

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION**

**eZ-Audit: Electronic Submission of 90/10 Revenue Attestations for Proprietary
Institutions**

- 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.**

This is a new information collection request for the eZ-Audit – Electronic Submission of 90/10 Revenue Attestation for Proprietary Institutions.

The request includes updates to the collection for domestic and foreign proprietary/for-profit schools' 90/10 Revenue Attestation, and updates to the 90/10 Revenue Attestation calculation and reporting requirements per The American Rescue Plan of 2021 (ARP) which amended the Higher Education Act (HEA) of 1965 and the update in regulatory requirements made to 34 CFR 668.28.

All proprietary institutions participating in the Title IV, HEA programs are required to perform and submit a 90/10 Revenue Attestation included with their audited financial statements and compliance audits that are prepared in accordance with Generally Accepted Accounting Principles (GAAP), and Generally Accepted Government Auditing Standards (GAGAS).

<https://www.federalregister.gov/documents/2022/10/28/2022-23078/pell-grants-for-prison-education-programs-determining-the-amount-of-federal-education-assistance>

<https://www.federalregister.gov/documents/2022/12/21/2022-27732/list-of-federal-education-assistance-for-proprietary-institutions-of-higher-education-to-include-as>

Under eZ-Audit, institutions/entities log onto a secure Department website, enter general and specific information about their audits, including the 90/10 Revenue Attestation, as required, and attach an electronic file of those audits made using Adobe Acrobat version 5.0 or higher. The Department needs the information in electronic form to more efficiently review audits and provide more timely and useful information to institutions regarding the Department's review.

- 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 uses the information from eZ-Audit to determine whether an institution/entity has submitted its audits within the required timeframes, to make a preliminary determination as to whether an institution satisfies the financial responsibility standards in 34 CFR part 668, Subpart B and Subpart L of the Student Assistance General Provisions regulations (or in the case of a change in ownership resulting in a change in control, whether the institution satisfies the financial ratio requirements under 34 CFR 668.15), and to otherwise monitor an institution/entity's compliance with Title IV program requirements. The information also is used to assess whether the audits from an institution/entity are materially complete and conducted in accordance with applicable standards. The information collected and analyzed has also been used to report to Congress as required.

The 90/10 Revenue Attestation question has been modified and will require the proprietary institutions to provide 80 - 100 additional data entries used to calculate the 90/10 percentage. The additional data allows more detail for analysis to ensure compliance with the American Rescue Plan Act of 2021 (ARP) which amended the Higher Education Act (HEA) of 1965. The amended HEA now requires that proprietary institutions of higher education derive at least 10% of their revenue from non-federal education assistance funds (allowing up to 90% of revenue to come from federal education assistance funds including Title IV). New rules released by The Federal Register on October 28, 2022, also updated 34 CFR part 668 Subpart B of the Student Assistance General Provisions regulations, defining what is considered "federal education assistance funds" and how the 90/10 Revenue Attestation is calculated and reported to the Department.

The institution/entity will be required to attach in pdf a copy of the compliance audit and financial statements as applicable.

This collection continues to provide an immediate benefit, as institutions can meet their requirement to submit timely and materially complete audits, track submission due dates and status and remediate any issues with their audit in a more timely and efficient manner.

- 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. 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.**

eZ-Audit is a web-based application designed to facilitate the electronic submission of required financial statements and compliance audits and to serve as a data repository for compliance and research purposes. The 90/10 Revenue Attestation for foreign and

domestic proprietary institutions is required to be submitted to the Department through eZ-Audit.

- 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.**

The Department does not use any other mechanism to collect this information.

- 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.**

Because eZ-Audit is web-based, an institution does not have to acquire any unique software. To facilitate the electronic submission of financial statements and compliance audits, the information collected on the data input screens is from the auditor's report. The 90/10 Revenue Attestation is included within the institutions audited financial statements.

- 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.**

The Department would not be able to continue to fully implement the eZ-Audit reporting process and would need to revert to the paper submissions process of the 90/10 Revenue Attestation, forestalling the projected benefits of obtaining revenue attestation information from proprietary institutions in a quicker, more efficient manner, and increasing the Department's costs by having to manage these processes.

