

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
HEAL Program Forms 504 and 508**

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.

Circumstances of Information Collection

Section 525 of the Consolidated Appropriations Act of 2014 transferred the collection of the HEAL program loans from the U.S. Department of Health and Human Services (HHS) to the U.S. Department of Education (the Department). To fulfill this mandate, the Department requested and received the transfer of the OMB approved information collections from HHS to the Department. This is a request for revision of OMB approval of information collection requirements associated with the forms of the Health Education Assistance Loan (HEAL) Program, currently approved under OMB No. 1845-0128, which expires September 30, 2015.

The HEAL forms and collection burden for which approval is requested are listed below.

* Application for Contract of Federal Loan Insurance (HEAL Form 504) which is required under section 706 of the Public Health Service (PHS) Act (42 U.S.C. 292e), and the HEAL regulations (42 CFR 60.31(a)).

* Borrower Loan Status Updates, (datasets) which is required under section 705 of the PHS Act (42 U.S.C. 292d), and the HEAL regulations (42 CFR 60.42(a)(2)).

* Loan Purchases & Consolidation, (datasets) which is required under section 705 of the PHS Act (42 U.S.C. 292d), and the HEAL regulations (42 CFR 60.38(a)).

* Borrower Deferment Request (HEAL Form 508) which is required under section 705 of the PHS Act (42 U.S.C. 292d), and the HEAL regulations (42 CFR 60.12).

The HEAL program provided federally insured loans to students in schools of allopathic medicine, osteopathic medicine, dentistry, veterinary medicine, optometry, podiatric medicine, pharmacy, public health, or chiropractic, and graduate students in health administration or clinical psychology through September 30, 1998. Various lenders made

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

HEAL loans which were insured by the Federal Government against loss due to borrower's death, disability, bankruptcy, and default. The basic purpose of the program was to assure the availability of funds for loans to eligible students who desired to borrow money to pay for their educational costs.

Authorization to fund new HEAL loans to students expired September 30, 1998. Authorization allowing for the refinancing or consolidations of existing HEAL loans expired on September 30, 2004. The reporting, notification, and recordkeeping burden associated with servicing outstanding loans, and administering and monitoring the HEAL program continues. Even though new HEAL loans are not being made, lenders must report various actions which occur regarding the individual HEAL loans and borrowers and clearance of this information collection is necessary for the Department to assure reasonable standards of financial responsibility among institutions that hold and service loans under the HEAL program.

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 forms and/or reporting of information via electronic submissions are needed to assure that lenders and the Federal Government have current information on the status of loans and borrowers, and are in a position to administer the program in a diligent manner which protects the Government's financial interest in the program. Non-substantive changes were made to HEAL Form 504 and HEAL Form 508 in this package, such as updating the public burden statements where required.

- A. The Application for Contract of Federal Loan Insurance - HEAL Form 504 is used by the Department to obtain information needed to assess the capabilities of holders to comply with the HEAL statute, regulations and policies. The form must be completed annually and acts as a contract stipulating the conditions for participation as a HEAL holder and specifying the program standards and rules. The form also collects such necessary information as the type of institution, name and address of the institution and provides contact information. No substantive changes have been made to this form.
- B. Borrower Loan Status Updates - (datasets). The status information about a loan is electronically submitted to the Department by the lenders/holders according to specifications provided by the Department.
- C. Loan Purchases & Consolidation - (datasets). All information about a loan that is being transferred between two parties is electronically submitted to the Department by the buyer (HEAL participating secondary market holders) according to specifications provided by the Department. It is reported within 30 days of any transaction.
- D. The Borrower Deferment Request - HEAL Form 508 is used to determine which borrowers are deferred from repayment, for what reason, and for what period of time. This form is completed by the borrower as a self-certifying form only if the borrower is

participating in an approved internship or residency (item 2), fellowship program or educational activity (item 3), or when the borrower completes an internship or residency training in certain specified disciplines (item 8) and is practicing primary care. In all other deferment categories, it is completed by the borrower and his/her specified authorizing official. The borrower must return this form to his/her lenders(s) each year a deferment is requested. The lender uses the form to determine a borrower's eligibility for deferment.

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.

All servicers, on behalf of the holders, report borrower status changes and loan purchases to the Department electronically.

The Application for Contract of Federal Loan Insurance, submitted annually, requires an official signature by the lender and is therefore not acceptable through electronic technology.

The Borrower Deferment Request is a paper application completed by each borrower, and if applicable, his/her authorizing official. It is then returned by the borrower to the holder and is maintained in the borrower's file. Information concerning the borrower's deferment status is then electronically transmitted to the Department.

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 information to be reported does not duplicate any other information reported by HEAL holders.

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.

The information collection does not involve small businesses or other small entities.

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 information is collected at critical intervals in the management of program activity. If the information were collected less frequently it would be detrimental to the diligent monitoring of the program.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- requiring respondents to report information to the agency more often than quarterly;
- requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- requiring respondents to submit more than an original and two copies of any document;
- requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- in connection with a statistical survey, that is not designed to produce valid and reliable results than can be generalized to the universe of study;
- requiring the use of a statistical data classification that has not been reviewed and approved by OMB;
- that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or that unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
- requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

This information collection is consistent with 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 is requesting and will consider any comments provided by the public during the 60-day and 30-day public comment periods. Two comments were received during the 60 day comment. Neither was related to the scope of the information collection and no response

was made. This is the request for the 30-day public comment period regarding the burden estimates.

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 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.

