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[1]. 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 Department of Education (the Department) proposes to amend the Student Assistance General Provisions regulations issued under the Higher Education Act of 1965, as amended (HEA), to implement the changes made to the Student Assistance General Provisions regulations – Subpart K – Cash Management §668.164 – Disbursing funds. These proposed regulations are a result of negotiated rulemaking and would add new requirements to the current regulations. These proposed regulations are intended to ensure students and parents have convenient access to their Title IV, HEA program funds, do not incur unreasonable and uncommon financial account fees on these title IV funds and are not led to believe that they must open a particular financial account to receive their Federal student aid.

> This request is to revise the information collection for the requirements that are contained in the regulations §668.164 – Disbursing funds. The proposed regulations would add requirements that an institution that makes direct payments to a student or parent by electronic funds transfer (EFT) and that chooses to enter into an arrangement described in proposed 668.164(e) or (f) of, including an institution that uses a third-party servicer to make those payments, must establish a selection process under which the student or parent chooses one of several options for receiving those Title IV, HEA fund payments.

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 will be used by institutions and students and parents to ensure that all parties are aware of the choices and ramifications of the available options for receiving Title IV credit balances.

> Under the proposed regulations an institution must establish a selection process whereby the student or parent chooses one of several options for receiving Title IV credit balances and require certain disclosures regarding arrangements between an institution and a third-

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

party servicer, and between an institution and a financial institution for the purpose of paying a Title IV credit balance under proposed 34 CFR 668.164(d)(4)

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.

There are no legal or technical obstacles to the use of technology in this information collection activity. It is anticipated that many institutions will provide this information to eligible students through electronic means.

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 duplicated on any other information collection.

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.

Of the 7,539 institutions participating in Title IV, HEA student aid programs for the 2013-14 award year, we have identified 4,253 as small entities. While most institutions of higher education will provide the required information about third-party servicers and/or financial institutions with whom the institutions of higher education have made arrangements to resolve Title IV credit balances via their campus Web sites, there will be some small institutions that will choose to provide written materials to students and parents and collect their consent via pen and paper. Using campus Web sites will mitigate the burden of these disclosures and for the collection of student and parent consent.

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.

The proposed regulation requires the institution to determine which students will receive a credit balance and to the extent that an institution uses a Tier 1 or Tier 2 type of account, then those arrangements must be disclosed. These disclosures are to emphasize that students can always use any pre-existing bank account in which to deposit their Title IV credit balance rather than opening a new account. The disclosures also provide the student and parent with the terms and conditions information that include fees that can be assessed associated with these new accounts being offered through the institution. These disclosures are meant to provide additional consumer information upon which financial decisions can be made.

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 application is consistent with all of the guidelines in 5 CFR 1320.5(d)(2).

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 of Education (Department) developed these regulations using negotiated rulemaking committees with members of the community during 2013. The comment period for this information collection package will run concurrently with the Notice of Propose Rulemaking.

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 to 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 confidentially of the data.

There is no assurance of confidentiality provided to institutions for the submission of this information.

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.

There are no questions of a sensitive nature in this application.

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

[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)

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.

Section 668.164 – Disbursing funds.

Section 668.164(d)(4): Selection process
Under the proposed regulations, an institution that makes direct payments to a student or parent by EFT and that chooses to enter into an arrangement described in 668.164(e) or 668.164(f) must establish a selection process under which the student or parent chooses one of several options for receiving those payments. The institution must inform the student or parent in writing that he or she is not required to open or obtain a specific financial account or access device in order to receive a Title IV credit balance. The institution must ensure that the options listed are presented in a clear, fact-based, and neutral manner and indicate that the use of any pre-existing account or access device must be listed as the first and default option. The institution must ensure that initiating direct payments to an existing account be as timely as and no more onerous than initiating direct payments to an account offered pursuant to a T1 or T2 arrangement. The institution must allow the student or parent the option to change his or her account preference with reasonable written notice. The institution must list and identify major features and commonly assessed fees associated with all accounts offered pursuant to a T1 or T2 arrangement, as well as provide a URL linked to the terms and conditions of these accounts. Finally, the institution must list issuing a check as an option for a student or parent to receive payments.

