

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
FEDERAL PERKINS LOAN PROGRAM MASTER PROMISSORY NOTE**

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 Higher Education Act of 1965, as amended (HEA), established the Federal Perkins Loan Program (Perkins Loan). The Perkins Loan program provides low cost Title IV, HEA loans for eligible students to pay the costs of a student's attendance at an eligible institution of higher education. The regulations implementing the Perkins Loan Program are in 34 CFR Part 674.

The Perkins Loan Master Promissory Note (MPN) (OMB Control Number 1845-0074) provides the terms and conditions by which a borrower may receive Perkins Loans for a single academic year or multiple academic years. The adoption of the MPN in the Perkins Loan program has simplified the loan process by eliminating the need for institutions to prepare, and students to sign, a promissory note each award year.

The Department of Education (ED) is requesting a revision of the currently approved collection. There are no changes to any of the data elements. There are two changes to terms and conditions provided on the note. These changes do not affect the burden established for the borrower. Specifically, ED has:

- Removed the Oct. 1, 2007, and August 14, 2008, begin dates for some of the provisions in the military service deferment and military service cancellation sections. The earliest enrollment period that this MPN could be used for would be the 2015-16 academic year, so these begin dates are no longer needed.
- Revised the total and permanent disability discharge section to reflect final regulations, effective July 1, 2013, which changed the application process for TPD discharges.

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

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.

There is no change to the purpose and use of the collection of information on the Perkins Loan MPN. The information is necessary for eligible institutions of higher education to make Perkins Loans to students, and for those institutions and ED to enforce repayment of those Perkins Loans. The specific use of the promissory note is to authorize the loan holder to provide information to schools, servicers, and ED about the Perkins Loan.

The Perkins Loan MPN is the means by which the student promises to repay the Perkins Loan under the terms and conditions set forth in the promissory note, which is signed and agreed to by the borrower before the institution disburses the Perkins Loan.

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.

In accordance with the Electronic Signatures in Global and National Commerce Act (E-Sign) and the Government Paperwork Elimination Act (GPEA), ED allows borrowers to use electronic signatures when signing the Federal Perkins Loan MPN. The E-Sign legislation states that both parties (borrower and lender) must agree to conduct business electronically. Some schools choose to offer and encourage this method of originating loans, while others continue to use a hard-copy (paper) Perkins Loan MPN format.

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.

The Perkins Loan MPN must be completed and signed by each borrower to receive the first Perkins Loan under the MPN. The Perkins Loan MPN minimizes the frequency of data collection by allowing a borrower who has completed the Perkins Loan MPN to receive subsequent loans for up to 10 years without signing another Perkins Loan MPN.

If ED did not conduct this collection of information, a student would not have the opportunity to obtain a Perkins Loan and take advantage of the benefits that this low-interest student loan program has to offer. A justification of the data elements on this promissory note is included as an attachment to this Supporting Statement.

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 previously approved versions of the form were developed in consultation with schools and other interested parties. ED has worked to incorporate suggestions from the community as applicable. This is the 30 day comment period notice inviting public comment regarding the burden calculations.

There was a 60-day comment period inviting public comment regarding the burden calculations. There were 2 comments received. The first was not related to this information collection but an offer of loan funds to individuals or small businesses. The second was submitted by an individual with no return address. The commenter expressed that there should be an option on the form to decline the loan before accepting and committing to using the funds. Current regulations require that an institution inform a student of the type and amount of aid they are eligible to receive and that is the mechanism for accepting, altering or rejecting a student financial aid award. The other option a student would have to reject the loan would be to not sign the MPN. While ED appreciates the commenter's time to reply, there is no change to the MPN based on this 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.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.

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)

A Privacy Act Notice is included on the Perkins Loan MPN. 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 a Perkins Loan program benefit the information must be provided. The information provided is used to verify the borrower's identity, to determine the borrower's Perkins Loan eligibility for benefits, to permit the servicing of the borrower's Perkins Loan(s), and to locate the borrower and collect on the Perkins Loan(s) if the loan becomes delinquent or defaulted.

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.

ED 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 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.

Total Current Inventory:

# of Respondents	# of Responses	Burden Hours
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462,922 462,922 231,461

Based on information from the Fiscal Operations Report and Application to Participate (FISAP), for the award year 2015-2016 there are 276,934 anticipated new Perkins Loans borrowers. ED continues to estimate the time burden for completion of the MPN at .5 hours (30 minutes) per borrower for full review of all terms and conditions as well as completion of the note and signature.

Revised Inventory:

# of Respondents	# of Responses	Burden Hours
276,934	276,934	138,467

This revision shows a decrease of 185,988 responses and respondents, and a decrease of 92,994 burden hours.

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.

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 for the Perkins Loan MPN because Perkins Program participants (eligible institutions) distribute the Perkins Loan MPN form, collect the information, and process the Perkins Loan MPN.

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).

ED is requesting a revision of the current Perkins Loan MPN form and language. There are no changes to the data elements in the Perkins Loan MPN document and we are only making minor changes to the terms of the note in relation to regulatory requirements. We are identifying a downward adjustment of 185,988 in the number of borrowers filing the MPN in the most recently completed award year for which there is information. And we are estimating a corresponding decrease in burden hours of 92,994. We believe this is due to the use of the serial option of the MPN, allowing a borrower to only have to complete the MPN once for multiple years use.

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.

ED is not seeking this approval.

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” of OMB Form 83-1.

ATTACHMENT

**Justification of Data Elements
 Federal Perkins Loan Master Promissory Note**

Data Element	Justification
Section A: Borrower Section	
1. Name (last, first, middle initial and Permanent Address (street, city, state, zip code))	Used for record identification
2. Social Security Number	Used for record identification
3. Date of Birth	Used for record identification
4. Home Area Code/Telephone Number	Used to contact borrower
5. Driver's License Number (list state abbreviation first)	Used for record identification
Section B. School Section	
6. School Name & Address (street, city, state, zip code)	Used to identify lender
7. Interest Rate	Preprinted on Note to provide borrower with interest rate
Terms and Conditions	
Borrower's Signature	Used to certify that the borrower agrees to the terms and conditions of the loan
Date	Used to certify that the borrower agrees to the terms and conditions of the loan