collection of this information will continue to be conducted in a manner that is consistent with the guidelines in 5 CFR 1320.6.

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 final regulations were developed through the Negotiated Rulemaking process where the public, in consultation with schools, and a variety of professional associations and other interested parties provided input. Comments relating to the use of the form were noted in the final regulations published on November 1, 2013 (see 78 FR 65768). Due to the extensive and detailed comments received relating to the Financial Disclosure for Reasonable and Affordable Payments form, the final regulations stated that a separate notice would be published following that final notice (see 78 FR 65790). The changes to the content of the final revised form were the result of comments received on both the regulation and the proposed form.

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.

A Privacy Act Notice is included on the Financial Disclosure for Reasonable and Affordable Rehabilitation Payments form that is part of this information collection. In this notice, the borrower is informed of the statutory authority for collecting the information requested. Although disclosure of the information is voluntary, the borrower is informed that in order to be considered for the reasonable and affordable rehabilitation repayment amount benefit the information must be provided. The information provided is used to verify the borrower's identity, to determine the borrower's eligibility for the rehabilitation benefits and to permit the servicing of the loan(s) and to locate the borrower and collect on the loans.

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 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

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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)

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 final regulations published on November 1, 2013, allow for a defaulted borrower to object to an initial determination of a reasonable and affordable monthly repayment amount based on the amount determined using the 15 percent formula described in the final regulations. The defaulted borrower is required to provide the guaranty agency or the Secretary the information needed to calculate a monthly rehabilitation payment amount by completing the OMB approved form 1845-0120 Financial Disclosure for Reasonable and Affordable Rehabilitation Payments (RAP) form and supplying supporting documentation as needed. This is a change from the requirements of the NPRM and the previous information collection package.

Section 685.211 – Miscellaneous Repayment Provisions

In calendar year 2011, there were approximately 92,870 Direct Loan borrowers that requested a reasonable and affordable loan rehabilitation payment determination of their default loans. We estimate that 12 percent or 11,144 of those defaulted borrowers will object to the initial rehabilitation payment determination and request an alternate determination based on information provided using the RAP form. Of those 11,144 borrowers who object to the initial determination we estimate that 75 percent or 8,358 will complete and submit the RAP.

We estimate that on average it would take a borrower 1 hour (60 minutes) to complete and submit the RAP form. Under the final regulations, we estimate that burden will be 8,358 hours (8,358 borrowers requesting loan rehabilitation multiplied by 1 hours per loan rehabilitation requests) a decrease from the proposed rule of -130,947 hours under OMB Control Number 1845-0120.

Section 685.211 - New Burden:

|                                  |                |                |              |
|----------------------------------|----------------|----------------|--------------|
| Burden from proposed regulations |                |                |              |
| # of Respondents                 | # of Responses | Hours/Response | Burden Hours |
| 92,870                           | 92,870         | 1.5 hrs        | 139,305      |
| Burden from final regulations    |                |                |              |
| # of Respondents                 | # of Responses | Hours/Response | Burden Hours |

|   |         |                |      |              |
|---|---------|----------------|------|--------------|
|   | 8,358   | 8,358          | 1 hr | 8,358        |
| Difference from proposed regulations to final regulations |         |                |      |              |
| # of Respondents  |         | # of Responses |      | Burden Hours |
|   | -84,512 | -84,512        |      | -130,947     |

Section 682.402 – Loan Rehabilitation Agreement

In calendar year 2011, there were approximately 299,159 FFEL borrowers (192,029 borrowers whose FFEL Program loans are commercially held and 107,130 FFEL Program borrowers whose loans are held by ED) that requested a reasonable and affordable loan rehabilitation payment determination of their default loans. We estimate that 12 percent or 35,899 of those defaulted borrowers will object to the initial rehabilitation payment determination and request an alternate determination based on information provided using the RAP form. Of those 35,899 borrowers who object to the initial determination we estimate that 75 percent or 26,924 will complete and submit the RAP.

We estimate that on average it would take a borrower 1 hour (60 minutes) to complete and submit the RAP form. Under the final regulations, we estimate that burden will be 26,924 hours (26,924 borrowers requesting loan rehabilitation multiplied by 1 hours per loan rehabilitation requests) a decrease from the proposed rule of -421,815 hours under OMB Control Number 1845-0120.

Section 682.402:

|   |                |                |              |  |
|---|----------------|----------------|--------------|--|
| Burden from proposed regulations                          |                |                |              |  |
| # of Respondents  | # of Responses | Hours/Response | Burden Hours |  |
| 299,159   | 299,159        | 1.5 hrs        | 448,739      |  |
| Burden from final regulations                             |                |                |              |  |
| # of Respondents  | # of Responses | Hours/Response | Burden Hours |  |
| 26,924  | 26,924         | 1 hr           | 26,924       |  |
| Difference from proposed regulations to final regulations |                |                |              |  |
| # of Respondents  | # of Responses |                | Burden Hours |  |
| -272,235  | -272,235       |                | -421,815     |  |

Numbers from the proposed regulations:

|                  |                |                |              |  |
|------------------|----------------|----------------|--------------|--|
| # of Respondents | # of Responses | Hours/Response | Burden Hours |  |
| 392,029          | 392,029        | 1.5 hrs        | 588,044      |  |

Difference from proposed regulations to final regulations:

|                  |                |                |              |  |
|------------------|----------------|----------------|--------------|--|
| # of Respondents | # of Responses | Hours/Response | Burden Hours |  |
|------------------|----------------|----------------|--------------|--|

|  |          |        |          |
|--|----------|--------|----------|
| -356,747                                   | -356,747 | -5 hrs | -552,762 |
| <u>Total New Burden Numbers Requested:</u> |          |        |          |
| 35,282                                     | 35,282   |        | 35,282   |

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 capital/startup costs to respondents, nor are there any annual costs to respondents associated with operating or maintaining systems or purchasing services.

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 cost to the federal government is minimal.

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).

This is a program revision. The final regulations provide for a new form approved by the Secretary to be used for the standardized collection of data used to determine the monthly reasonable and affordable loan rehabilitation repayment amount. The basis for use of this new form is different than that of the form disseminated with the NPRM. It is anticipated that approximately 35,282 borrowers will require 35,282 hours to complete the form and gather and submit supporting documentation. This is a change from the proposed regulations with a decrease in burden of -356,747 respondents and responses and -552,762 hours due to a restructuring of the final regulations. See sections 1 and 12 for a more in depth discussion of the changes.

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 this 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.

The Department is not seeking this approval.

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

The Department is not requesting any exceptions to the "Certification for Paperwork Reduction Act Submissions" of OMB Form 83-1.