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) amends 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 regulations are a result of negotiated rulemaking and add new requirements to the current regulations. These 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 regulations 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 668.164(e) or (f), including an institution that uses a third-party servicer to make those payments, must establish a selection process under which the student 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 is 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 regulations an institution must establish a selection process whereby the student chooses one of several options for receiving Title IV credit balances and require certain disclosures regarding arrangements between an institution and a third-party

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

servicer, as well as between an institution and a financial institution for the purpose of paying a Title IV credit balance under 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. Allowing the use of 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 regulation requires the institution to determine which students will receive a credit balance and to the extent that an institution uses a T1 or T2 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 with the terms and conditions information including associated fees that can be assessed 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.

These regulations were developed by the Department through negotiated rulemaking sessions with members of the community during 2013. The comment period for this information collection package ran concurrently with the Notice of Propose Rulemaking. No comments specific to the burden assessment were received.

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 hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

[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)

- 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): Student choice
Under the regulations, an institution located in a State that makes direct payments to a student by EFT and that chooses to enter into an arrangement described in 668.164(e) or 668.164(f), including an institution that uses a third-party servicer to make those payments, must establish a selection process under which the student chooses one of several options for receiving those payments. The institution must inform the student in writing that he or she is not required to open or obtain a specific financial account or access device offered by or through a specific financial institution. The institution must ensure that the options for receiving direct payments are described and presented in a clear, fact-based, and neutral manner, except that it must present as the first option, the financial account belonging to the student.

The institution must ensure that initiating the EFT process to a student's existing financial account is as timely as and no more onerous than initiating the EFT process to an account offered pursuant to a T1 or T2 arrangement. The institution must allow the student the option to change at any time his or her account preference using written notice within a reasonable amount of time, ensure that no account is preselected, and that absent making an affirmative selection, the full amount of the credit balance is paid timely.

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 Universal Resource Locator (URL) linked to the terms and conditions of those accounts. For each account, if an institution follows the format and content requirements specified by the Secretary in a notice published in the Federal Register, it will be in compliance with these requirements.

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 information supplied by 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 was 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 these 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 card agreements, the NSLDS-IPEDS-CFPB data show that 685 institutions will be public institutions. On average, we estimate the burden associated with developing and implementing the student choice options will increase burden by 20 hours per institution and therefore we estimate a 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 card agreements, the NSLDS-IPEDS-CFPB data show that 154 institutions will be private not-for-profit institutions. On average, we estimate the burden associated with developing and implementing the student choice options will increase burden by 20 hours per institution and therefore we estimate a 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 card agreements, the NSLDS-IPEDS-CFPB data show that 75 will be private for-profit institutions. On average, we estimate the burden associated with developing and implementing the student choice options will increase burden by 20 hours per institution and therefore we estimate a 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:
STUDENT CHOICE			
PUBLIC INSTITUTIONS:			
685	*685*	*X 20 hrs*	*13,700*
PRIVATE NON-PROFIT INSTITUTIONS:			
154	*154*	*X 20 hrs*	*3,080*
PROPRIETARY INSTITUTIONS:			
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 will be impacted by this regulation. We estimate that each of the affected Title IV recipients will 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 will 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 will 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 will 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 will 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*
STUDENT CHOICE			
RECIPIENTS AT PUBLIC INSTITUTIONS:			
1,736,141	*1,736,141*	*X .33 hrs*	*572,927*
RECIPIENTS AT PRIVATE NON-PROFIT INSTITUTIONS:			
13,601	*13,601*	*X .33hrs*	*4,488*
RECIPIENTS AT PROPRIETARY INSTITUTIONS:			
49,014	*49,014*	*X .33hrs*	*16,175*
Total:			
1,798,756	*1,798,756*		*593,590*
Grand Total for 668.164(d)(4):			
1,799,670	*1,799,670*		*611,870*

Section 668.164(e): Tier 1 (T1) Arrangements
Under the regulations in §668.164(e), a T1 arrangement exists when an institution enters into a contract with a third-party servicer, acting as an intermediary that disburses title IV funds, that performs one or more of the functions associated with processing direct payments of title IV, HEA program funds to students on behalf of the institution to one or more financial accounts that are offered under the contract or by the third-party servicer, or by an entity contracting with or affiliated with the third-party servicer.

An institution with a T1 arrangement must comply with the following requirements:
1. *The institution must ensure that the student's consent to open the financial account has been obtained before an access device, or any representation of an access device, is sent to the student; or a card or tool that is provided to the student for institutional purposes, such as a student ID card, is associated with the financial account.*
2. *The institution must not share with the third party servicer under a T1 arrangement any personally identifiable information other than the student's name, address, email address, a unique student identifier generated by the institution that does not include a Social Security number or date of birth, in whole or in part, the disbursement amount, and a shared secret code provided to the student, as well as any additional items specified by the Secretary in a notice published in the Federal Register. Such information may be used solely for processing direct payments of title IV, HEA program funds and not or any other purpose and cannot be shared with any other affiliate or entity.*
3. *The institution must inform the student 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.*
4. *The institution must ensure that the student 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 attended by at least 30 title IV*

credit balance recipients in the prior award year. Those ATMs must be 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 must not incur any cost for opening the financial account or initially receiving an access device, which will be assessed by the institution, third-party servicer, or partner financial institution on behalf of the third-party servicer, when the student conducts point-of-sale transactions in a State; or for conducting any transaction on an ATM that belongs to the surcharge-free regional or national network.

