

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION**

**Federal Family Educational Loan Program
Servicemembers Civil Relief Act (SCRA)**

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) is requesting a revision of the currently approved OMB information collection 1845-0093, Federal Family Education Loan (FFEL) Program Servicemembers Civil Relief Act (SCRA). The regulations require the FFEL loan holder to match its database against the Department of Defense (DOD) Defense Manpower Data Center (DMDC) or other official DOD database and automatically apply the interest rate limitation, as appropriate, to borrowers under the SCRA. There has been no change in the statute or in the regulations at 34 CFR 682.208(j). Since the last renewal of this collection, a separate form has been created, and approved by OMB 1845-0135, for borrowers to request the SCRA interest rate limitation if they believe they qualify for the benefit but have not been automatically selected through the holder's use of the DMDC. This request removes the previously included borrower burden from this regulation because the individual's burden is assessed under the forms information collection request. The Department is also revising downward the overall collection burden due to the decreasing number of FFEL loan holders and affected loans.

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 required documentation will be retained by the FFEL loan holders to assure accountability to program participants for proper program administration and to justify the payment of funds by the federal government. Not collecting the information described will likely result in a loss of Federal benefits due borrowers who are on active military duty and compliance with the SCRA.

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

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

decision of adopting this means of collection. Also describe any consideration given to using technology to reduce burden.

Under the regulations, the circumstances under which FFEL borrowers are required to submit a written request and a copy of military orders have been, for practical purposes, eliminated. The current process required under these regulations is inherently an automated, electronic-based process.

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 are other forms, such as the public service forbearance and military service deferment form, which do provide sufficient evidence that the borrower qualifies for a reduced interest rate under the SCRA and loan holders are required to grant the SCRA interest rate limit based on that evidence. However, the automated, electronic processes under the regulation's cannot be used in reverse, to grant benefits such as the military service deferment or the public service forbearance because the DMDC does not provide sufficient information to grant those benefits. Therefore, to the extent that the borrower is seeking a public service forbearance or military service deferment and is entitled to the SCRA interest rate limitation, duplication is unavoidable.

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.

Recordkeeping requirements are imposed to assure accountability of program participants for proper program administration and less frequent collection could impair accountability of program participants.

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 application is consistent with these guidelines.

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 regulations were developed through the Negotiated Rulemaking process in 2015 where the public, schools, a variety of professional associations and other interested parties provided input.

The Department requested a 60-day public comment period on the burden assessments in the Federal Register published August 17, 2018, page 41071.

There were no comments received during the 60-day public comment period. There is no change to the information collection. This is the 30-day public comment request.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees with meaningful justification.

No gifts or payments will be provided 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.

The sharing of the borrower's data with the DMDC allows the loan holder/servicers to ensure an eligible borrower receives the SCRA benefit without additional burden to the borrower. The Privacy Act Notice included on the Direct Loan Master Promissory Note (OMB approved form 1845-0007) informs the borrower that disclosure of information may be made under a computer matching agreement. The computer matching agreement which facilitates the DMDC record sharing as authorized under the Common Services for Borrowers Systems of Record Notice (18-11-16).

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.

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)

- 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.

All of the regulations at §682.208(j) represent a shift in burden from borrowers to loan holders. Previously, borrowers were required to submit a written request for their loan holder to apply the SCRA interest rate limit and provide a copy of his or her military orders to support the request. Under the current regulations, borrowers are no longer required to submit a written request or a copy of his or her military orders, the burden on borrowers will be essentially eliminated.

While borrowers will still be permitted to submit other evidence that they qualify for the SCRA interest rate limit, and loan holders will be required to honor it, the Department has no data to suggest the extent to which erroneous or missing data in the DoD's DMDC will give rise to a borrower needing to submit alternative evidence of his or her military service, but anecdotal accounts suggest that the error rate of the DMDC is of a de minimus nature. The Department has a form available to borrowers to make the SCRA request which is approved under OMB Control Number 1845-0135. All of the burden for borrowers is now identified under that control number. Therefore, we are subtracting the 20 hours of burden for the estimated 59 borrowers and 59 responses from this information collection.

Under §682.208(j)(1), (6), and (7), a FFEL Program loan holder, including a guaranty agency, must match its servicing system, including borrowers, co-borrowers, and endorsers, against the DMDC to determine whether the borrower is eligible to receive an interest rate reduction under the SCRA.

For §682.208(j)(1), (6), and (7), we estimate that it will take each loan holder approximately 3 hours per month to extract applicable data from their servicing systems, format it to conform to the DMDC file layout, perform quality assurance, submit the file to the DMDC, retrieve the result, import it back into their systems, perform quality assurance, and then, to the extent that the borrower or endorser is or was engaged in qualifying military service, apply, extend, or end the SCRA interest rate limitation.

Under §682.208(j)(1), (6), and (7), for public loan holders, we estimate that this regulation will require burden of 468 hours per year (13 public loan holders multiplied by 3 hours per month multiplied by 12 months). For not-for-profit loans holders, we estimate that this regulation will require burden of 3,852 hours per year (107 not-for-profit loan holders multiplied by 3 hours per month multiplied by 12 months). For proprietary loans holders, we estimate that this regulation will require burden of 45,756 hours per year

(1,271 proprietary loan holders multiplied by 3 hours per month multiplied by 12 months).

