# **SUPPORTING STATEMENT**

# **FOR PAPERWORK REDUCTION ACT SUBMISSION**

Request for Title IV Reimbursement or Heightened Cash Monitoring 2 (HCM2)

1. Explain the circumstances **that make the collection of information necessary. What is the purpose for this information collection? Identify any legal or administrative requirements that necessitate the collection. Include a citation that authorizes the collection of information. 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, list the sections with a brief description of the information collection requirement, and/or changes to sections, if applicable.**

Section 487 (c) of the Higher Education Act of 1965, as amended (HEA) requires that the Secretary prescribe regulations to ensure that any funds postsecondary institutions receive under the HEA are used solely for the purposes specified in and in accordance with the provision of the applicable programs. The concept of this federal gatekeeping has a long history, originating in 1952. However, as a result of abuses by institutions in the Title IV (TIV) programs, the HEA amendments of 1992 significantly increased the Department of Education’s (the Department) gatekeeping responsibilities.

34CFR Part 668—Student Assistance General Provisions, Subpart K—Cash Management (§[668.162](https://www.ecfr.gov/cgi-bin/text-idx?SID=8e01b932ac4f7a60ae61ffc5423ea284&mc=true&node=se34.3.668_1162&rgn=div8)) establishes the rules and procedures for a participating institution to request, maintain, disburse, and manage TIV program funds (see attached). Institutions must complete and submit a Form 270 to request TIV program funds while participating under the Reimbursement and Heightened Cash Monitoring payment methods as explained in §[668.162](https://www.ecfr.gov/cgi-bin/text-idx?SID=8e01b932ac4f7a60ae61ffc5423ea284&mc=true&node=se34.3.668_1162&rgn=div8)(c) and (d).

We are requesting an extension of the currently approved information collection. There have been no changes to the information requested or the form since its prior approval in September 2020.

1. **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 School Eligibility Service and Oversight Group (SEOSG), which is the principal operating component within Federal Student Aid, an office of the Department, reviews and analyzes the information reported on the Form 270 (Request for Title IV Reimbursement and Heightened Cash Monitoring (HCM2) and makes the determination on the institution’s request. The information provided on the form is used to process payment requests for Title IV funds submitted by the institution.

The current collection is used for the identification of program funds for payment, the period covered by the request for funds, and cash on hand.

1. **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. Please identify systems or websites used to electronically collect this information. Also describe any consideration given to using technology to reduce burden. If there is an increase or decrease in burden related to using technology (e.g. using an electronic form, system or website from paper), please explain in number 12.**

The Form 270 submitted for OMB clearance can be completed and sent in electronic format if the institution has digital signature capability. We are estimating that approximately 20% of the institutions will have digital signature capability. If the institution does not have digital signatures in place, the form is completed electronically, printed and signed and sent in hardcopy format with the payment package for processing.

The Form 270 is available in the Common Origination and Disbursement (COD) System’s Claim Processing web module. Schools submitting a payment claim via COD web can download the form with nearly all fields pre-populated with information available from COD. School officials would complete remaining fields, sign, and date the form. Then, an electronic copy of the signed form is uploaded and submitted to FSA.

1. **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 available from any other system or source. The requirements avoid duplication.

1. **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.**

Small businesses/entities complete one form for all TIV programs for which funds are requested.

1. **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 the collection is not conducted, students at these institutions will not receive the TIV program funds for which they are eligible.

1. **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.**

Institutions can submit, and our office will accept and process, only one HCM2 or Reimbursement request during any 30-day time period. This office accepts scanned versions of original documentation. Documentation with the submission will not be returned. Therefore, the Department strongly recommends that the institution maintain a copy of the HCM2/Reimbursement submission.

Federal Student Aid’s Department-wide record retention policy is located within the Department’s Records Disposition Schedules (ED/RDS), Part 10. Part 10, 15a (Annual Request for Funds and Payment Records) Disposition: Dispose of 30 years after the end of the FY in which the final payment is made.

1. **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.**

**Include a citation for the 60 day comment period (e.g. Vol. 84 FR ##### and the date of publication). Summarize public comments received in response to the 60 day notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden. If only non-substantive comments are provided, please provide a statement to that effect and that it did not relate or warrant any changes to this information collection request. In your comments, please also indicate the number of public comments received.**

**For the 30 day notice, indicate that a notice will be published.**

**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.**

On April 5, 2023, a notice was published in the Federal Register (Vol. 88, No. 65, pages 20149-20150) inviting public comment on the information collection. 15 comments were received. All of the comments were for a different information collection and are considered non-substantive for this information collection. Updates have been made to the form for improved ease of use and to correct formatting and design as well as removing a field that is no longer collected. No changes have been made to the number of respondents/responses/burden hours.