The Department calculated the incidence and distribution of credit balance recipients. The numbers of students who received Title IV aid in the 2013-2014 cohort (from the Department's office of Federal Student Aid) were matched by institution to the Integrated Postsecondary Education Data System (IPEDS) tuition, fees, and room and board data. The credit balance calculation established an institutional cost that included an estimated average tuition, fees, and room and board amount (which took into account the percentage of students who lived in-district, in-state, and out of state for tuition and fees expense, and the percentage of students who lived on-campus for room and board charges). Aid recipients were grouped by the amount of aid received (rounded into $500 ranges). For each institution, the number of students in the aid ranges above the estimated institutional cost were considered to have a credit balance.

The Department looked only at Title IV participating institutions and aid recipients. From the data obtained, 3,400 institutions (out of the total 7,539 participating in Title IV, HEA programs) had both tuition estimates and aid recipient information. Unsurprisingly, there was an inverse relationship between an institution's tuition and fees and the percentage of students receiving a Title IV credit balance. In an effort to thoroughly analyze all of the available data, the Department also applied the same methodology described above to a subset of institutions. The Department obtained a listing of institutions that were known to have card agreements with financial institutions from publicly available information compiled by the Consumer Financial Protection Bureau (CFPB). Of these 914 institutions with card agreements, 672 institutions had both tuition and fees and aid recipient data in the Department's dataset. CFPB indicated that the information on the 914 institutions was from publicly available data. The Department's NSLDS data, when combined with the IPED's data and the CFPB data (NSLDS-IPEDS-CFPB) had tuition and fees and aid recipient data for 672 of the 914 institutions. From the data for 672 institutions, we projected the number of students with a Title IV credit balance at the 914 institutions proportionately. As a result, there were a total of 1,798,756 students at the 914 institutions from this dataset who received a credit balance.

AFFECTED ENTITES and BURDEN:

PUBLIC INSTITUTIONS:
Of the 914 institutions with arrangements, the NSLDS-IPEDS-CFPB data show that 685 institutions would be public institutions. On average, we estimate the burden associated with developing and implementing the proposed student and parent choice options would increase burden by 20 hours per institution and therefore total burden of 13,700 hours (685 institutions times 20 hours per institution) under OMB Control Number 1845-0106.

PRIVATE NON-PROFIT INSTITUTIONS:
Of the 914 institutions with arrangements, the NSLDS-IPEDS-CFPB data show that 154 institutions would be private not-for-profit institutions. On average, we estimate the burden associated with developing and implementing the student and parent choice options would increase burden by 20 hours per institution and therefore total burden of 3,080 hours (154 institutions times 20 hours per institution) under OMB Control Number 1845-0106.

PROPRIETARY INSTITUTIONS:
Of the 914 institutions with arrangements, the NSLDS-IPEDS-CFPB data show that 75 would be private for-profit institutions. On average, we estimate the burden associated with developing and implementing the student and parent choice options would increase burden by 20 hours per institution and therefore total burden of 1,500 hours (75 institutions times 20 hours per institution) under OMB Control Number 1845-0106.

	# of Respondents:	# of Responses:	Hrs/Response:	# of Burden Hours:
PUBLIC INSTITUTIONS:				
Selection process implementation				
	685	685	X 20 hrs	13,700
PRIVATE NON-PROFIT INSTITUTIONS:				
Selection process implementation				
	154	154	X 20 hrs	3,080
PROPRIETARY INSTITUTIONS:				
Selection process implementation				
	75	75	X 20 hrs	1,500
Total:	*914*	*914*		*18,280*

The NSLDS-IPEDS-CFPB data indicates that 1,798,756 Title IV recipients with credit balances for the 2013-14 award year would be impacted by this proposed regulation. We estimate that each of the affected Title IV recipients would take, on average, 20 minutes (.33 hours) to review the options presented by the institution or their third-party servicer and to make their selection.

