

SUPPORTING STATEMENT

FOR PAPERWORK REDUCTION ACT SUBMISSION

Request for Title IV Reimbursement or Heightened Cash Monitoring 2 (HCM2)

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.

The collection of this information is needed in order for the Payment Analysts to review and process the institutional payment request for Title IV (TIV) funds. Section 487 (c) of the Higher Education Act (HEA) of 1965 as amended requires that the Secretary prescribe regulations to ensure that any funds postsecondary institutions receive under the HEA are used solely for the purposes specified in and in accordance with the provision of the applicable programs. The concept of this federal gatekeeping has a long history, originating in 1952. However, as a result of abuses by institutions in the TIV programs, the HEA amendments of 1992 significantly increased ED's gatekeeping responsibilities.

Title 34: Part 668—Student Assistance General Provisions (see attached), Subpart K—Cash Management (§668.161) establishes the rules and procedures for a participating institution to request, maintain, disburse, and manage TIV program funds.

We are requesting an extension of the current collection with a small change made to the form due to the elimination of three reporting items. However, the average time to gather information and complete the form has not changed.

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 School Eligibility Service Group (SESG), (which is the principal operating component within the Department of Education, Federal Student Aid) reviews and analyzes the information reported on the Form 270 (Request for Title IV Reimbursement and Heightened Cash Monitoring (HCM2)) and makes the determination on the institution's request. The information provided on the form is used to process and pay for TIV funds to the institution.

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

The current collection is used for the identification of program funds for payment, the period covered by the request for funds and cash on hand.

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.

The Form 270 submitted for OMB clearance can be completed and sent in electronic format if the institution has digital signature capability. We are estimating that approximately 20% of the institutions will have digital signature capability. If the institution does not have digital signatures in place, the form is completed electronically, printed and signed and sent in hardcopy format with the payment package for processing.

The use of this form electronically will reduce the institution's burden because the Institution completes one form for all TIV programs for which funds are requested.

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.

This information is not available from any other system or source. The requirements avoid duplication.

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.

Small businesses/entities complete one form for all TIV programs for which funds are requested.

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 collection is not conducted, students at these institutions will not receive the Title IV program funds for which they are eligible.

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.

Institutions can submit, and our office will accept and process, only one HCM2 or Reimbursement request during any 30-day time period. This office only accepts originals of documentation. Documentation with the submission will not be returned. Therefore, the Department strongly recommends that the institution maintain a copy of the HCM2/Reimbursement submission. Federal Student Aid's Department-wide record retention policy is located within the Department of Education's Records Disposition Schedules (ED/RDS), Part 10. Part 10, 15a (Annual Request for Funds and Payment Records) Disposition: Dispose of 30 years after the end of the FY in which the final payment is made.

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 has contact with the institutional officials completing the form but no indication of problems with the form has been noted. There was a 60-day notice published in the Federal Register. No public comments regarding the burden assessment

were received. There will be a 30-day notice in the Federal Register seeking public comment on these burden calculations.

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

No payment 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.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.

An institution receives a letter when placed on Reimbursement or HCM2. Section III.A. of the enclosure to the letter in the Method of Payment internal procedures provides information concerning Protection of Personally Identifiable Information for the institutions.

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

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)

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.

For the Number of Respondents Reporting Annually for HCM2 Method of Payment, we averaged 60 schools reporting within a single year and 1 school reporting for the Reimbursement Method of Payment.

Hour Burden of Collection

34 CFR Requirement	Number of Respondents Reporting Annually	Frequency of Response	Annual Reporting/Response	Hours Required to Collect and Report	Total Hours
668.162(d) Reimbursement Method of Payment					
Business or other for-Profit	1	12	12	5	60
Not-For-Profit Institutions	0	0	0	0	0
668.162(e) Heightened Cash Monitoring 2 Method of Payment (HCM2)					
Business or other for-Profit	60	12	720	5	3600
Not-for-Profit Institutions	0	0	0	0	0
TOTAL					3660

Wage Rate:

Position	Wage Rate	Cost Per Hour
Professional Staff (Financial Aid Director)	\$74,787	\$36

Annualized Cost for Collection of Information

34 CFR Requirement	Number of Respondents Reporting Annually	Cost per Institution	Total Burden
668.162(d) Reimbursement Method of Payment			
Business or other for-Profit	1	\$2160	\$2160
Not-For-Profit Institutions	0	0	0
668.162(e) Heightened Cash Monitoring Method of Payment (HCM2)			
Business or other for-Profit	60	\$131,760	\$131,760
Not-For-Profit Institutions	0	0	0
TOTAL Hour Burden of Collection Information			\$133,920

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 is no cost burden to respondents or record-keepers resulting from the information collection other than shown in items 12 and 14.

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.

34 CFR Requirement	Number of Respondents Reporting Annually	Hours Required for ED Review	Total Hours	Average Hourly Wage	Cost per CFR Requirement
668.162(d) Reimbursement Method of Payment					
Business or other for-Profit	1	6	6	\$40	\$240
Not-For-Profit Institutions	0	0	0	0	0
668.162(e) Heightened Cash Monitoring Method of Payment (HCM2)					
Business or other for-Profit	60	7	420	\$40	\$16,800
Not-For-Profit Institutions	0	0	0	0	0
TOTAL Cost for ED review of the Payment Submission					\$17,040

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).

We are requesting an extension of the current burden assessment without change. The information collected on the form and number of users has remained stable.

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.

This information is not expected to 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.