Based on 12 responses per respondent times 3 hours per response, this equates to a total estimated annual recordkeeping burden of 50,076 hours, calculated as follows:

	Respondents	Responses		Burden Hours
Public loan holders	13 X 12	156	X 3 hours	468
Not-for-profit loan holders	107 X 12	1,284	X 3 hours	3,852
<u>For-profit loan holders</u>	<u>1,271 X 12</u>	<u>15,252</u>	<u>X 3 hours</u>	<u>45,756</u>
Revised Section Total	1,391 X 12	16,692	X 3 hours	50,076

Under §682.208(j)(8), a FFEL Program loan holder, including a guaranty agency, must refund overpayments created by the application of the SCRA interest rate reduction to a loan that was in the process of being paid-in-full through loan consolidation at the time the interest rate reduction was applied by returning the overpayment to the holder of the consolidation loan. For §682.208(j)(8), we estimate that it will take each loan holder 1 hour per borrower to refund overpayments for borrowers who have consolidated their loans. We further estimate that 0.1 percent of those consolidation loans will create an overpayment that will require a loan holder to issue a refund to the holder of the consolidation loan.

For calendar year 2017, there were a of 2,632 FFEL borrowers who had the SCRA interest rate benefit for the first time. 0.1 percent of those borrowers, or 26 borrowers, may have consolidated during the transition to the SCRA interest rate and require a loan holder to issue a refund.

Under §682.208(j)(8), therefore, for public loan holders, we estimate that this regulation will increase burden by 0 hours per year (0 borrowers with loans held by public loan holders). For not-for-profit loan holders, we estimate that this regulation will increase burden by 2 hours per year (2 borrowers with loans held by not-for-profit loan holders). For proprietary loan holders, we estimate that this regulation will increase burden by 24 hours per year (24 borrowers with loans held by proprietary loan holders).

Based on 1 hour per responses per borrower, this equates to a total estimated annual recordkeeping burden of 96 hours, calculated as follows:

	Respondents	Responses	Burden Hours
Public loan holders	*	0 X 1 hours	0
Not-for-profit loan holders	*	2 X 1 hours	2
<u>For-profit loan holders</u>	<u>*</u>	<u>24 X 1 hours</u>	<u>24</u>
Revised Section Total	*	26	26

Under §682.208(j)(9), a FFEL Program loan holder, including a guaranty agency, must refund overpayments created by the application of the SCRA interest rate reduction by returning the overpayment to the borrower.

For §682.208(j)(9), we estimate that it will take each loan holder 1 hour per borrower to refund overpayments for borrowers for whom the application of the SCRA interest rate limit caused their loan to be overpaid. For calendar year 2017, there were a of 2,632 FFEL borrowers who had the SCRA interest rate benefit for the first time. We estimate that 0.05 percent of borrowers, or 13 borrowers, who have the SCRA interest rate limit applied for the 2017 calendar year will result in an overpayment.

Under §682.208(j)(9), therefore, for public loan holders, we estimate that this regulation will increase burden by 0 hours per year (0 borrowers with loans held by public loan holders). For not-for-profit loan holders, we estimate that this regulation will increase burden by 1 hour per year (1 borrower with loans held by not-for-profit loan holders). For proprietary loan holders, we estimate that this regulation will increase burden by 12 hours per year (12 borrowers with loans held by proprietary loan holders).

Based on 1 hour per response per borrower, this equates to a total estimated annual recordkeeping burden of 13 hours, calculated as follows:

	Respondents	Responses	Burden Hours
Public loan holders	*	0 X 1 hours	0
Not-for-profit loan holders	*	1 X 1 hours	1
For-profit loan holders	*	12 X 1 hours	12
Revised Section Total	*	13	13

* The asterisk is used to avoid double counting the same universe of loan holders.

Current Burden Totals

	Respondents	Responses	Burden Hours
	3,433	41,121	122,874
Burden Moved to 1845-0135			
	Respondents	Responses	Burden Hours
Individuals	-59	-59	-20
New Starting Burden			
	Respondents	Responses	Burden Hours
	3,374	41,062	122,854
Revised collection total			
	Respondents	Responses	Burden Hours
	1,391*	16,731	50,115
Difference			
	Respondents	Responses	Burden Hours
	-1,983	-24,331	-72,739

We estimate the costs to institutional respondents, based on \$44.41 per burden hour, would total \$2,225,607.10. See break out below:

Public loan holders \$ 20,783.88 (468 hours x \$44.41)

Not-for-profit loan holders	\$ 171,200.55 (3,855 hours x \$44.41)
For-profit loan holders	\$2,033,622.70 (45,792 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)	:	
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Total Annualized Costs Requested	:	

There is no additional cost burden associated with this collection.

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 is no additional cost to the Federal government as a result of 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).

The Department is requesting a revision of this information collection. The regulations associated with this collection have not changed since 2015. The program change is due to the decrease of 72,739 burden hours caused, in part, by the transition to the automated, electronic transfer of information between the DOD and the Department, as well as on the decrease in the number of lenders participating in the FFEL program. The adjustment is due to the removal of the 20 hours of burden for 59 individuals as it is currently captured under the SCRA request form, OMB approved information collection 1845-0135.

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