

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 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.*

Public Law 98-95, the Challenge Grant Amendments of 1983, established a new Endowment Grant Program authorized by Title III of the Higher Education Act (<https://www.gpo.gov/fdsys/pkg/STATUTE-97/pdf/STATUTE-97-Pg708.pdf>). In 1986, the name was changed to the Endowment Challenge Grant Program. In 1998, Congress amended Title III of the Higher Education Act by adding endowment building as an allowable activity under Title III and Title V Programs.

Under the Endowment Challenge Grant Program, the Secretary was specifically authorized to make grants to eligible institutions of higher education for the purpose of increasing endowment funds at those institutions. Congress specifically identified that not more than 20% of a grantee's total budget may be used for increasing and building endowments at the grantee institution. The "endowment fund corpus" consists of the Federal grant and institutional match. The institution may not spend any of the endowment fund corpus for the length of the 20-year grant period. At the end of the grant period, the grantee may use the endowment fund corpus for any educational purpose.

In general, a grantee may spend up to 50% of endowment fund income earned during the 20-year grant period. Endowment fund income is the value of the endowment fund minus the endowment fund corpus. The institution may use that income to defray expenditures necessary for the operation of the institution, including general operating and maintenance expenses. The statute establishing this Endowment Challenge Grant Program, and for the Title III and Title V endowment building activity, requires the grantee to:

a. Establish an endowment fund independent of any other endowment fund at the institution;

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

- b. Invest the endowment fund corpus and income in low-risk securities in which a regulated insurance company may invest under the law of the state;
- c. Exercise judgment and care in investing;
- d. Spend no more than 50% of the total aggregate endowment fund income;
- e. Withdraw no part of the endowment fund corpus before 20 years, both the matching funds and Federal funds;
- f. Repay the Secretary if the institution withdraws part of the endowment fund corpus or more than 50% of the income before 20 years; and
- g. Provide to the Secretary information to audit or examine expenditures made from the endowment fund corpus or income.

This collection is being submitted as a revision because several small items have been added to the reporting form. These new items are intended to clarify questions already included in previous versions of this form and are not expected to add any significant burden for respondents.

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 submitted on this form will be analyzed by the program office to determine whether or not the grantee has complied with the statutory and regulatory requirements. In cases of non-compliance, the Department must see that the grantee takes corrective action.

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 electronically accessible form will collect the same information as the previous form with a few additional fields. A “Dear Colleague” letter has been emailed to grantees required to report on endowments informing them of the electronically accessible annual performance report form. Within this email is the hyperlink to the electronic endowment reporting form, a link to the annual performance report submission website, and instructions on how to log into the website. Respondents will be required to complete the electronic form and submit it online by the requested deadline.

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 Department has reviewed the information required in this financial report form and has looked elsewhere in the Department for duplicate information. We have found there is no duplicate information being requested within the Department. Grantee institutions do not send information on these particular endowment funds to any other Federal office.

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 collection of 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.

If this information was not collected or collected less frequently than annually, we would not know whether grantees were properly investing the endowment monies or whether they had used any portion of the corpus or spent more than 50% of the income.

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 only special circumstance of this collection is that program regulations (34 CFR Part 628.47(b)) require grantees to retain each year's records for a minimum of five years after the grant period ends.

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.

No consultations were conducted with persons outside the agency since there has been no funding for this program since FY 1995 and this program is considered to be in a close-out status. We will publish 60-day and 30-day Federal Register Notices to allow public comment.

9. *Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees with meaningful justification.*

No payments or gifts are provided.

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 Department's disclosure policies adhere to the provisions of the Privacy Act.

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 sensitive personal information is solicited.

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)*

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)

- *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.*

Reporting Burden:

The estimated professional burden hours are 3125 hours. This figure is calculated based on 1.25 burden hours per respondent. Since there are 2500 respondents, 1.25 hours x 2500 respondents = 3125 estimated burden hours.

Therefore, the total estimated annual burden hours are 3125 hours.

Recordkeeping Burden:

The Department's regulations at 34 CFR 628.47(a) requires that grantees keep the following records:

- (1) The source, kind and amount of matching funds;
- (2) The type and amount of investments of the endowment fund;
- (3) The amount of endowment fund income; and
- (4) The amount and purpose of expenditures of endowment fund income.

The Department believes that these records are generated electronically as a matter of usual and customary business transactions (e.g. bank records); therefore, in accordance with 5 CFR 1320.3(b)(2), the Department's burden estimate does not include burden associated with generating the records required by 34 CFR 628.47(a). Notwithstanding, the Department recognizes that grantees incur a minimum clerical burden in maintaining the required records.

Total Burden Hours:

The total estimated annual burden hours are 3125 hours. This final figure is calculated using the estimated 1.25 professional burden hours per respondent. Since there may be an estimated 2500 respondents in any given fiscal year, 1.25 hours x 2500 respondents = 3125.

Burden Hour Costs:

The figure noted here represents the resources needed and the costs associated for all the respondents to complete the financial report form.

Costs:

Professional 2500 Respondents x \$144 = \$360,000

No other cost to respondents.

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	:	\$0
Total Annual Costs (O&M)	:	\$0
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Total Annualized Costs Requested	:	\$0

The Department notes that grantees may incur costs in complying with the audit required by 34 CFR 628.47(e); however, since these audits are conducted as part of the Federal Government's Single Audit program (OMB Circular A-133), the Department cannot determine the relative proportionate costs for these particular program requirements.

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.

Estimate of cost to the Federal Government – Item A) represents the amount of clerical and related resources required to prepare the annual mailing of information regarding the electronic financial report form. Item B) represents the amount of related resources required to process the incoming financial report data and the day-to-day management of related technical information. We also estimate for preparation and review staff will spend 1 hour per package.

A.	Average Hourly Clerical Rate	
	Clerical Staff	N/A
B.	Average Hourly Professional Staff Rate: GS 12/4	= \$40.26 x 1 hour x 2500 = \$100,650
	Analysis/Review	
	Duplication/Mailing	= 2500 x .46 = \$1,150
	TOTAL	= \$100,650 + \$1,150 = \$101,800

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 burden has remained the same even though several items have been added to the reporting form. The items added to the reporting form will not add any significant burden for respondents as these additional items further clarify existing items that must be reported on. In addition, the cost burden to respondents, which was reported as zero in the previous clearance, has been updated to better reflect actual costs.

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.

We will use the information submitted by the grantees to determine the progress of increasing their endowment fund and to monitor the grantees' compliance with regulations. The Department does not intend to ever publish the data contained in these reports.

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.

We have no objection to displaying this information.

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

No exceptions are requested.