The Department is now requesting the notice for the 30 day public comment period be published in the Federal Register.

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

No payment or gifts will be provided to the respondents.

1. **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.[[1]](#footnote-3) 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. If no PII will be collected, state that no assurance of confidentiality is provided to respondents. If the Paperwork Burden Statement is not included physically on a form, you may include it here. Please ensure that your response per respondent matches the estimate provided in number 12.**

An institution receives a letter when placed on Reimbursement or HCM2. Section III.A. of the enclosure to the letter in the Method of Payment internal procedures provides information concerning Protection of Personally Identifiable Information for the institutions.

1. **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.

1. **Provide estimates of the hour burden for this current information collection request. The statement should:**
* **Provide an explanation of how the burden was estimated, including identification of burden type: recordkeeping, reporting or third party disclosure. Address changes in burden due to the use of technology (if applicable). Generally, estimates should not include burden hours for customary and usual business practices.**
* **Please do not include increases in burden and respondents numerically in this table. Explain these changes in number 15.**
* **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. 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 this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burden in the table below.**
* **Provide estimates of annualized cost to respondents of the hour burdens for collections of information, identifying and using appropriate wage rate categories.** [**Use this site**](https://www.bls.gov/oes/current/oes_nat.html) **to research the appropriate wage rate. 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. If there is no cost to respondents, indicate by entering 0 in the chart below and/or provide a statement.**

For the most recent period, for the Number of Respondents Reporting Annually for HCM2 Method of Payment, we averaged 47 schools reporting within a single year and no school reporting for the Reimbursement Method of Payment. This is a monthly reporting requirement. This is a slight decrease in the number of schools being monitored from the prior collection renewal.

Estimated Annual Burden and Respondent Costs Table

| Information Activity or IC (with type of respondent) | Number of Respondents | Number of Responses | Average Burden Hours per Response | Total Annual Burden Hours | Estimated Respondent Average Hourly Wage | Total Annual Costs (hourly wage x total burden hours) |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
| For-Profit Institutions | 30 | 360 | 1 | 360 | $47.80 | $17,208.00 |
| Private Institutions | 13 | 156 | 1 | 156 | $47.80 | $7,456.80 |
| Public Institutions | 4 | 48 | 1 | 48 | $47.80 | $2,294.40 |
| Annualized Totals | 47 | 564 |  | 564 |  | $26,959.20 |

***Please ensure the annual total burden, respondents and response match those entered in IC Data Parts 1 and 2, and the response per respondent matches the Paperwork Burden Statement that must be included on all forms.***

1. **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 is no cost burden to respondents or record-keepers resulting from the information collection other than shown in items 12 and 14.

1. **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.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **34 CFR Requirement** | **Number of Respondents Reporting Annually** | **Hours Required for ED Review** | **Total Hours** | **Average Hourly Wage** | **Cost per CFR Requirement** |
| **668.162(d) Reimbursement Method of Payment** |  |  |
| For-Profit Institutions | 0 | 0 | 0 | $0 | $0 |
| Private Institutions | 0 | 0 | 0 | 0 | 0 |
| Public Institutions | 0 | 0 | 0 | 0 | 0 |
| **668.162(e) Heightened Cash Monitoring Method of Payment (HCM2)** |  |  |
| For-Profit Institutions | 30 | 7 | 210 | $52.48 | 11,020.80 |
| Private Institutions | 13 | 7 | 91 | $52.48 | 4,775.68 |
| Public Institutions | 4 | 7 | 28 | $52.48 | 1,469.44 |
| **TOTAL Cost for ED review of the Payment Submission** | **$17,265.92** |

1. **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).**

**Provide a descriptive narrative for the reasons of any change in addition to completing the table with the burden hour change(s) here.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Program Change Due to New Statute** | **Program Change Due to Agency Discretion** | **Change Due to Adjustment in Agency Estimate** |
| **Total Burden** |  |  | **-168** |
| **Total Responses** |  |  | **-168** |
| **Total Costs (if applicable)** |  |  |  |

We are requesting an extension of the current burden assessment. We now anticipate 564 burden hours due to the decrease to 14 institutions being monitored and fewer responses being required. The information collected is unchanged.

1. **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.**

This information is not expected to be published.

1. **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.

1. **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".

1. 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) [↑](#footnote-ref-3)