5. *The institution must ensure that: the financial account or access device is not marketed or portrayed as, or converted into a credit card or credit instrument; no credit may be extended or associated with the financial account; and no fee is charged to the student for any transaction exceeding the balance on the card, except that a transaction that exceeds the balance on the card may be permitted only for inadvertent overdrafts. The institution, third-party service, or third-party servicer's associated financial institution must provide domestic withdrawals for a student accountholder to conveniently access title IV, HEA program funds in part or in full , without charge, following the date that such title IV, HEA program funds are deposited or transferred to the financial account for the entire period of enrollment;*
6. *The institution must no later than 60 days after September 1, 2016 and no later than 60 days following the most-recently completed award year thereafter, disclose conspicuously on the institution's Web site the contract(s) establishing the T1 arrangement between the institution and third-party servicer and financial institution acting on behalf of the third-party servicer, as applicable, except for any portions that, if disclosed, would compromise personal privacy, proprietary information technology, or the security of information technology or of physical facilities;*
7. *The institution must no later than September 1, 2017, and then 60 days following the most-recently completed award year thereafter, disclose conspicuously on the institution's Web site - the total consideration for the most recently completed award year, monetary and non-monetary, paid or received by the parties under the terms of the contract, as well as the number of students 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;*
8. *Annually provide to the Secretary a Universal Resource Locator (URL) linking from the institution's Web site to the agreement and provide basic information about the agreement for publication in a centralized database maintained by the Department;*
9. *The institution must ensure that the terms of the T1 financial accounts are not inconsistent with the best interests of the students opening them. The Secretary considers this requirement to be met if the institution documents that it conducts reasonable due diligence reviews at least every two years to ascertain whether the fees imposed under the T1 financial account are, considered as a whole, consistent with or below prevailing market rates; and all contracts for the marketing or offering of T1 accounts to the institution's students provide for termination of the arrangement at the discretion of the institution based on complaints received from students or a determination by the institution that the fees assessed under the T1 account are excessive; and*

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

AFFECTED ENTITES and BURDEN:

INSTITUTIONS
Under these regulations, we expect that institutions with T1 or T2 arrangements will have to modify their systems or procedures to ensure compliance with these regulations including to, establish a consent process; provide account terms and conditions disclosures; and provide the disclosures, contract disclosures, and use and cost data after the end of the award year. In addition, it is likely that institutions will make other changes in order to conduct their 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 are excessive.

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. We estimate that the changes necessitated by the requirements will 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 estimate that the changes necessitated by the requirements will 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 estimate that the changes necessitated by the requirements will 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 will 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:*

T1 ARRANGEMENT REQUIREMENTS

PUBLIC INSTITUTIONS:				
	541	*541*	*X 55 hrs*	*29,755*
PRIVATE NOT-FOR-PROFIT INSTITUTIONS:				
	80	*80*	*X 55 hrs*	*4,400*
PRIVATE FOR-PROFIT INSTITUTIONS:				
	75	*75*	*X 55 hrs*	*4,125*
Total:	*696*	*696*		*38,280*

RECIPIENTS
We estimate that, on average, each recipient will 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 determine whether to provide their consent to the institution.

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. Therefore, the additional burden on Title IV recipients at public institutions will 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. Therefore, the additional burden on Title IV recipients at private not-for-profit institutions will 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. Therefore, the additional burden on Title IV recipients at private for-profit institutions will increase by 12,254 hours (49,014 times .25 hours) under OMB Control Number 1845-0106.

Overall, burden to recipients will 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*

T1 ARRANGEMENTS

RECIPIENTS AT PUBLIC INSTITUTIONS:			
1,476,144	*1,476,144*	*X .25 hrs*	*369,036*
RECIPIENTS AT PRIVATE NOT-FOR-PROFIT INSTITUTIONS:			
13,509	*13,509*	*X .25hrs*	*3,377*
RECIPIENTS AT PRIVATE FOR-PROFIT INSTITUTIONS:			
49,014	*49,014*	*X .25hrs*	*12,254*
Total			
1,538,667	*1,538,667*		*384,667*
Grand Total for 668.164(e):			
1,539,363	*1,539,363*		*422,947*

Section 668.164(f): Tier 2 (T2) Arrangements
Under §668.164(f), a T2 arrangement exists when an institution enters into a contract with a financial institution under which financial accounts, into which Title IV, HEA program funds will be deposited or transferred, are offered and marketed directly to students. The Secretary presumes that Title IV, HEA program funds are deposited or transferred into financial accounts that are offered under a contract between an institution and a financial institution if students that receive credit balance funds are subject to the direct marketing. However, the institution does not have to comply with the requirements described in paragraphs (d)(4)(i) or (f)(4) of §668.164 if it documents that, for the most recently completed award year no students received a credit balance and does not have to comply with the requirements described in (f)(4)(iii)-(vi) and (f)(4)(viii) of §668.164 if it documents that, for the most recently completed award year, fewer than 500 students received a credit balance.

