

The Department of Education (the Department) amends 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 Appendix A & B of 668 subpart L. These final regulations are a result of negotiated rulemaking and will add requirements to the current regulations.

The final 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 final regulations in §668.172 were not adopted and are not included in this information collection revision.

§668.171 General.

Under the final regulations section 668.171(f), in accordance with procedures to be established by the Secretary, an institution will 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 will be burden on institutions to provide the notice to the Secretary when one of the actions or events occurs. We estimate that an institution will take two hours per action to prepare the appropriate notice and to provide it to the Secretary.

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
Proprietary Institutions	379	1,137	x 2 hours	2,274

§ 668.172 Financial Ratios

This section of the proposed regulations was not implemented in the final regulations and the proposed burden is being removed from the estimated burden for this information collection.

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

Under final Section 2 for Appendix A and B, proprietary and private schools will 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 updates to the Supplemental Schedule to reference the financial statements, this issue will 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 will 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 will take each proprietary institution one hour to prepare the Supplemental Schedule and have it made available for posting along with the annual audit.

We estimate that 1,896 proprietary schools will 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
Proprietary Institutions	1,896	1,896	x 1 hour	1,896

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

Proprietary Institutions = \$ 185,190 (4,170 hours x \$44.41)

TOTALS

Responses	3,033
Respondents	1,896
Burden Hours	4,170