

**SUPPORTING STATEMENT**  
**FOR PAPERWORK REDUCTION ACT SUBMISSION**  
**Loan Discharge Applications (DL/FFEL/Perkins)**

**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 Higher Education Act of 1965, as amended (HEA), established the Federal Family Education Loan (FFEL) Program, the William D. Ford Federal Direct Loan (Direct Loan) Program, and the Federal Perkins (Perkins) Loan programs under Title IV, Parts B, D, and E, respectively. Section 437(c)(1) of the HEA authorizes the discharge of a FFEL or Direct Loan program loan borrower's obligation to repay his or her loan(s) based on school closure or false certification of student eligibility. Section 464(g)(1) of the HEA authorizes the discharge of a Perkins Loan Program loan based on school closure. For the FFEL and Direct Loan programs, the regulations governing closed school and false certification loan discharges are in 34 CFR 682.402(d) and (e) (FFEL Program) and 34 CFR 685.212, 214 and 215 (Direct Loan Program). For the Perkins Loan Program, the regulations governing closed school discharges are in 34 CFR 674.33(g).

This collection is necessary for loan holders in the FFEL, Direct Loan, and Perkins Loan programs to obtain the information needed to determine whether a borrower qualifies for a closed school or false certification loan discharge. The loan discharge regulations in all three loan programs require borrowers who seek discharge of their FFEL, Direct Loan, or Perkins Loan program loans to request a loan discharge and provide their loan holders with certain information in writing.

This information collection includes the following five loan discharge applications that are used to obtain the information needed to determine whether a borrower qualifies for a closed school, false certification, or unpaid refund loan discharge:

1. Loan Discharge Application: School Closure
2. Loan Discharge Application: False Certification (Ability to Benefit)
3. Loan Discharge Application: False Certification (Disqualifying Status)
4. Loan Discharge Application: False Certification (Unauthorized Signature/Unauthorized Payment)

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

## 5. Loan Discharge Application: Unpaid Refund

The Department of Education (Department) is requesting an extension of the currently approved information collection. There is no change to the currently assessed burden in this collection. The Department is making slight wording changes of some of the instructions to improve readability. Additionally, the Loan Discharge Application: School Closure form is being updated to include the timeframe change definitions that were included in the regulatory change of 2019. The forms will be made compliant with Section 508 of the Rehabilitation Act of 1973, upon conclusion of this extension request.

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 Department and FFEL and Perkins Program loan holders use the information collected on the forms to determine whether a borrower qualifies for a loan discharge. The collection will continue to be used for this purpose.

Borrowers generally obtain a copy of the unpaid refund loan discharge application by contacting their loan holder. The Department's servicers and FFEL and Perkins Program loan holders may also make the form available on their web sites.

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.

The Department continues its effort to maximize the use of available information technology in making and servicing Direct Loans. The Department encourages FFEL Program loan holders to use computer technology extensively, when it is feasible and cost-effective. Indeed, most loan holders and servicers permit borrowers to scan and upload or scan and email copies of forms.

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 is no similar information already available from other sources that can be used for the purposes described in Item 2.

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 affected by this information 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.

A borrower who requests an unpaid refund loan discharge is required to submit a loan discharge application only one time. The other forms are utilized as needed by the borrower. If this collection is not conducted, borrowers will be denied statutory and regulatory relief from repayment of federal student loans under specific conditions.

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 involve any of the above conditions.

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 considered comments from the public when developing the currently approved forms. On April 17, 2020, a 60-day public comment period request regarding the burden associated with this ICR was published in the Federal Register, Vol. 85, No 75, page 21420. One comment was received but was outside the scope of this ICR. There is no change to the estimated burden or to the forms as presented with the 60-day public review. The Department is now requesting the 30-day public comment period.

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

No payments or gifts have been 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.<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.

The forms include a Privacy Act Notice that (1) informs borrowers of the statutory authority for the information collection; (2) explains that the disclosure of the information is voluntary, but is required in order to qualify for a loan discharge; and (3) identifies the third parties to whom the information may be disclosed and explains the circumstances under which those disclosures may occur.

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<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)

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 forms do not require borrowers to provide any information noted above.

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.

The Department estimates the total annual number of respondents for this information collection to be as follows:

- Loan Discharge: School Closure = 22,083
- Loan Discharge: False Certification (Ability to Benefit) = 3,715
- Loan Discharge: False Certification (Disqualifying Status) = 1,290
- Loan Discharge: False Certification (Unauthorized Signature/Payment) = 2,563
- Loan Discharge: Unpaid Refund = 400.

The estimated time required to complete the forms is 0.5 hours (30 minutes).

Based on one response per respondent per year, this equates to a total estimated annual reporting burden of 15,026 hours, calculated as follows:

Estimated annual number of respondents:		30,051
Number of responses per borrower:	x	1
Hours per response:	x	0.5 (30 minutes)
Annual hour burden:		<hr/> 15,026 hours

There are no annual costs to respondents associated with operating or maintaining systems or purchasing services.

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	:	\$0.00
Total Annual Costs (O&M)	:	\$0.00
Total Annualized Costs Requested	:	<hr/> \$0.00

There are no capital/startup costs to respondents.

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 significant cost to the federal government related to these forms from FFEL Program, Direct Loan, or Perkins Loan borrowers, since loan holders and servicers distribute and process the loan discharge applications, and the Department servicers do not specifically charge the government for distributing these forms.

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 is a request for an extension of the current burden hours, respondents and responses without change to the respondents, responses or burden hours. The burden associated with this collection remains at 30,051 respondents and responses for a total of 15,026 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 results of this information collection 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".