RECIPIENTS AT PUBLIC INSTITUTIONS:
Of the total number of Title IV recipients with a credit balance, the data show that 1,736,141 recipients were enrolled in public institutions. On average, each recipient would take 20 minutes (.33 hours) to read the materials and make their selection, increasing burden by 572,927 hours (1,736,141 times .33 hours) under OMB Control Number 1845-0106.

RECIPIENTS AT PRIVATE NON-PROFIT INSTITUTIONS:
Of the total number of Title IV recipients with a credit balance, the data show that 13,601 recipients were enrolled in private not-for-profit institutions. On average each recipient would take 20 minutes (.33 hours) to read the materials and make their selection, increasing burden by 4,488 hours (13,601 recipients times .33 hours) under OMB Control Number 1845-0106.

RECIPIENTS AT PROPRIETARY INSTITUTIONS:
Of the total number of Title IV recipients with a credit balance, the data show that 49,014 recipients were enrolled in for-profit institutions. On average each recipient would take 20 minutes (.33 hours) to read the materials and make their selection, increasing burden by 16,175 hours (49,014 recipients times .33 hours) under OMB Control Number 1845-0106.

Overall, burden to Title IV recipients would increase by 593,590 hours (the sum of 572,927 hours, 4,488 hours, and 16,175 hours).

# of Respondents:	# of Responses:	Hrs/Response:	# of Burden Hours
RECIPIENTS AT PUBLIC INSTITUTIONS:			
Student choice			
1,736,141	1,736,141	X .33 hrs	572,927
RECIPIENTS AT PRIVATE NON-PROFIT INSTITUTIONS:			
Student choice			
13,601	13,601	X .33hrs	4,488
RECIPIENTS AT PROPRIETARY INSTITUTIONS:			
Student choice			
49,014	49,014	X .33hrs	16,175
Total:			
1,798,756	*1,798,756*		*593,590*
Grand Total for Proposed 668.164(d)(4):			
1,799,670	*1,799,670*		*611,870*

Section 668.164(e): Tier 1 (T1) Arrangements
Under the proposed regulations in §668.164(e), when an institution enters into a contract with a third-party servicer to make direct payments of Title IV, HEA program funds on behalf of the institution to one or more financial accounts that are offered under the contract or by the third-party servicer to students and their parents, this would be considered a T1 arrangement between the institution and the third-party servicer.

Under a T1 arrangement the institution must comply with the following requirements:
1. The institution must obtain the student's or parent's consent to open the financial account before the institution provides any information about the student or parent, except for name, address, and email address, to the third-party servicer, the financial institution at which the financial account's funds would be deposited, or the agents of either an access device, or and before any representation of an access device, is sent to the student or parent; and before a card or tool provided to the student or parent for institutional purposes, such as a student ID card, is associated with the financial account;
2. The institution must inform the student or parent of the terms and conditions of the financial account, in a manner consistent with disclosure requirements specified by the Secretary in a notice published in the Federal Register , before the financial account is opened or an access device is activated;
3. The institution must ensure that the student or parent has convenient access to the financial account through surcharge-free national or regional ATM network that has ATMs located on or near each location of the institution, and that those ATMs are sufficient in number and housed and serviced such that the funds are reasonably available from them, including at the times the institution or its third-party servicer makes direct payments into them. The student and/or parent must not incur any cost for opening the

financial account or initially receiving an access device, which would be assessed by the institution, third-party servicer, or partner financial institution on behalf of the third-party servicer, when the student or parent conducts point-of-sale transactions; or for conducting any transaction on an ATM that belongs to the regional or national network;

4. The student and/or parent cannot incur a charge initiated by the institution, third-party servicer, or partner financial institution on behalf of the third-party servicer for at least 30 days following the date that Title IV, HEA program funds are deposited or transferred to the financial account;

