

SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
Health Education Assistance Loan (HEAL) Program Regs.

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.

Authorization to fund new HEAL loans to students expired September 30, 1998. 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. This was completed in June 2014.

This is a request for an extension of OMB approval of information collection requirements associated with the Health Education Assistance Loan (HEAL) Program regulations for reporting, recordkeeping and notifications, currently approved under OMB No. 1845-0125.

There are no changes to the reporting, recordkeeping and notification requirements associated with the HEAL regulations.

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 regulations require that HEAL schools and HEAL lenders maintain certain information about each borrower, such as the borrower's credit history and financial aid transcript(s), to demonstrate that attempts are made to identify those applicants who are likely to default on the HEAL loan and demonstrate due diligence by school and lenders in the loan making process. Records of entrance and exit interviews are maintained to document that each borrower was informed of his or her rights and responsibilities under the HEAL loan. Standard budgets and need analyses are maintained to document that HEAL loan funds were actually needed to pay educational expenses, as required by statute. Lenders or holders must document all skip tracing activities and submit them to the Secretary when requesting pre-claim assistance. Additionally, each lender or holder

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

must submit a number of documents and other information each time it submits a default, death or disability claim or if the borrower files for bankruptcy. Any lenders or schools who have information which indicate potential or actual commission of fraud or other Federal offenses, involving these funds, must promptly provide this information to the appropriate Regional Office of the Inspector General for Investigations.

Authority to make new loans to student borrowers expired September 30, 1998 and authority to refinance loans expired September 30, 2004.

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

All reporting requirements from lenders to the HEAL program are performed electronically and all information requests that the HEAL program completes for lenders are returned on electronic media, so that reporting processes can be conducted accurately and efficiently.

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.

These requirements will not result in duplication this information is not available elsewhere.

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.

There are no small businesses involved.

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 these collections were required less frequently borrowers might receive inaccurate or inappropriate notices from the Secretary, borrowers would be less likely to understand their responsibilities and lenders and holders may not diligently pursue collection efforts.

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 HEAL statute allows for a repayment period of up to 33 years from the date the loan was made. As a result, borrower records and repayment records that are a part of the loan collection process must be retained for the appropriate repayment period. This is consistent with the guidelines under 5 CFR 1320.5(d)(2).

8. As applicable, state that the Department has published the 60 and 30 Federal Register notices as required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instruction and record keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years – even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

The Department is requesting and will consider any comments received during the 60 day and 30 day public comment period. There has been no change to the regulations. One comment was received during the 60 day comment period which was outside the scope of this information collection and did not change the proposed burden. This is a request for the 30 day comment period.

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.

This activity does not require additional information from individuals, although the initial loan application forms (cleared under separate OMB numbers) do request individual information. For the original forms, 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 original forms (approved under OMB Numbers 0915-0034, 0915-0036, and 0915-0043). Disclosure of the applicant's Social Security Number (SSN) is mandatory for participation in the HEAL program, as provided for by Section 4 of the Debt Collection Act of 1982 (26 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 who are required to maintain Privacy Act safeguards with respect to such records. A system of records was established and is maintained for the HEAL program (system number 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, 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 SSN) be submitted. Authority for the SSN request is contained in Section 4 of the Debt Collection Act of 1982 (26 USC 6103 note). Additionally, information concerning a student's

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)

financial obligations and level of indebtedness is required for the purpose of 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 following is a summary of the proposed reporting, notification, and recordkeeping burden associated with the information collection in this supporting statement. The estimate for this information collection burden is based on 10 HEAL holders in the program as of November 2015; and a current cumulative total of 25,640 individuals with outstanding loans requiring a variety of servicing transactions depending on loan status, i.e., internship/residency repayment, or delinquent.

REPORTING REQUIREMENTS

<u>Entity</u>	<u>Respondent</u>	<u>Responses</u>	<u>Burden Hours</u>
State Agencies	10	40 x 12 minutes	8 hours

NOTIFICATION REQUIREMENTS

<u>Entity</u>	<u>Respondent</u>	<u>Responses</u>	<u>Burden Hours</u>
State Agencies	*	85,450 x 10 minutes	14,241 hours
Individuals	25,640	25,640 x 10 minutes	4,273 hours

RECORDKEEPING REQUIREMENTS

<u>Entity</u>	<u>Respondent</u>	<u>Responses</u>	<u>Burden Hours</u>
State Agencies	*	33,800 x 14 minutes	7,887 hours

*(The * represents the universe of 10 State agencies participating in the program and is done to avoid double counting the number of respondents.)*

Proposed Revised Totals

<u>Entity</u>	<u>Respondent</u>	<u>Responses</u>	<u>Burden Hours</u>
State Agencies	10	119,290	22,136
<u>Individuals</u>	<u>25,640</u>	<u>25,640</u>	<u>4,273</u>
	25,650	144,930	26,409

Current Totals

	<u>Respondent</u>	<u>Responses</u>	<u>Burden Hours</u>
	22,015	158,564	29,029
Difference	3,635	-13,634	-2,620

The decrease in the number of holder/servicers decreased the number of reporting, notification and recordkeeping burden hours.

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14.)
- The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and acquiring and maintaining record storage facilities.
 - If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.
 - Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government or (4) as part of customary and usual business or private practices. Also, these estimates should not include the hourly costs (i.e., the monetization of the hours) captured above in Item 12

Total Annualized Capital/Startup Cost :

Total Annual Costs (O&M) : _____
 Total Annualized Costs Requested :

There are no capital and start-up costs to the respondents. All equipment and software are maintained by the lenders 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 \$3,344.

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).

We are requesting an extension to this information collection. The adjustment due to a decrease in required hours to 26,409 hours, broken out as follows:

*Reporting requirements decreased to 8 hours
 Notification requirements decreased to 18,514 hours
 Recordkeeping requirements decreased to 7,887 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.

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.

No exemption is requested.

Tracking and OMB Number: (XXXX) 1845-0125
RIN Number: XXXX-XXXX (if applicable)

Revised: 06/07/2016

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

This fully complies with the guidelines set forth in 5 CFR 1320.9. The certifications are included in the package.