

**SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSION**

- Combined Application to Separate a Joint Consolidation Loan and Direct Consolidation Loan Promissory Note (Application/Promissory Note)
- Loan Verification Certificate for Application/Promissory Note

- 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.**

Prior to July 1, 2006, the Higher Education Act of 1965, as amended (HEA), allowed married borrowers to jointly consolidate their individual federal student loans made under the William D. Ford Federal Direct Loan Program (Direct Loan Program) or the Federal Family Education Loan Program (FFEL Program) into a single joint consolidation loan for which both individuals (referred to as “co-borrowers”) were jointly and severally liable, without regard to any subsequent change that might occur in the couple’s marital status. Joint consolidation loans were made under both the Direct Loan Program (joint Direct Consolidation Loans) and the FFEL Program (joint Federal Consolidation Loans). The HEA provided no authority for the separation of a joint consolidation loan into individual consolidation loans.

The Joint Consolidation Loan Separation Act (JCLSA) (Public Law 117-200), enacted on October 11, 2022, amended section 455(g) of the HEA (20 U.S.C. 1087(e)(g)) to allow joint consolidation co-borrowers to apply to separate an existing joint Direct Consolidation Loan or Federal Consolidation Loan into individual Direct Consolidation Loans. The JCLSA allows for either joint application or separate application. Under the joint application option, each joint consolidation loan co-borrower applies for an individual Direct Consolidation Loan. Unless the co-borrowers agree on an alternate amount specified in a divorce decree, court order, or settlement agreement, each co-borrower’s new individual Direct Consolidation Loan will be made for an amount equal to the co-borrower’s portion of the remaining outstanding balance of the joint consolidation loan. Each co-borrower’s portion is determined by multiplying the current outstanding balance of the joint consolidation loan by the percentage of the original outstanding balance of the joint consolidation loan that was attributable to the co-borrower’s individual loans that were repaid by the joint consolidation loan when the joint consolidation loan was made.

Under the separate application option, a co-borrower who certifies that they have experienced an act of domestic violence or economic abuse from the other co-borrower, or that they are unable to reasonably reach or access the loan information of the other co-borrower, may apply separately for a new individual Direct Consolidation Loan, without regard to whether or when the other co-borrower applies. In this circumstance, the applying co-borrower’s new Direct

Consolidation Loan will be made for an amount equal to that individual's portion of the joint consolidation loan, determined as described above for the joint application option.

Section 455(g)(2)(A)(i) of the HEA, as amended by the JCLSA, requires joint consolidation loan borrowers to apply to the U.S. Department of Education (the Department) if they wish to separate an existing joint consolidation loan into one or more individual Direct Consolidation Loans.

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 previously proposed to create three new forms to be used in connection with the implementation of the JCLSA in the previous information collection:

1. Combined Application to Separate a Joint Consolidation Loan and Direct Consolidation Loan Promissory Note (Application/Promissory Note);
2. Instructions for the Application/Promissory Note; and
3. Loan Verification Certificate (LVC) for the Application/Promissory Note.

Based on the previous information collection, the Department has included the instructions for the JCL separation application and promissory note into the Application/Promissory Note and is not moving forward with publishing a separate instructions document explaining how to complete the form to applicants.

The Application/Promissory Note will serve as both the application to separate a joint consolidation loan (as required under section 455(g)(2)(A)(i) of the HEA, as amended by the JCLSA) and as the applicant's legally binding agreement to repay the new individual Direct Consolidation Loan. Though there is no separate instructions document being published, the instructions for the separation process are incorporated into the Application/Promissory Note. It will also explain the terms and conditions of the new individual Direct Consolidation Loan that an applicant will receive.

The LVC will be sent to the holders of joint consolidation loans that co-borrowers have applied to separate. Loan holders will complete the LVC and return it to the Department. The information collected on the LVC will be used by the Department to confirm that an applicant's joint consolidation loan is eligible to be separated into a new individual Direct Consolidation Loan, and to determine the amount and interest rate of the new individual consolidation loans.

