

**SUPPORTING STATEMENT  
FOR PAPERWORK REDUCTION ACT SUBMISSION**

Discharge Application: Total and Permanent Disability, Post-Discharge Monitoring: Total and Permanent Disability and Applicant Representative Designation: Total and Permanent Disability for the William D. Ford Federal Direct Loan Program, Federal Family Education Loan Program, Federal Perkins Loan Program, and Teacher Education Assistance for College and Higher Education Grant Program.

**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 Teacher Education Assistance for College and Higher Education (TEACH) Grant Program, the Federal Family Education Loan (FFEL) Program, the William D. Ford Federal Direct Loan (Direct Loan) Program, and the Federal Perkins (Perkins) Loan Program under Title IV, Parts A, B, D, and E, respectively. The currently approved forms continue to apply to all these programs. U.S. Department of Education (the Department) is requesting a revision of the currently approved collection. There are no changes to the content of the currently approved forms.

The Department, through an Interim Final Rule, is amending the regulations for the Federal Direct Loan Program, the Federal Family Education Loan Program, and the Federal Perkins Loan Program to remove unintended administrative barriers for veterans who are entitled to a student loan discharge due to a service-related total and permanent disability and requesting a revision to the current information collection.

Section 437(a)(2) of the HEA provides that a borrower who has been determined by the Secretary of Veterans Affairs (VA) to be unemployable due to a service-connected condition, and who provides documentation of that determination to the Department, will be considered to be totally and permanently disabled for purposes of discharging the borrower's FFEL Program loans, and may not be required to provide additional documentation for loan discharge purposes.

Section 455(a)(1) of the HEA extends these loan discharge provisions to Direct Loan Program borrowers, and section 464(c)(1)(F) of the HEA authorizes total and permanent disability (TPD) loan discharges in the Perkins Loan Program, in accordance with the same eligibility requirements described in section 437(a)(1) and (2) of the HEA.

The regulations related to TPD loan discharges are contained in 34 CFR 682.402(c) for the FFEL Program, in 34 CFR 685.212 and 34 CFR 685.213 for the Direct Loan Program, and in 34 CFR 674.61(b) for the Perkins Loan Program. These regulations continue to specify the requirements for borrowers who seek disability discharges of their FFEL, Direct Loan, or Perkins loans to provide the Department with certain information in writing.

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

The Discharge Application: Total and Permanent Disability (Discharge Application) is the means by which a borrower who seeks a total and permanent disability loan discharge provides this information, which is required to determine the borrower's eligibility for loan discharge. With the regulatory changes in the Interim Final Rule, for a borrower to demonstrate that he or she is totally and permanently disabled, a borrower may no longer be required to provide documentation from the VA showing that he or she has been determined by the VA to be unemployable due to a service-connected disability.

In 2018, the Departments of Education and Veterans Affairs entered into a data sharing agreement to enable the Department of Education to identify eligible totally and permanently disabled veterans. The Department will consider a borrower to be eligible for a loan discharge when the Department has received information from the VA showing that the borrower has a total and permanent disability. After determining that this information demonstrates the borrower meets statutory criteria and is eligible for a loan discharge, the Department will notify the borrower that his or her loan is being discharged. The borrower may reject, or opt out of, the automatic discharge within the number of days specified in the notification. In that case, the borrower will be liable for the full amount of the principal and interest on the loan, as well as any other fees and costs that may be legally assessed.

*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 following uses of the forms are not altered by the regulatory change in the Interim Final Rule.

The information collected on the Discharge Application has been used by the Department to determine whether a borrower or TEACH Grant recipient meets the eligibility criteria for a total and permanent disability discharge of his or her loan(s) or TEACH Grant service obligation, and it will continue to be used for this purpose.

The Post-Discharge Monitoring: Total and Permanent Disability (Post-Discharge Monitoring) form has been used by individuals who have been granted a TPD discharge to provide the Department with documentation of their annual earnings from employment during the 3-year post-discharge monitoring period, as required under the amended TPD discharge regulations. The form will continue to be used for this purpose.

The Applicant Representative Designation: Total and Permanent Disability (Applicant Representative Designation) form has been optionally used by a TPD discharge applicant to: (1) designate a representative to act on the applicant's behalf in connection with the applicant's discharge request; (2) change a previously designated representative; or (3) revoke a previous designation of a representative. The form will continue to be used for this purpose.