The Secretary considers that a financial account is marketed directly if the institution communicates information directly to its students 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 and marketed predominantly to students; or a card or tool that is provided to the student 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 consent to open the financial account before: the institution provides, or permits a third- party servicer to provide, any personally identifiable information about the student to the financial institution or its agents other than directory information; the institution provides any access device, or any representation of an access device, the student; and a card or tool provided to the student for institutional purposes, such as a student ID card is linked to the financial account.*

2. *The institution must inform the student 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.*
3. *No later than 60 days after September 1, 2016 and then 60 days following the most recently completed award year thereafter, the institution must provide to the Secretary and disclose conspicuously on the institution's Web site the contract(s) 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.*
4. *No later than 60 days after September 1, 2017, and then 60 days following the most recently completed award year thereafter, disclose the total consideration, monetary and non-monetary, paid or received by the parties under the terms of the contract; and the number of students 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 active account holders.*
5. *Annually provide to the Secretary the URL for the items under paragraph (f)(4)(iii) of this regulations for publication in a centralized database which the Department will maintain.*
6. *The institution must ensure that the funds deposited in the financial accounts are accessible through surcharge free in-network ATMs located in a State, convenient to each of the institution's locations attended by at least 30 title IV, HEA credit balance recipients during the prior award year, 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.*
7. *The institution must ensure that the financial accounts are not marketed or portrayed as or converted into credit cards.*
8. *The institution must ensure that the terms of the T2 arrangement are not inconsistent with the best interests of the students opening them. The Secretary considers this requirement to be met if the institution documents that it conducts reasonable due diligence reviews at least every two years, to ascertain whether the fees imposed under the T2 financial account are, considered as a whole, consistent with or below prevailing market rates; and all contracts for the marketing or offering of T2 accounts to the institution's students provide for termination of the arrangement by the institution based on complaints received from students or a determination by the institution that the fees assessed under the T2 account are not consistent with or are above the prevailing market rates.*
9. *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.*
10. *Ensure students incur no cost for opening the account or initially receiving an access device.*
11. *Must retain the cobranding contract and other documentation the institution believes establishes that the account is not marketed directly to its enrolled students, including*

documentation that the cobranded financial account or access device is offered generally to the public.

AFFECTED ENTITES and BURDEN:

INSTITUTIONS
Under these regulations, we estimate that an institution with a T2 arrangement will have to modify its systems or procedures to, among other things: establish a consent process; provide account terms and conditions disclosures; ensure compliance with the 30-day prohibition for charges made to an account following the date that title IV, HEA program funds are deposited or transferred into the account; provide the required disclosures, contract disclosures, and use the cost data within 60 days after the end of the award year.. In addition, other changes may be required regarding to how the institution will conduct its 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.

PUBLIC INSTITUTIONS: Of these 7,539 institutions according to NSLDS-IPEDS-CFPB data 144 are public institutions with T2 arrangements. We estimate that the changes necessitated by these requirements relating to T2 arrangements will 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 these 7,539 institutions, according to NSLDS-IPEDS-CFPB data 74 are private not-for-profit institutions with T2 arrangements. We estimate that the changes required by the regulations will 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 these 7,539 institutions, according to NSLDS-IPEDS-CFPB data 0 are private for-profit institutions with T2 arrangements.

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

	# of Respondents:	# of Responses:	Hrs/Response:	# of Burden Hours:
T2 ARRANGEMENT REQUIREMENTS				
PUBLIC INSTITUTIONS:				
	144	*144*	*X 45 hrs*	*6,480*
PRIVATE NOT-FOR-PROFIT INSTITUTIONS:				
	74	*74*	*X 45 hrs*	*3,330*
PRIVATE FOR-PROFIT INSTITUTIONS:				
	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 those recipients, the data showed that 259,997 were enrolled at public institutions. We estimate that, on average, each recipient will take 15 minutes (.25 hours) to read the institution's required disclosures and consent information and decide whether to provide consent or not. Therefore, the additional burden on Title IV recipients will 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 will take 15 minutes (.25 hours) to read the institution's required disclosures and consent information and decide whether to provide consent or not. Therefore, the additional burden on Title IV recipients will 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 will increase by 65,022 hours (the sum of 64,999 hours and 23 hours).

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

# of Respondents:	*# of Responses:*	*# of Burden Hours*
New total based on these regulations:		
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 will 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 agency discretion taking into consideration 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		*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.

Information about institution's arrangements for a T1 or T2 agreement with a third-party servicer will be collected in a centralized database maintained by the Department and made available to the public.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

The Department is not seeking this approval. 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 to the certification statement.