5. The institution must ensure that the financial account or access device is not marketed or portrayed as, or converted into a credit card; that the financial account or access device is not marketed or portrayed as, or converted into a credit instrument, that no credit may be extended or associated with the account, and that any transaction exceeding the balance on the card must be denied without charging the student or parent any fee for such denial;

6. The institution must no later than 60 days after the most recently completed award year, provide to the Secretary and disclose conspicuously on the institution's Web site, the contract between the institution and financial institution in its entirety, except for any portions that, if disclosed, would compromise personal privacy, proprietary information technology, or the security of information technology or of physical facilities; the total consideration, monetary and non-monetary, paid or received by the parties under the terms of the contract, as well as the number of students and parents who had financial accounts under the contract at any time during the most recently completed award year, and the mean and median of the actual costs incurred by those account holders; and to annually provide a Universal Resource Locator (URL) linking from the institution's Web site to the agreement and provide basic information about the agreement;

7. The institution must ensure that the terms of the T1 financial accounts are not inconsistent with the best interests of the students and parents opening them. The Secretary considers this requirement to be met if the institution documents that it periodically conducts reasonable due diligence reviews to ascertain whether the fees imposed under the T1 financial account are, considered as a whole, excessive, in light of prevailing market rates; and all contracts for the marketing or offering of T1 accounts to the institution's students or parents provide for termination of the arrangement at the discretion of the institution based on complaints received from students or parents or a determination by the institution that the fees assessed under the T1 account are excessive; and

8. The institution must take affirmative steps, by way of contractual arrangements with the third-party servicer as necessary, to ensure that these requirements are met with respect to all T1 financial accounts offered.

AFFECTED ENTITES and BURDEN:

PUBLIC INSTITUTIONS: Based upon our examination of the 2013-14 NSLDS and IPEDS data that was further refined by examining the CFPB listing of 914 institutions known to have T1 and T2 arrangements, the data indicate that there were 541 public institutions with a T1 arrangement. Under these proposed regulations, we expect that institutions would have to modify their systems or procedures to ensure compliance with these proposed regulations. In addition, it is likely that institutions would make other modifications regarding how institutions plan to conduct their proposed periodic due diligence and updating of third-party contracts to allow for termination of the contract based upon student complaints or the institution's assessment that third-party fees have become excessive. We estimate that the changes required by the proposed regulations would add an additional 55 hours of burden per institution, increasing burden by 29,755 hours (541 institutions times 55 hours per institution) under OMB Control Number 1845-0106.

PRIVATE NOT-FOR-PROFIT INSTITUTIONS: Based upon our examination of the 2013-14 NSLDS and IPEDS data that was further refined by examining the CFPB listing of 914 institutions known to have T1 and T2 arrangements, the data indicate that there were 80 private not-for-profit institutions with a T1 arrangement. We expect that these institutions would have to modify their systems or procedures to ensure compliance with these proposed regulations. We estimate that the changes required by the proposed regulations would add an additional 55 hours of burden per institution, increasing burden by 4,400 hours (80 institutions times 55 hours per institution) under OMB Control Number 1845-0106.

PRIVATE FOR-PROFIT INSTITUTIONS: Based upon our examination of the 2013-14 NSLDS and IPEDS data that was further refined by examining the CFPB listing of 914 institutions known to have T1 and T2 arrangements, the data indicate that there were 75 private for profit institutions with a T1 arrangement. We expect that institutions would have to modify their systems or procedures to ensure compliance with these proposed regulations. We estimate that the changes required by the proposed regulations would add an additional 55 hours of burden per institution, increasing burden by 4,125 hours (75 institutions times 55 hours per institution) under OMB Control Number 1845-0106.

Overall, burden to Title IV institutions would increase by 38,280 (the sum of 29,755 hours, 4,400 hours, and 4,125 hours).

