

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
Student Assistance General Provisions**

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.

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 in §§ 668.171 and 668.172. These proposed regulations are a result of negotiated rulemaking and would add requirements to the current regulations.

The proposed regulations in §668.171 establish actions or events that have or may have an adverse material effect on an institution's financial condition and revise Appendices A and B of the financial responsibility regulations to conform to changes in the accounting standards. The proposed regulations in §668.172 addresses changes to the accounting standards regarding leases.

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 institutions in §668.171 and §668.172 would continue to be used by the Department to aid in determining if an institution is able to meet its financial or administrative obligations.

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 information to the Department.

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

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.

The use of the electronic means would mitigate any burden of providing the required information.

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 clarify for institutions the conditions and events that trigger a requirement that the school provide financial protection or allow institutions to request a recalculation of the composite score. Without this information the Department would not have full evidence of the institution's financial capability which could jeopardize title IV, HEA program eligibility.

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 runs 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.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.

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)

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 contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.

§668.171 General.

Under the proposed section 668.171(f), in accordance with procedures to be established by the Secretary, an institution would notify the Secretary of any action or event described in the specified number of days after the action or event occurred. In the notice to the Secretary or in the institution's preliminary response, the institution may show that certain of the actions or events are not material or that the actions or events are resolved.

AFFECTED ENTITIES AND BURDEN:

There would be burden on institutions to provide the notice to the Secretary when one of the actions or events occurs. We estimate that an institution would take two hours per action to prepare the appropriate notice and to provide it to the Secretary.

We estimate that 180 private institutions may have two events annually to report for a total burden of 720 hours (180 institutions x 2 events x 2 hours).

We estimate that 379 proprietary institutions may have three events annually to report for a total burden of 2,274 hours (379 institutions x 3 events x 2 hours).

Affected Entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Private Institutions	180**	360	x 2 hours	720
Proprietary Institutions	379**	1,137	x 2 hours	2,274

This total burden of 2,994 hours would be assessed under OMB Control Number 1845-0022.

§ 668.172 Financial Ratios

Under proposed 668.172(d), institutions can request the Secretary to compute a second composite score excluding operating leases and have the higher of the two composite scores used to determine, in part, if the institution meets the financial responsibility requirements to participate in title IV financial aid programs.

AFFECTED ENTITIES AND BURDEN:

There would be burden on institutions to request that the Secretary perform the second composite scoring calculation. We estimate that it would take a school .25 hours (15 minutes) to request the recalculation.

We estimate that 25% of the private institutions 450 (1,799 x .25) would request the recalculation for 113 hours (450 institutions X .25 hours).

We estimate that 25 % of the proprietary institutions 474 (1,896 x .25) would request the recalculation for 119 hours (474 institutions x .25 hours).

Affected Entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Private Institutions	450**	450	x .25 hours	113
Proprietary Institutions	474**	474	x .25 hours	119

This total burden of 232 hours (113+119) would be assessed under the OMB Control Number 1845-0022.

Appendix A and B for Section 668 - subpart L – Financial Responsibility

Under proposed Section 2 for Appendix A and B, proprietary and private schools would be required to submit a Supplemental Schedule as part of their audited financial statements. With the update from the Financial Accounting Standards Board, some elements needed to calculate the composite score would no longer be readily available in the audited financial statements, particularly for private institutions. With the proposed updates to the Supplemental Schedule to reference the financial statements, this issue would be addressed in a convenient and transparent manner for both the schools and the Department by showing how the composite score is calculated.

AFFECTED ENTITIES AND BURDEN:

There would be burden on schools to provide the Supplemental Schedule to the Department. In development of this proposal, the members of the negotiated rulemaking subcommittee indicated that they believed that as the information would be readily available upon completion of the required audit and the burden would be minimal. We estimate that it would take each proprietary and private institution one hour to prepare the Supplemental Schedule and have it made available for posting along with the annual audit.

We estimate that 1,799 private schools would require 1 hour of burden to prepare the Supplemental Schedule and have it made available for posting along with the annual audit for a total burden of 1,799 hours (1,799 institutions x 1 hour).

We estimate that 1,896 proprietary schools would require 1 hour of burden to prepare the Supplemental Schedule and have it made available for posting along with the annual audit for a total burden of 1,896 hours (1,896 institutions x 1 hour).

Affected Entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Private Institutions	1,799*	1,799	x 1 hour	1,799
Proprietary Institutions	1,896*	1,896	x 1 hour	1,896

This total burden of 3,695 hours would be assessed under OMB Control Number 1845-0022.

Total of Proposed Burden:

# of Respondents	# of Responses	Total Burden
3,695*	6,116	6,921

Current Burden:

# of Respondents	# of Responses	Total Burden
904,162	1,343,120	2,281,511

Proposed Revised Burden for Information Collection

# of Respondents	# of Responses	Total Burden
904,162*	1,349,236	2,288,432

*The proposed universe of respondents count is not added to the current respondents count to avoid over counting the affected entities.

**These respondents counts are included in the universe of respondents and are not included in the subtotal of Total Proposed Burden respondents.

We estimate the cost to institutional respondents, based on \$44.41 per burden hour, would be:

Private Institutions =	\$ 116,887.12 (2,632 hours x \$44.41)
Proprietary Institutions =	\$ <u>190,474.49</u> (4,289 hours x \$44.41)
	\$ 307,361.61 (6,921 hours x \$44.41)

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 proposed increase in burden to this information collection is 6,921 hours based on an additional estimated total of 6,116 responses from 3,695 institutions. The institutions would have to provide additional information to the Secretary if it meets one of the identified triggering actions or events. Additionally, institutions will be required to submit a Supplemental Schedule with their annual audit filing, which can be used if the institution requests a computation of a second composite score as allowed under the proposed regulations.

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 would 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.