

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
Health Education Assistance Loan (HEAL)**

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.

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 (Department). To fulfill this mandate, the Department requested and received the transfer of the OMB approved information collections from HHS to the Department. These forms were then updated to show the transfer to the Department and update the contact information. This was completed June 25, 2014.

This is a request for an extension of OMB approval of information collection requirements associated with the forms of the Health Education Assistance Loan (HEAL) Program, currently approved under OMB No. 1845-0126, which expires February 29, 2016.

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

- *HEAL Repayment Schedules, Fixed and Variable (Form No. HEAL 502-1 and 2) which are required under section 705 of the Public Health Service (PHS) Act (42 USC 292d), and the HEAL regulations (42 CFR 60.34(b)(1) and (2)). The repayment schedule, prepared by the lender, provides the borrower with the cost of a HEAL loan, the number and amount of payments, and the Truth-in-Lending disclosures.*
- *Holder's Report on HEAL Student Loans Outstanding, Call Report (Form No. HEAL 512), which is authorized under section 715 of the PHS Act (42 USC 292n), and the HEAL regulations (42 CFR 60.42(b)). The Call Report, prepared quarterly by holders, provides information on the status of loans outstanding by the number of borrowers whose loan payments are in various stages of the loan cycle, such as student education and repayment, and the corresponding dollar amounts.*

Clearance of this information collection is necessary to provide borrowers with information on the cost of their loan(s) including Truth in Lending information and to provide the Department with information to monitor the financial status of the HEAL

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

program and to identify which lenders may have excessive delinquencies and defaulted loans.

Authorization to fund new HEAL loans to students expired September 30, 1998. Provisions of the HEAL legislation allowing for the refinancing or consolidation of existing HEAL loans expired September 30, 2004. The reporting, notification, and recordkeeping burden associated with refinancing HEAL loans, servicing outstanding loans, and administering and monitoring the HEAL program continues. Even though new HEAL loans are not being made, holders 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 following information collections are essential for reporting and retaining information for sound and responsible program management. Non-substantive changes were made to HEAL Form 502-1 and 502-2 and HEAL Form 512 in this package, such as updating the public burden statements where required.

HEAL 502-1 and 502-2, HEAL Repayment Schedule (Variable and Fixed)

The lender provides the borrower with the repayment schedule. It is used to establish for both the borrower and the lender the number and amount of payments, when these payments are due and the total amount financed. The schedule also provides information concerning late charges and prepayment. The Repayment Schedule provides the disclosures required by the Truth-in-Lending Act and Regulation Z. It indicates how many promissory notes are included in the payment amount and provides an itemized listing of the amounts paid to lenders on behalf of the borrower on the repayment schedule.

The Repayment Schedule is essential to the orderly repayment of loans. Without the Repayment Schedule, the borrower would not know when to make payments or how much to pay. It would also be difficult for lenders to monitor repayment by borrowers. Failure to monitor repayment accurately would jeopardize the program, as it would mean that there would be little reliable information available to determine the adequacy of the Student Loan Insurance Account (SLIA).

HEAL 512, Lender's Report on HEAL Student Loans Outstanding (Call Report)

The Call Report provides the Department and the Office of Management and Budget with detailed information from lenders/holders regarding the status of their outstanding HEAL loans. The Department uses this information to monitor the financial status of the HEAL program and to identify trends and emerging patterns regarding repayment and default.

The information submitted provides a comprehensive and detailed description of several specific aspects of lender/holder activity, such as: 1) the total HEAL student loans currently outstanding; 2) the number of borrowers and the corresponding dollar amount; 3) the number of borrowers and dollars of those in repayment status whose accounts are current and those whose accounts are past due; 4) the number of borrowers in forbearance and their corresponding dollar amounts; and 5) the number of loans for each respondent. It is essential to know the total amount of principal and interest for which the Department has guarantee responsibility. Recommendations for any changes in program legislation, regulations, or policy are developed after analyzing the data submitted on this form.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision of adopting this means of collection. Also describe any consideration given to using technology to reduce burden.

The lenders are permitted to store records (e.g., date school disburses loan to student, repayment date, number and amount of payments, payment due dates and names of borrowers in forbearance, date of grace period, or deferment) in computer 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.

There is no duplication of information.

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.

