

**SUPPORTING STATEMENT  
FOR PAPERWORK REDUCTION ACT SUBMISSION**

**Student Assistance General Provisions – Subpart K – Cash Management**

**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.

This request is for a revision to the current information collection 1845-0038 that is expiring. This collection pertains to the recordkeeping requirements contained in the regulations related to the administration of the Subpart K - Cash Management section of the Student Assistance General Provisions. The regulatory language has not changed. These program regulations are designed to provide benefits to Title IV, HEA applicants, and protect the taxpayers' interest. The information collection requirements in these regulations are necessary to provide students with required information about their eligibility to receive funding under the federal student financial aid programs and to prevent fraud and abuse of program funds by allowing students to reduce or reject aid being offered as well as being made aware of when such funding can be expected to be available.

The burden for sections 34 CFR [668.163](#) and [668.165](#) is being updated to more accurately reflect the number of participating institutions and federal student aid recipients. Links to specific regulatory language are provided above.

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.

There is no change to the purpose and use of the information. The schools are required to identify bank accounts that hold federal student aid funds with the word “Federal” in the name of the account. Schools are also required to provide federal student aid recipients with notifications of the types of aid to be disbursed, as well as allow recipients to cancel all or a portion of a Direct Loan or TEACH Grant. Additionally, schools are required to provide authorizations from the recipients to use funds to pay other charges, or hold funds in a student’s account that would otherwise be disbursed directly to the aid recipient. These requirements are all recordkeeping and the institutions must make this

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

information available at the time of any audit or program review to ensure that the institutions are in compliance with the regulations.

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.

Institutions may use available technology to transmit documents to and receive documents from federal student aid recipients. This allows for automation of the notices and documenting that they were sent as required.

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 data as a result of the collection of this 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.

No small businesses are impacted by this collection.

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 institutions were not to perform the requirements of these regulations federal student aid recipients would not be able to easily plan their budgets for paying for the various costs of attending the institution. Additionally, without the authorization requirements an aid recipient may have undue burden placed on them to pay past or upcoming charges.

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 requirement 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.

There has been no change to the underlying statutory or regulatory language. The Department published a 60-day public comment period notice in the Federal Register September 6, 2016, Vol. 81, No 172, page 61214. No public comments were received. This request is for the 30-day notice seeking public comments on the burden calculations.

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 the 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.

The Department is not requesting any sensitive data.

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.

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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)

The Department is requesting the following updates to the recordkeeping for 34 CFR Sections 668.163 and 668.165.

**34 CFR 668.163 – Maintaining and accounting for funds** – identifies how institutions’ accounts into which federal student aid funds are to be established and maintained. It also identifies how institutional accounting and internal controls are to be maintained. The Department is decreasing the number of respondents to more accurately reflect the number of participating institutions, both domestic and foreign.

	<u>Respondents &amp; Responses</u>		<u>Burden Hours</u>
For-profit institutions:	2,030	x 1.23 hours =	2,497
Private institutions:	1,813	x 1.23 hours =	2,230
<u>Public institutions:</u>	<u>2,188</u>	<u>x 1.23 hours =</u>	<u>2,691</u>
Revised section total	6,031		7,418

**34 CFR 668.165 – Notices and authorizations** – requires that institution’s provide their federal student aid recipients with information about how much aid the recipient can expect to receive, when the aid will be available, provide the recipients the option of decreasing or eliminating loan or TEACH Grant funding if desired, and receive affirmative confirmation from the recipient of the accepted aid. Additionally, the institution must allow for a recipient to elect to have the institution hold aid funds and allow for the recipient to change that authorization at any time in writing.

Of the estimated 13 million aid recipients who would receive the notices and provide the appropriate authorizations, it is estimated that 35% or 4,550,000 are first time aid recipients and it would take them approximately 5 minutes to review the information being provided or 364,000 hours (4,550,000 x 0.08 = 364,000 hours). Of the approximate 13 million aid recipients it is estimated that 65% or 8,450,000 will have received aid previously and will be able to review and respond in approximately 3 minutes or 422,500 hours (8,450,000 x 0.05 = 422,500 hours). Lastly, it is anticipated that approximately 1% or 130,000 of the aid recipients will wish to alter their award based on the notifications which will require an additional 3 minutes or 6,500 hours (130,000 x 0.05 = 6,500 hours) to revise and then review the second notification with any changes to the award package.

There are 6,031 certified, eligible institutions who would be required to provide these notifications to their aid recipients. It is expected that the notification process is a highly automated one and would take approximately 2 minutes each for the estimated 13,130,000 aid recipients resulting in a total of 393,900 hours (13,130,000 x 0.03 = 393,900 hours).

<b>Respondents</b>	<b>Responses</b>	<b>Burden Hours</b>
<b>Individuals</b>		
First time recipients 4,550,000	4,550,000 x 0.08 hours =	364,000
Previous recipients 8,450,000	8,450,000 x 0.05 hours =	422,500
Recipients who request an award change 130,000	130,000 x 0.05 hours =	6,500
<b>For-profit institutions</b>		
*	1,838,200 x 0.03 hours =	55,146
<b>Private institutions</b>		
*	4,201,600 x 0.03 hours =	126,048
<b>Public institutions</b>		
*	7,090,200 x 0.03 hours =	212,706
<b>Revised Section Burden Totals</b>		
13,130,000	26,260,000	1,186,900

\* The asterisk is used to avoid double counting the same respondent already identified in a prior section calculation.

The revised information collection total for 1845-0038 is:

Respondents	Responses	Burden Hours
13,136,031	26,266,031	1,194,318

The current information collection total for 1845-0038 is:

Respondents	Responses	Burden Hours
15,162,501	30,306,251	1,376,701

A decrease of:

Respondents	Responses	Burden Hours
-2,026,470	-4,040,220	-182,383

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 is no new system start-up costs associated with these final regulations.

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 as a result of the 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).

The decrease of 2,026,470 respondents, 4,040,220 responses, and 182,383 hours in the estimation of burden due to the decrease in the number of participants and eligible and certified institutions during the time from the last filing of this collection that dealt with

34 CFR sections 668.163 and 668.165. There is no new statutory or regulatory language in this adjustment.

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 results of the collection of information will not be published.

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 of Paperwork Reduction Act Submissions".