	# of Respondents:	# of Responses:	Hrs/Response:	# of Burden Hours:
PUBLIC INSTITUTIONS:				
T1 arrangement requirements	541	541	X 55 hrs	29,755
PRIVATE NOT-FOR-PROFIT INSTITUTIONS:				
T1 arrangement requirements	80	80	X 55 hrs	4,400
PRIVATE FOR-PROFIT INSTITUTIONS:				
T1 arrangement requirements	75	75	X 55 hrs	4,125
Total:	*696*	*696*		*38,280*

RECIPIENTS AT PUBLIC INSTITUTIONS:
The NSLDS–IPEDS-CFPB data showed that there were 1,538,667 title IV recipients with credit balances at institutions with a T1 arrangement in the 2013-14 award year. Of that number of recipients, the data showed that 1,476,144 were enrolled at public institutions. We estimate that, on average, each recipient would take 15 minutes (.25 hours) to read about the major features and fees associated with the financial account, information about the monetary and non-monetary remuneration received by the institution for entering into the T1 arrangement, along with the number of students and parents who had financial accounts under the T1 arrangement for the most recent completed year, the mean and median costs incurred by account holders, and whether to provide their consent to the institution. Therefore, the additional burden on Title IV recipients at public institutions would increase by 369,036 hours (1,476,144 times .25 hours) under OMB Control Number 1845-0106.

RECIPIENTS AT PRIVATE NOT-FOR-PROFIT INSTITUTIONS:
The data showed that 13,509 Title IV recipients with credit balances were enrolled at private not-for-profit institutions. We estimate that, on average, each recipient would take 15 minutes (.25 hours) to read the about the major features and fees associated with the financial account, information about the monetary and non-monetary remuneration received by the institution for entering into the T1 arrangement, along with the number of students and parents who had financial accounts under the T1 arrangement for the most recent completed year, the mean and median costs incurred by account holders, and whether to provide their consent to the institution. Therefore, the additional burden on Title IV recipients at private not-for-profit institutions would increase by 3,377 hours (13,509 times .25 hours) under OMB Control Number 1845-0106.

RECIPIENTS AT PRIVATE FOR-PROFIT INSTITUTIONS:
The data showed that 49,014 Title IV recipients with credit balances were enrolled at private for-profit institutions. We estimate that, on average, each recipient would take 15 minutes (.25 hours) to read the about the major features and fees associated with the financial account, information about the monetary and non-monetary remuneration received by the institution for entering into the T1 arrangement, along with the number of students and parents who had financial accounts under the T1 arrangement for the most recent completed year, the mean and median costs incurred by account holders, and whether to provide their consent to the institution. Therefore, the additional burden on Title IV recipients at private for-profit institutions would increase by 12,254 hours (49,014 times .25 hours) under OMB Control Number 1845-0106.

Overall, burden to recipients would increase by 384,667 hours (the sum of 369,036 hours, 3,377 hours, and 12,254 hours).

# of Respondents:	# of Responses:	Hrs/Response:	# of Burden Hours
RECIPIENTS AT PUBLIC INSTITUTIONS:			
T1 arrangements			
1,476,144	1,476,144	X .25 hrs	369,036
RECIPIENTS AT PRIVATE NOT-FOR-PROFIT INSTITUTIONS:			
T1 arrangements			
13,509	13,509	X .25hrs	3,377
RECIPIENTS AT PRIVATE FOR-PROFIT INSTITUTIONS:			
T1 arrangements			
49,014	49,014	X .25hrs	12,254
Total			
1,538,667	*1,538,667*		*384,667*

Grand Total for Proposed 668.164(e):

1,539,363	*1,539,363*		*422,947*

Section 668.164(f): Tier 2 (T2) Arrangements
Under the proposed regulations in §668.164(f), when an institution enters into a contract or marketing agreement with a financial institution under which financial accounts, into which Title IV, HEA program funds will be transferred or deposited, are offered and marketed directly to students or their parents, the agreement would be considered a T2 arrangement. The Secretary considers that Title IV, HEA program funds would be transferred or deposited into financial accounts that are offered under a contract between an institution and a financial institution if students or parents that receive credit balance funds are subject to the direct marketing. The Secretary considers that a financial account is marketed directly if the institution communicates information directly to its students or their parents about the financial account and how it may be opened; the financial account or access device is co-branded with the institution's name, logo, mascot, or other affiliation; or a card or tool that is provided to the student or parent for institutional purposes, such as a student ID card, is linked with the financial account or access device.

