

The Department of Education (the Department) proposes to amend the Federal Family Education Loan (FFEL) Program regulations issued under the Higher Education Act of 1965, as amended (HEA), to implement changes made to Subpart B – General Provisions for §682.211 – Forbearance and Subpart D – Administration of the Federal Family Education Loan Programs by a Guaranty Agency for §682.402. These proposed regulations are a result of negotiated rulemaking and would add new requirements to the current regulations.

Closed school discharges--§682.402.

The proposed regulations in §682.402(d)(6)(ii)(F) would require a guaranty agency that denies a closed school discharge request to inform the borrower of the opportunity for a review of the guaranty agency's decision by the Secretary, and explain how the borrower may request such a review.

The proposed regulations in §682.402(d)(6)(ii)(K) would describe the responsibilities of the guaranty agency and the Secretary if the borrower requests such a review.

The proposed regulations in §682.402(d)(6)(ii)(I), would require the guaranty agency or the Department, upon resuming collection, to provide a Perkins, FFEL, or Direct Loan borrower with another closed school discharge application, and an explanation of the requirements and procedures for obtaining the discharge.

The proposed regulations in §682.402(d)(8)(iii) would authorize the a guaranty agency with the Department's permission, to grant a closed school discharge to an FFEL borrower without a borrower application based on information in the Department's or guaranty agency's possession that the borrower did not subsequently re-enroll in any title IV-eligible institution within a period of three years after the school closed.

AFFECTED ENTITIES AND BURDEN:

There will be burden on guaranty agencies to provide information to borrowers denied closed school discharge regarding the opportunity for further review of the discharge request by the Secretary. We estimate that it will take the guaranty agencies 4 hours to update their notifications and establish a process for forwarding any requests for escalated reviews to the Secretary.

Affected entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Public GAs	17	17	x 4 hours	68

There will be burden on guaranty agencies to, upon receipt of the request for escalated review from the borrower, forward to the Secretary the discharge form and any relevant documents. For the period between 2011 and 2015 there were 43,268 students attending closed schools, of which 9,606 students received a closed school discharge. It is estimated that 5 percent of the 43,268, or 2,163, closed school applications were denied. We estimate that 10 percent or 216 of those borrowers whose application was denied will request escalated review by the Secretary. We estimate that the process to forward the discharge request and any relevant documentation to the Secretary will take .5 hours (30 minutes) per request. There will be an estimated burden of 58 hours on the 17 public guaranty agencies based on an estimated 116 requests.

Affected entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Public GAs	17	116	x .5 hours	58

The guaranty agencies will have burden assessed based on these proposed regulations to provide another discharge application to a borrower upon resuming collection activities with explanation of process and requirements for obtaining a discharge. We estimate that for the 2,163 closed school applications that were denied, it will take the guaranty agencies .5 hours (30 minutes) to provide the borrower with another discharge application and instructions for filing the application again. There will be an estimated burden of 582 hours on the 17 public guaranty agencies based on an estimated 1,163 borrowers (1,163 x .5 hours = 582 hours).

Affected entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Public GAs	17	1,163	x .5 hours	582

There will be burden assessed the guaranty agencies to determine the eligibility of a borrower for a closed school discharge without the borrower submitting such an application. This requires a review of those borrowers who attended a closed school but did not apply for a closed school discharge to determine if the borrower re-enrolled in any other institution within three years of the school closure. We estimate that there will be 20 hours of programming to allow for a guaranty agency to establish a process to review its records for borrowers who attended a closed school and to determine if any of those borrowers reenrolled in a title IV-eligible institution within three years. There will be an estimated burden of 340 hours on the 17 public guaranty agencies for this programming.

Affected entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Public GAs	17	17	x 20 hours	340

TOTALS

Responses	1,313
Respondents	17
Burden Hours	1,048