This information 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 consequences to the Federal Government if the collection were conducted less frequently are as follows:

HEAL 502-1, 502-2, HEAL Repayment Schedule (Variable and Fixed) - Without the repayment schedule, the borrower would not know the amounts and due dates of

payments. In addition, it would be difficult for lenders to keep an accurate accounting of the repayment status of borrowers or assure that loans were repaid within the statutory time limits.

HEAL 512, Lender's Report on HEAL Student Loans Outstanding (Call Report) - Without the data collected on the Call Report, the Department would not know the value of the HEAL loans (principal and interest) for which it has guarantee responsibility on a quarterly basis.

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 repayment period for a HEAL loan normally exceeds 3 years and can extend to 33 years. A lender must retain the records required for each loan for not fewer than 5 years following the date the loan is repaid in full by the borrower (i.e., application, promissory note, deferment forms and repayment schedule).

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 30-day public comment periods. During the 60 day comment period 8 separate comments were received from 2 parties offering loans. These comments have no bearing on this collection. No changes were made to the forms or the burden analysis. 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 USC 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, consolidation application, and the repayment schedule. Disclosure of the applicant's Social Security Number is mandatory for participation in the HEAL program, as provided for by Section 4 of the Debt Collection Act of 1982 (26 USC 6103 note), and the borrower is advised of this requirement. 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. The system of records number for HEAL is 18-11-20.

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,

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)

the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

The HEAL regulations require that sensitive information (e.g., borrower's Social Security Number, extent of indebtedness) be submitted on the forms listed in item 1 above. Authority for requesting the Social Security Number is contained in Section 4 of the Debt Collection Act of 1982 (26 USC 6103 note). Additionally, information concerning a student's financial obligations and level of indebtedness is required for the purpose of HEAL program administration.

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.

The current burden for this information collection is:

<i>Affected Entity</i>	<i># of Respondents</i>	<i># of Responses</i>	<i>Burden Hours</i>
<i>Lenders & Servicers</i>	<i>22</i>	<i>410</i>	<i>220</i>

We are maintaining the burden for the issuance of repayment schedules while we continue to assess the HEAL collections process.

Repayment Schedule HEAL 502 1 & 2

<i>Affected Entity</i>	<i># of Respondents</i>	<i># of Responses</i>	<i>Burden Hours</i>
<i>Lenders</i>	<i>7</i>	<i>350 x .50</i>	<i>175</i>

There has been a decrease in the number of servicers utilizing the Call Report 512 from the previous filing. The servicers must report on a quarterly basis.

<i>Affected Entity</i>	<i># of Respondents</i>	<i># of Responses</i>	<i>Burden Hours</i>
<i>Servicers</i>	<i>10 x 4</i>	<i>40 x .75</i>	<i>30</i>

Revised Burden

<i>Lenders & Servicers</i>	<i>17</i>	<i>390</i>	<i>205</i>
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<i>Affected Entity</i>	<i># of Respondents</i>	<i># of Responses</i>	<i>Burden Hours</i>
<i>Current Burden</i>			
<i>Lenders & Servicers</i>	<i>22</i>	<i>410</i>	<i>220</i>
<i>Revised Burden</i>			
<u><i>Lenders & Servicers</i></u>	<u><i>17</i></u>	<u><i>390</i></u>	<u><i>205</i></u>
<i>Difference from prior burden</i>	<i>-5</i>	<i>-20</i>	<i>-15</i>

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 Federal Government is estimated at \$1,280 for the forms contained in this clearance package for the clearance period requested. The Call Report requires that the appropriate information from the form be entered into the HOPS computer system for each lender. At 4 times a year, this averages approximately 32 hours x \$40 per hour = \$1,280.

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).

There are currently 220 burden hours in the information collection 1845-0126. We are requesting an extension to the package with a decrease to 205 hours (220-15) due to adjustments.

Repayment Schedule: We are maintaining the current hours and burden assessment for this form at this time.

Quarterly Call Report: There was a decrease in the number of HEAL lenders from 15 to 10 resulting in a decrease in burden hours. The decrease in the number of call reports from 60 reports to 40 decreases the total burden from 45 hours to 30 hours (-15 hours).

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.

There will be no statistical analysis of data or publication of information resulting from this effort for the Repayment Schedule forms. The data submitted on the Call Report is used to prepare reports to Congress, the Office of Management and Budget, and the Department regarding the current financial status and the present and anticipated default rates of the HEAL program.

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

The Department is not seeking this approval.

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

The Department is not requesting any exceptions to the "Certification for Paperwork Reduction Act Submissions" of OMB Form 83-1.