The Privacy Act of 1974 (5 U.S.C. 522a) requires an agency to provide a notification to individuals who supply information. The required Privacy Act notification is provided to HEAL borrowers on the initial application form and the repayment schedule. Disclosure of the applicant's Social Security Number (SSN) is mandatory for participation in the HEAL program, as provided for by section 4 of the Debt Collection Act of 1982 (26 U. S. C. 6103), and the borrower is advised of this requirement in the HEAL application. Access to these records is strictly limited to authorized users who are aware of their responsibilities under the Privacy Act and are required to maintain Privacy Act safeguards with respect to such records.

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.

No information of a sensitive nature is requested on these forms.

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

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)

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.

The revised respondent burden is estimated as follows:

Collection Activity	Number of Respondents	Responses per Respondent	Total Responses	Average Time Per Response	Rounded Total Burden Hours
HEAL Form 504	13	1	13	8 min	2
HEAL Form 508:					
Borrowers	44	1	44	10 min	7
Employers	39	1.13	44	5 min	4
Borrower Loan Status Update Electronic Submission	5*	11.8	59	10 min	10
Loan Purchase/Consolidation Electronic Submission	2*	3.5	7	4 min	1
TOTAL	96		167		24

* = These respondents are a subgroup of the 13 respondents identified using HEAL Form 504 and are not included in the total to avoid double-counting of respondents.

Respondents	Responses	Burden Hours
Previous totals		
73	151	23
NEW totals		
<u>96</u>	<u>167</u>	<u>24</u>
Change in totals		
+23	+16	+1

Basis for Burden Estimates (all hours are rounded):

Application for Contract of Federal Loan Insurance (HEAL Form 504) - Each holder of a HEAL loan must annually apply to the Department to have the loan(s) covered by the Federal loan insurance. There are currently 13 holders that must apply each year for the insurance by completing the HEAL Form 504. Based on the advice received from the holder consultants, the estimate for 8 minutes to complete an application remains unchanged (13 holders x 1 annual application x 8 minutes = 2 hours).

Borrower Deferment Request (HEAL Form 508) - The Borrower Deferment Request is completed by the borrower and the employer when a deferment is being requested. The borrower must inform the lender annually of his/her current status if deferment is being claimed. The majority of deferments last approximately 3.5 years (residency training). The quarterly Holder's Report on Health Education Assistance Loans summary reports for FY14 (HEAL 512) indicated 44 borrowers in deferment. Based on discussions with lenders and program experience, it takes approximately 10 minutes to complete the borrower's portion of the Borrower Deferment Request form (44 borrowers x 1 report per year x 10 minutes = 7 hours).

There are approximately 39 authorizing officials who completed the forms for 44 borrowers, for an average of about 1.13 forms per employer. Based on discussions with holders and program experience, it takes approximately 5 minutes for the authorizing official to complete the form (44 responses x 5 minutes = 4 hours).

Borrower Loan Status Updates electronic submission - Each holder must report actions which are taken regarding each loan held. Currently there are 13 secondary market holders whose loans are serviced by 5 loan servicing entities. The most frequently reported actions include change of borrower loan status into deferment, grace or repayment status, forbearance and loans paid-in-full. These actions are to be reported within 30 days of when they occur although the holders/servicers can report them on a more frequent basis. During FY 2014 there were approximately 59 responses each requiring 10 minutes to complete (59 responses x 10 minutes = 10 hours).

Loan Purchase/Consolidation electronic submission - In FY 2014 there were 7 loan transfer submissions to the HEAL program. These transactions indicated loan transfers between holders, since HEAL loan consolidation authority ended September 30, 2004. No HEAL loan consolidations is permitted from that date forward. The buyer must notify the Department

within 30 days of the loan purchase. Loan purchases are most frequently completed when a borrower enters repayment status. The holder may make sales any time during the year and large holders make more sales than small lenders. These transactions are submitted throughout the year via electronic media to the Department. The average time it takes the holder to create the submission is 4 minutes depending on the number of loan transactions submitted (7 responses x 4 minutes = 1 hour).

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 and start-up costs to the respondents because the program is not new. All equipment and software are maintained by the lender for their normal business practice.

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 Government is estimated at \$ 2,480. This covers reviewing the Holder's Application, entering the information into the HEAL database system, and returning data acceptance information. There are occasions where follow-up between the Government and the holder/servicer is needed, such as for approval of applications and the resolution of questions coming from reviews of holder's/servicers' submissions. Based on program experience, this involves 80 hours x \$31 per hour = \$2,480.

15. Explain the reasons for any program changes or adjustments. Generally, adjustments in burden result from re-estimating burden and/or from economic phenomenon outside of an agency's control (e.g., correcting a burden estimate or an organic increase in the size of the reporting universe). Program changes result from a deliberate action that materially changes a collection of information and generally are result of new statute or an agency action (e.g., changing a form, revising regulations, redefining the respondent universe, etc.). Burden changes should be disaggregated by type of change (i.e., adjustment, program change due to new statute, and/or program change due to agency discretion), type of collection (new, revision, extension, reinstatement with change, reinstatement without change) and include totals for changes in burden hours, responses and costs (if applicable).

The Department is requesting a revision to the currently approved information collection for HEAL forms 504 and 508 as well as the two data sets, Borrower Loan Status Updates and Loan Purchases and Consolidation. We are increasing the total number of respondents (+23), responses (+16) and burden hours (+1). These slight program changes are due to the continued use of the deferment form by eligible borrowers and the continued use of the required reporting mechanisms by HEAL loan holders.

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 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 approval to not display the OMB expiration date.

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

There are no exceptions to the certification statement.