

**SUPPORTING STATEMENT  
FOR PAPERWORK REDUCTION ACT SUBMISSION  
Student Assistance General Provisions – Student Right-to-Know (SRK)**

**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<sup>1</sup>. 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) proposes to amend the Student Assistance General Provisions regulations issued under the Higher Education Act of 1965, as amended (HEA), to implement changes made to the Student Assistance General Provisions regulations – Subpart D – Institutional and Financial Assistance Information for §668.41 - Reporting and disclosure of information. These proposed regulations are a result of negotiated rulemaking and would add new requirements to the current regulations.

These proposed regulations are intended to ensure that current and prospective students are provided with warnings through individual notification or group notification if a proprietary institution's repayment rate, as calculated by the Department, meets specified criteria and that such required rate information are prominently included in all promotional materials. Additionally, current and prospective students must be provided with warnings through individual notification or group notification if the Department requires a private or proprietary institution to provide financial protections, such as a letter of credit based on specified criteria. The proposed regulations also provide for a challenge process for proprietary institutions regarding the Department's repayment rate calculations.

This request is to revise the current information collection to include these new regulatory requirements.

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 will be used by current and prospective students to assist them in making informed decisions about enrollment or continued enrollment in postsecondary institutions.

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<sup>1</sup> Please limit pasted text to no longer than 3 paragraphs.

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 prohibitions to the use of technology in providing the required warnings to current and prospective students individually as well as in promotional materials. It is anticipated that many institutions will use electronic means to provide the warnings to students.

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.

Using data from the Integrated Postsecondary Education Data System, the Department estimates that approximately 4,365 institutions qualify as small entities--1,891 are not-for-profit institutions, 2,474 are for-profit institutions. While the Department anticipates that most institutions will provide the required information via electronic means, there will be some smaller institutions that will choose to provide the warnings and promotional materials to students using paper documents. The use of the electronic means will mitigate the burden of these warnings.

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 proposed regulations require warnings to be sent by institutions to current and prospect students. These warnings are meant to provide additional consumer information upon which financial decisions can be made. Not providing the warnings could cause a student to begin attendance at a school that they might otherwise have not attended without the loan repayment rate or financial protections warning information.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:
  - requiring respondents to report information to the agency more often than quarterly;

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

This information collection does not require any special circumstances.

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 developed these regulations after conducting negotiated rulemaking with the affected entities and other parties. The comment period for this information collection package will run concurrently with the Notice of Proposed Rulemaking.

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.<sup>2</sup> 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.

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 collection.

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

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<sup>2</sup> 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)

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 §668.41--Reporting and disclosure of information.

Under proposed §668.41(h) the institution must deliver a warning about its repayment outcomes to enrolled and prospective students and would expand the reporting and disclosure requirements under §668.41 to provide that, for any fiscal year in which a proprietary institution's loan repayment rate is equal to or less than zero,. Institutions with fewer than 10 borrowers, or that meet the threshold for a low borrowing rate exemption, would not be required to make the disclosure.

The process through which a proprietary institution would be informed of its repayment rate, and provided the opportunity to challenge that rate, is included in proposed §668.41(h)(5). Initially, the Department provides to each institution a list composed of students selected in accordance with the methodology in proposed §668.41(h)(3) as well as the draft repayment rate and the underlying data used to make the calculation. A period of 45 days is allowed for institution to make corrections to the underlying data. The institution has 45 days following the date it receives notification of its draft loan repayment rate to challenge the accuracy of the information used by the Department to calculate the draft rate. After considering any challenges to its draft loan repayment rate, the Department notifies the institution of its final repayment rate.

Under proposed §668.41(h)(8), all promotional materials made available by or on behalf of an institution to prospective students must prominently include the loan repayment warning. All promotional materials, including printed materials, about an institution must be accurate and current at the time they are published, approved by a State agency or broadcast.