*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 Discharge Application does not involve the use of technological processes such as electronic submission of responses. This form requires a signature from both the discharge applicant and, if applicable, the physician who certifies the applicant's disability. In addition, the physician must provide additional information (sometimes including attached documentation) related to the applicant's disabling condition. The United States Postal Service, or some other mail delivery service, provides the only

currently feasible means for loan holders to send the disability discharge application to borrowers, and for borrowers to return the completed discharge application and any supporting documents.

*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.*

A review of procedures indicates that current requirements avoid duplication.

*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.*

If a borrower or a TEACH Grant recipient did not complete the Discharge Application and the Post-Discharge Monitoring form, the Department would not have the information needed to determine whether the individual meets the eligibility requirements for a total and permanent disability discharge. A borrower or TEACH Grant recipient will be required to complete a Discharge Application only one time. The amended regulations reduce burden on veteran discharge applicants by requiring them to only submit the discharge application to the Department to apply for discharge of all of their FFEL, Direct Loan, and Perkins Loan program loans if the veteran borrower had previously “opted out” of the automatic discharge and subsequently wishes to discharge their federal student loans.

*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.*

The collection of this information will be conducted in a manner that 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.*

In developing the forms included with this submission, the Department solicited recommendations from the Department's servicer that administers the TPD discharge process. The comment period will run concurrently with the Interim Final Rule comment period. There were no comments received regarding the burden estimates.

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 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.<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.*

Each form includes a Privacy Act Notice that (1) informs the discharge applicant of the statutory authority for the information collection, (2) explains that disclosure of the information is voluntary, but is required in order to determine the applicant's eligibility for a discharge, and (3) identifies the third parties to whom the information may be disclosed, and explains the circumstances under which such 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 Discharge Application requires documentation from the VA about the applicant's disabling condition. This information may be considered sensitive, but it is needed for the Department to determine whether a borrower meets the statutory requirements for totally and permanently disabled.

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 current regulations required a veteran to submit a separate application with documentation from the VA. The regulatory changes eliminate the application requirement where appropriate. These changes allow the Secretary to offer a Federal student loan borrower who is identified from VA documentation as being totally and permanently disabled a discharge of his or her loans without submitting a separate application. The veteran may elect to reject the discharge and continue to repay the loans.

These changes eliminate burden on the veteran. The currently approved form, 1845-0065, estimates 30 minutes (.50 hours) to read, gather documentation, and complete the discharge application. We estimate that annually approximately 10,000 veterans would have submitted the application for discharge due to total permanent disability. This regulatory change reduces the burden. This would be a one-time reduction in burden. We do not anticipate changing the Discharge Application currently in renewal to remove the section applicable to a veteran's request for such a discharge since veterans who opt-out of the discharge could later change their mind and submit an application.

The revised total estimated annual reporting hour burden for this information collection is approximately 122,400 hours. The burden estimate for this collection was calculated as follows:

**Discharge Application**

Estimated annual number of respondents:	76,400
Number of responses per applicant:	x 1
Hours per response:	<u>x 0.5 (30 minutes)</u>
Annual hour burden:	38,200 hours

**Post-Discharge Monitoring Form**

No Changes Based on the Interim Final Rule

Estimated annual number of respondents:	160,000
Number of responses per discharge recipient:	x 1
Hours per response:	<u>x 0.5 (30 minutes)</u>
Annual hour burden:	80,000 hours

**Applicant Representative Designation Form**

No Changes Based on the Interim Final Rule

Estimated annual number of respondents:	8,400
Number of responses per discharge recipient:	x 1
Hours per response:	<u>x 0.5 (30 minutes)</u>
Annual hour burden:	4,200 hours

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 capital/startup costs to respondents, nor are there any annual costs to respondents associated with operating or maintaining systems or purchasing services.

The revised estimated annual cost to respondents is \$134,640 associated with postage. This is due to the decrease in the number of respondents. This estimate was calculated by multiplying the revised estimated number of respondents (244,800) by the cost of postage required to return a discharge application, post-discharge monitoring form, or applicant representative designation form (\$0.55).

*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 annualized cost to the Federal government. The Department's contracts with its federal servicers, including the servicer that handles TPD discharge processing, is not based on a fee-for-service model; rather, the Department pays its servicers based on performance metrics.

*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).*

We are reporting a decrease in burden due to the decrease in the number of anticipated respondents at 244,800 and the estimated burden hours at 122,400 hours based on the change in the requirement for veterans to no longer be required to submit the TPD form in most cases. This is a decrease of 10,000 anticipated veteran respondents and responses and a corresponding decrease in 3,000 hours from the currently approved burden. This change is due to regulatory changes in 674.61, 682.402, and 685.213. There are no changes to the form itself.

*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.