

**SUPPORTING STATEMENT  
FOR PAPERWORK REDUCTION ACT SUBMISSION  
Federal Family Education Loan (FFEL) Program Regulations**

**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) amends the Federal Family Education Loan (FFEL) Program regulations issued under the Higher Education Act of 1965, as amended (HEA), to implement changes made to Part 682 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 final regulations are a result of negotiated rulemaking and will add new requirements to the current regulations.

The regulations in §682.211 will require a lender to grant a mandatory administrative forbearance to a borrower upon being notified by the Secretary that the borrower has submitted an application for a borrower defense discharge related to a FFEL Loan that the borrower intends to pay off through a Direct Loan Program Consolidation Loan for the purpose of obtaining relief, as reflected in §685.212(k). The administrative forbearance will be granted in yearly increments of for a period designated by the Secretary until the Secretary notifies the lender that the loan has been consolidated or that the forbearance should be discontinued.

The regulations in §682.402(d)(6)(ii)(F) requires 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 regulations in §682.402(d)(6)(ii)(I), requires 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 regulations in §682.402(d)(6)(ii)(K) describes the responsibilities of the guaranty agency and the Secretary if the borrower requests such a review.

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

The regulations in §682.402(d)(8)(iii) authorizes 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.

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 provided by the Department will be used by guaranty agencies to assist in application of the mandatory forbearance of loan repayment in the case of a borrower who may qualify for a borrower defense discharge. The other information will allow for the transition of a loan account into repayment or into discharge depending upon the outcome of actions by the borrower and determinations by the guaranty agency or the Department.

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 materials or notifications to borrowers. It is anticipated that guaranty agencies will use electronic means to provide the required information 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.

No small business or small entities will be impacted by these regulations.

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 final regulations are being established to ensure that borrowers are informed of conditions of federal loan discharge that they may not have previously been aware as well as assure that borrower defense claims are fully reviewed and allowed any request for additional review to be performed. If these changes are not allowed borrowers will lack informed repayment and discharge options and the borrower's ability to seek debt relief as well as impede the Department in fulfilling their fiduciary responsibilities.

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 ran 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.

<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)

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.

§682.211 Mandatory administrative forbearance for FFEL Program borrowers.

Under §682.211(i)(7), a lender will be required to grant a mandatory administrative forbearance to a borrower upon being notified by the Secretary that the borrower has submitted an application for a borrower defense discharge related to a FFEL Loan that the borrower intends to pay off through a Direct Loan Program Consolidation Loan for the purpose of obtaining relief under §685.212(k).

The administrative forbearance will remain in effect until the Secretary notifies the lender that a determination has been made as to the borrower's eligibility for a borrower defense discharge. If the Secretary notifies the borrower that the borrower will qualify for a borrower defense discharge if the borrower were to consolidate, the borrower will then be able to consolidate the loan(s) to which the defense applies and, if the borrower were to do so, the Secretary will recognize the defense and discharge that portion of the Consolidation Loan that paid off the FFEL Loan in question.

**AFFECTED ENTITIES AND BURDEN:**

There will be burden for the current 1,446 FFEL lenders to track the required mandatory administrative forbearance when they are notified by the Secretary of the borrower's intention to enter their FFEL Loans into a Direct Consolidation Loan to obtain a borrower defense discharge. We estimate that it will take each lender approximately four hours to develop and program the needed tracking into their current systems. There will be an estimated burden of 5,480 hours on the 1,370 for-profit lenders. There will be an estimated burden of 304 hours on the 76 not-for-profit lenders.

Affected entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Proprietary Lenders	1,370	1,370	x 4 hours	5,480

Private Lenders	76	76	x 4 hours	304
Section Total	1,446	1,446		5,784

The burden of 5,784 hours will be assessed under OMB Control Number 1845-0020.

#### Closed school discharges--§682.402.

Under §682.402(d)(6)(ii)(F) a second level of Departmental review for denied closed school discharge claims in the FFEL Program will be provided. The final regulations will 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 an explanation of how the borrower may request such a review.

Under §682.402(d)(6)(ii)(I) the guaranty agency or the Department, upon resuming collection, will be required to provide a FFEL borrower with another closed school discharge application, and an explanation of the requirements and procedures for obtaining the discharge.

Under §682.402(d)(6)(ii)(K) the responsibilities of the guaranty agency if the borrower requests a review.

Under §682.402(d)(8)(iii) the Department, or a guaranty agency with the Department's permission, will be authorized to grant a closed school discharge to a 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 27 guaranty agencies 4 hours to update their notifications and establish a process for forwarding any requests for escalated reviews to the Secretary. There will be an estimated burden of 68 hours on the 17 public guaranty agencies. There will be an estimated burden of 40 hours on the 10 not-for-profit guaranty agencies.

Affected entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Public GAs	17	17	x 4 hours	68
Private GAs	10	10	x 4 hours	40
Section Total	27	27		108

The burden of 108 hours will be assessed under OMB Control Number 1845-0020.

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. There will be an estimated burden of 50 hours on the 10 not-for-profit guaranty agencies.

Affected entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Public GAs	*	116	x .5 hours	58
Private GAs	*	100	x .5 hours	50
Section Total	*	216		108

The burden of 108 hours will be assessed under OMB Control Number 1845-0020.

\*The respondent count is not subtotaled to avoid over counting the affected entities.

The guaranty agencies will have burden assessed based on these final 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). There will be an estimated burden of 500 hours on the 10 not-for-profit guaranty agencies (1,000 x .5 hours = 500 hours).

Affected entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Public GAs	*	1,163	x .5 hours	582
Private GAs	*	1,000	x .5 hours	500
Section Total	*	2,163		1,082

The burden of 1,082 will be assessed under OMB Control Number 1845-0020.

\*The respondent count is not subtotaled to avoid over counting the affected entities.

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. There will be an estimated burden of 200 hours on the not-for-profit guaranty agencies for this programming.

Affected entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Public GAs	*	17	x 20 hours	340
<u>Private GAs</u>	*	<u>10</u>	<u>x 20 hours</u>	<u>200</u>
Section Total	*	27		540

The burden of 540 hours will be assessed under OMB Control Number 1845-0020.

\*The respondent count is not subtotaled to avoid over counting the affected entities.

The total collected burden for §682.402 will be 1,838 hours under OMB Control Number 1845-0020.

The cumulative total burden for §682.211 and §682.402 will be 7,622 hours under OMB Control Number 1845-0020.

**Total of Final Burden:**

# of Respondents	# of Responses	Total Burden
1,473	3,879	7,622

**Current Burden:**

# of Respondents	# of Responses	Total Burden
16,971,229	17,096,287	8,241,898

**Final Revised Burden for Information Collection:**

# of Respondents	# of Responses	Total Burden
16,971,229*	17,100,166	8,249,520

\*The 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 Lenders =	\$ 200,294
Proprietary Lenders =	\$ 11,111
Public GAs =	\$ 28,875
Private GAs =	<u>\$ 38,304</u>
	\$ 278,584

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 start-up cost related to this 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 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 final regulations offered through program change. The increase in burden to this information collection is 7,622 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 rule will not be published by the Department.

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 for Paperwork Reduction Act Submissions” of OMB Form 83-I.