Under proposed §668.41(i), institutions that are required to provide financial protection, including an irrevocable letter of credit or cash under proposed §668.175(d), or set-aside under proposed §668.175(h), would have to disclose information about that requirement to both enrolled and prospective students until released from the letter of credit, or obligation to provide alternative financial protection, by the Department.

The loan repayment warning under proposed §668.41(h) and the financial protection disclosure under proposed §668.41(i) must be provided to both enrolled (§668.41(h)(7)(ii)) and prospective students (§668.41(h)(7)(iii)) by hand delivery as part of a separate document to the student individually or as part of a group presentation. Alternatively, the warning or disclosure may be sent to the primary email address or other electronic communication method used by the institution for communicating with the student. In all cases, the institution must ensure that the warning or disclosure is the only substantive content in the message unless the Secretary specifies additional, contextual language to be included in the message. Prospective students must be provided with the warning or disclosure before the student enrolls, registers, or enters into a financial obligation with the institution.

## AFFECTED ENTITIES AND BURDEN:

There will be burden to review the list identified in §668.41(h)(5)(i)(A) and to submit challenges to the accuracy of the information used to calculate the draft loan repayment rate, as provided in §668.41(h)(5)(iii).

We estimate that it will take institutional staff 20 hours to review the listing of students included in the initial loan repayment rate calculations. We estimate that it will take institutional staff another 35 hours to review the draft loan repayment rate produced by the Secretary when challenging the accuracy of the information used to calculate that draft rate. We are estimating a total of 55 hours burden per institution for institutional activities under proposed §668.41(h)(5).

Affected entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Proprietary Institutions	493	493	x 55 hours	27,115

There will be burden on schools to deliver the loan repayment warning and the financial repayment disclosure to enrolled and prospective students under this proposed regulation.

For the loan repayment warning, under proposed §668.41(h)(7)(i), the Department commits to consumer test the language of the warning, which the Secretary will publish in a Federal Register notice. We anticipate that it will take proprietary institutions 65 hours to produce and disseminate the loan repayment warnings to current and prospective students, ensure that promotional materials include the warning, and update the institution's Web site.

Affected entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Proprietary Institutions	493	493	x 65 hours	32,045

For the financial protection disclosure, under proposed §668.41(i), we estimate that it will take institutions an additional 50 hours to produce and provide the required financial protection disclosures to current and prospective students and update the institution's Web site. We estimate that 169 private institutions may have 2 events requiring such reporting. We estimate that 392 proprietary institutions may have 3 events requiring such reporting.

Affected entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Private Institutions	169	338	x 50 hours	16,900
Proprietary Institutions	392	1,176	x 50 hours	58,800

The combined total increase in burden under OMB Control Number 1845-0004 for proposed §668.41 will be 134,860 hours.

**TOTAL of PROPOSED BURDEN**

# of Respondents	# of Responses	Total Burden
1,054	2,500	134,860

**CURRENT BURDEN:**

# of Respondents	# of Responses	Total Burden
7,310	30,022	18,670

**PROPOSED REVISED BURDEN FOR INFORMATION COLLECTION**

# of Respondents	# of Responses	Total Burden
7,310*	32,522	153,530

\*The proposed respondent count is not added to the current respondent count to avoid over counting the affected entities.

We estimate the cost to institutional respondents, based on \$36.55 per burden hour, will be:

Private Institutions =	\$ 617,695
Proprietary Institutions =	<u>\$ 4,311,438</u>
	\$ 4,929,133

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 start-up costs related to this proposed regulation.

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.

There are no additional costs to the Federal government from these proposed 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 request is to revise the currently approved information collection. These changes are due to the proposed regulations offered through program change. The increase in burden to this information collection is 134,860 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.

The information in the proposed rule will not be published by the Department. However these proposed regulations do not change the other collections in this Subpart of the regulations that require schools to report their completion or graduation rates to the Department through IPEDs and is made available to the general public at <https://nces.ed.gov/ipeds/>.

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.



Tracking and OMB Number: (XXXX) 1845-0004  
RIN Number: 1840-AD19 (if applicable)

Revised: 06/09/2016

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-I.