Under a T2 arrangement, the institution must comply with the following requirements:
1. The institution must obtain the student's or parent's consent to open the financial account before the institution provides, or permits a third- party servicer to provide, any information about the student or parent, except for name, address, and email address, to the financial institution or its agents; and before an institution provides any access device, or any representation of an access device, is sent to the student or parent; and before a card or tool provided to the student or parent for institutional purposes, such as a student ID card is linked to the financial account;

2. The institution must inform the student or parent of the terms and conditions of the financial account, in a manner consistent with the disclosure requirements specified by the Secretary in a notice published in the Federal Register, before the financial account is opened or an access device is activated if the institution includes the financial account in its student choice process under proposed paragraph (d);
3. No later than 60 days after the most recently completed award year, the institution must provide to the Secretary and disclose conspicuously on the institution's Web site the contract between the institution and financial institution in its entirety, except for any portions that, if disclosed, would compromise personal privacy, proprietary information technology, or the security of information technology or of physical facilities; as well as, the total consideration, monetary and non-monetary, paid or received by the parties under the terms of the contract; and the number of students and parents who had financial accounts under the contract at any time during the most recently completed award year, and the mean and median of the actual costs incurred by those account holders;
4. The institution must ensure that the funds deposited in the financial accounts are accessible through in-network ATMs convenient to each of the institution's locations, and that those ATMs are sufficient in number and housed and serviced such that the funds are reasonably available from them, including at the times the institution or its third- party servicer makes direct payments into them;
5. The institution must ensure that the financial accounts are not marketed or portrayed as or converted into credit cards.
6. The institution must ensure that the terms of the T2 financial accounts are not inconsistent with the best interests of the students and parents opening them. The Secretary considers this requirement to be met if the institution documents that it periodically conducts reasonable due diligence reviews to ascertain whether the fees imposed under the T2 financial account are, considered as a whole, excessive, in light of prevailing market rates; and all contracts for the marketing or offering of T2 accounts to the institution's students or parents provide for termination of the arrangement at the discretion of the institution based on complaints received from students or parents or a determination by the institution under (B) that the fees assessed under the T2 account are excessive;
7. The institution must take affirmative steps, by way of contractual arrangements with the financial institution as necessary, to ensure that these requirements are met with respect to all T2 financial accounts offered.

AFFECTED ENTITES and BURDEN:

PUBLIC INSTITUTIONS: Of the total number of 7,539 institutions in the 2013-14 award year, the NSLDS-IPEDS-CFPB data showed that there would be 144 public institutions having a T2 arrangement. Under these proposed regulations, we estimate that an institution would have to modify its systems or procedures to ensure compliance with these proposed regulations. In addition, other modifications would be likely with regard to how the institution plans to conduct its proposed periodic due diligence and updating of third-party contracts to allow for termination of the contract based upon student complaints or the institution's assessment that third-party fees have become excessive. We estimate that the changes required by the proposed regulations would add an additional 45 hours of burden per institution, increasing burden by 6,480 hours (144 times 45 hours) under OMB Control Number 1845-0106.

PRIVATE NOT-FOR-PROFIT INSTITUTIONS: Of the total number of 7,539 institutions, the NSLDS-IPEDS-CFPB data showed that there would be 74 private not-for-profit institutions where Title IV recipients had credit balances that had a T2 arrangement. We estimate that an institution would have to modify its systems or procedures to ensure compliance with these proposed regulations. In addition, other modifications would be likely with regard to how the institution plans to conduct its proposed periodic due diligence and updating of third-party contracts to allow for termination of the contract based upon student complaints or the institution's assessment that third-party fees have become excessive. We estimate that the changes required by the proposed regulations would add an additional 45 hours of burden per institution, increasing burden by 3,330 hours (74 times 45 hours) under OMB Control Number 1845-0106.