The consequence of reverting to the paper submission of the required 90/10 Revenue Attestation would result in longer time lapses between the date of submission and when an occurrence of non-compliance is identified. The inefficiency of longer time lapses for occurrences of non-compliance could harm schools and result in increased institutional liabilities and penalties.

- 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.**

No special circumstances apply to this information collection.

- 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.**

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 July 14, 2023, a Federal Register Notice was published (Vol. 88, No. 134, page 45191) inviting a 60-day public comment on the burden estimates in this information

collection. The comment period closed on September 12, 2023 and one comment was received. Based upon the comments received and internal discussion within the Department, updates will be made to the data collection request. See the attached document for specific updates.

There are no changes to respondent/responses/burden hours from the 60-day public comment period filing.

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

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

The Department will not provide payment or gifts to the users of eZ-Audit. The submission of 90/10 Revenue Attestation and Calculation is mandatory.

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.¹ 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.

No assurance of confidentiality is provided to respondents. Audit information that is provided through eZ-Audit or a paper-based process is subject to release to the public under the applicable provisions of the Freedom of Information Act.

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

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)

information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

No questions of a sensitive nature are requested in eZ-Audit.

12. 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](#) 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.**

This collection represents a Reporting burden type. Domestic and Foreign proprietary institutions/ entities enter within the eZ-Audit 90/10 Revenue Calculation input screen the requisition revenue data from the audited financial statements. The 90/10 Revenue Calculation is performed automatically by eZ-Audit. The burden hour estimates in the table below reflect the time requirements for the data entry of the input process.

There are approximately 1,750 proprietary institutions that are required to report the 90/10 Revenue Attestation to the Department on an annual basis. The burden hour estimates in the following table assume that personnel with qualified data entry skills as designated by the institution or its auditor is completing the eZ-Audit input screens for the 90/10 Revenue Calculation.

In deriving the “Number of Responses” the total number of fields to be entered by each

institution type was taken into consideration. The “Number of Responses” required to be collected from an institution may vary due to the number, type, and amount of responses as are applicable to the institution. Number of Responses has been provided in average range

It was assumed that the “Average Burden Hours per Response” for each field is approximately 1 minute, which includes preparation work and the actual time it takes to key the information and upload the documents. Therefore, multiplying the number of eZ-Audit fields by the amount of time it takes per field resulted in the “Total Annual Burden Hours”.

The “Estimated Respondent Average Hourly Wage” assumes that an institution will utilize a data entry specialist or employee of equivalent skill level whose hourly wage will cost \$32.50 an hour to input the data.

Using the framework above, 1,750 institutions reporting 80-100 fields will create 140,000-175,000 responses needing between 1,167-2,917 hours to complete the task.

Estimated Annual Burden and Respondent Costs Table

Information Activity or IC (with type of respondent)	Number of Respondents	Average Number of Responses	Average Burden Hours per Response	Average Total Annual Burden Hours	Estimated Respondent Average Hourly Wage	Average Total Annual Costs (hourly wage x total burden hours)
All Domestic and Foreign Proprietary Institutions	1,750	157,500	30 – 60 seconds	2,042 hours	\$32.50	\$66,365.00

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.

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 start-up costs.

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.

This electronic information collection represents a cost savings of approximately \$2,000,000 over a manual collection method. Under the paper-based collection method, the cost to the Department is about \$3.8 million annually. Under eZ-Audit, the Department's cost is estimated at \$1.7 million.

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).

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	2,042 averaged hours	0	0
Total Responses	157,500 averaged responses	0	0

This is a new collection. The updates to the current eZ-Audit 90/10 Revenue Calculation input screens are to meet the new 90/10 Revenue Regulations per the 34 CFR 668.28 published in the Federal Register on October 28, 2022 based on The American Rescue Plan of 2021 (ARP). The average burden hours of 2,042 for the average number of responses of 157,500 for 1,750 respondents.

- 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.**

No tabulation or publication of the results will take place

- 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.**

All data collection instruments will include the OMB expiration date.

- 18. Explain each exception to the certification statement identified in the Certification of Paperwork Reduction Act.**

No exceptions are requested.