PRIVATE FOR-PROFIT INSTITUTIONS: Of the total number of 7,539 institutions, the NSLDS-IPEDS-CFPB data showed that there would be 0 private for-profit institutions where Title IV recipients had credit balances and also had a T2 arrangement.

Overall, burden to institutions would increase by 9,810 hours (the sum of 6,480 hours and 3,330 hours).

	# of Respondents:	# of Responses:	Hrs/Response:	# of Burden Hours:
PUBLIC INSTITUTIONS:				
T2 arrangement requirements	144	144	X 45 hrs	6,480
PRIVATE NOT-FOR-PROFIT INSTITUTIONS:				
T2 arrangement requirements	74	74	X 45 hrs	3,330
PRIVATE FOR-PROFIT INSTITUTIONS:				
T2 arrangement requirements	0	0	X 45 hrs	0
Total:	*218*	*218*		*9,810*

RECIPIENTS AT PUBLIC INSTITUTIONS: From the NSLDS-IPEDS-CFPB data, we projected that there were 260,089 Title IV recipients with credit balances at institutions with T2 arrangements. Of that number of recipients, the data showed that 259,997 were enrolled at public institutions. We estimate that, on average, each recipient would take 15 minutes (.25 hours) to read the institution's consent information and decide whether to provide it or not. Therefore, the additional burden on Title IV recipients would increase by 64,999 hours (259,997 times .25 hours) under OMB Control Number 1845-0106.

RECIPIENTS AT PRIVATE NOT-FOR-PROFIT INSTITUTIONS: Of the total 260,089 Title IV recipients with credit balances at institutions that had a T2 arrangement, we estimated that 92 were enrolled at private not-for-profit institutions. We estimate that, on average, each recipient would take 15 minutes (.25 hours) to read the institution's consent information and decide whether to provide it or not. Therefore, the additional burden on Title IV recipients would increase by 23 hours (92 times .25 hours) under OMB Control Number 1845-0106.

RECIPIENTS AT PRIVATE FOR-PROFIT INSTITUTIONS: Of the total 260,089 Title IV recipients with credit balances at institutions with T2 arrangements, the data showed that 0 were enrolled at private for-profit institutions.

Overall, burden to institutions would increase by 65,022 hours (the sum of 64,999 hours and 23 hours).

	# of Respondents:	# of Responses:	Hrs/Response:	# of Burden Hours
RECIPIENTS AT PUBLIC INSTITUTIONS:				
T2 arrangements	259,997	259,997	X .25 hrs	64,999
RECIPIENTS AT PRIVATE NOT-FOR-PROFIT INSTITUTIONS:				
T2 arrangements	92	92	X .25hrs	23
RECIPIENTS AT PRIVATE FOR-PROFIT INSTITUTIONS:				
T2 arrangements	0	0	X .25hrs	0
Total	*260,089*	*260,089*		*65,022*
Grand Total for Proposed 668.164(f):	*260,307*	*260,307*		*74,832*

	# of Respondents:	**# of Responses:**	**# of Burden Hours**
New total:	*3,599,340*	*3,599,340*	*1,109,649*
Previous total:	5,838	682,848	59,999
New grand total for 1845-0106:	***3,605,178***	***4,282,188***	***1,169,648***

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 startup costs.

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 Federal government as a result of the final regulations.

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 information collection filing is a revision to the current burden assessment. Since the initial filing of this information collection package in 2010 there has been no change to the statute. However, Negotiated Rulemaking added new regulations. The increase in the burden hours identified here is due to new disclosure requirements to eligible students and an increase in the burden for eligible institutions to provide such disclosures and update their recordkeeping systems.

	Current Approved		Proposed Additional		New Total
Annual Number of Responses	682,848	+	3,599,340	=	4,282,188
Annual Hour Burden	59,999	+	1,109,649	=	1,169,648
Annual Cost Burden	0		0		0

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 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 this approval. 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.

There are no exceptions.