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.**

The proposed new forms included with this submission will generally not involve the use of technological process such as electronic submission of applications. The total number of borrowers with outstanding joint consolidation loans is relatively small, and not all of those borrowers will apply to separate their joint consolidation loans. The significant costs to the Department to develop and implement an electronic application process for this small population would be prohibitive. Therefore, we are proposing to offer only a paper application that may be downloaded for completion and submitted to the Department through the United States Postal Service (USPS) or some other mail delivery service. Similarly, we propose to make the LVC a paper-only form. However, we will reduce burden on individuals who apply to separate a joint consolidation loan by identifying through our records any outstanding joint consolidation loan made to the applicant and the same co-borrower. This eliminates the need for the applicant to spend time searching their own records for information such as account number and loan holder name to identify the joint consolidation loan that they wish to separate.

- 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.**

Except as explained in Item 2, there is no information available from other sources that can be used for the purposes described in that item.

- 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.**

Without this collection, joint consolidation loan co-borrowers would not have a means of applying to separate their joint debts as authorized by the JCLSA.

- 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 is consistent with the guidelines in 5 CFR 1320.5(d)(2), with one exception. The LVC must be completed and returned by the loan holder/servicer within 10 business days of the date received. This deadline is established in 34 CFR 685.220(f)(1)(i).

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 January 12, 2024, a notice was published in the Federal Register (Vol. 89, No. 9, page 2217) inviting public comment on the Application/Promissory Note and LVC during the initial 60-day comment period.

During the 60-day comment period, 33 comments were submitted by individuals and organizations. Many of the comments submitted on this collection pertained to general joint consolidation separation policy issues or operational aspects of implementing the JCLSA that did not directly relate to the content of the information collection. However, other comments recommended various changes to the forms for greater clarity. In response to those comments, we have made a number of modifications to the forms, including, but not limited to, the following:

- Incorporating instructions within each section of the Application/Promissory Note to make it easier for borrowers completing the form.
- Adding definitions of the terms “borrower”, “co-borrower”, and “settlement agreement” to provide clarity to applicants.
- Adding language to more clearly explain to applicants that if both co-borrowers of a joint consolidation loan wish to separate the joint debt, each individual must submit a separate Application/Promissory Note.
- Modifying language on the LVC to clarify the information that loan holders must report related to counting payments toward IBR Plan loan forgiveness.

A summary of the comments received and the Department’s responses to those comments is included with this submission. The changes to the form do not affect the burden estimate associated with the collection.

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 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>1</sup> If the collection is subject to**

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<sup>1</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

**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.**

The JCL Separation Combined Application and Promissory Note includes a Privacy Act Statement that (1) informs the 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 to separate a joint consolidation loan into a new individual Direct Consolidation Loan; and (3) identifies the third parties to whom the information may be disclosed, and explains the circumstances under which such disclosures may occur.

- 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 proposed new forms included with this submission do not require respondents to provide any information that would be considered sensitive.

- 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.**

The total estimated annual reporting hour burden for this collection is approximately 24,050 hours. This represents the total of the burden estimates for the hour burden for the Application/Promissory Note and the LVC. We calculated the burden estimate for each form as follows:

**Application/Promissory Note (includes Instructions)**

Respondents	37,000
Responses	x 1
Hours per response	x 0.5 (30 minutes)
Annual reporting burden	<u>18,500 hours</u>

**LVC**

Respondents	337
Responses	37,000
Hours per response	x 0.15 (9 minutes)
Annual reporting burden	<u>5,550 hours</u>

NOTE: We estimate that each Application/Promissory Note will average one loan holder/servicer. This means that an average of one LVC will be generated for each Application/Promissory Note, for a total of 37,000 responses. There are approximately 337 loan holders/servicers.

**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)
Individual	37,000	37,000	0.5 hours	18,500	\$22.26	\$411,810
For-Profit Institutions	279	30,710	0.15 hours	944	\$48.05	\$45,359
Private Institutions	58	6,290	0.15 hours	4,606	\$48.05	\$221,318
Public Institutions	N/A	N/A	N/A	N/A	N/A	N/A
Annualized Totals	37,337	74,000		24,050		\$678,487

For individuals we have used the median hourly wage for all occupations, \$22.26 per hour according to BLS. [https://www.bls.gov/oes/current/oes\\_nat.htm#00-0000](https://www.bls.gov/oes/current/oes_nat.htm#00-0000) .

For institutions we have used the median hourly wage for Education Administrators, Postsecondary, \$48.05 per hour according to BLS. <https://www.bls.gov/oes/current/oes119033.htm> .

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

- 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 annual cost to the Federal government associated with the JCL Separation Application and Promissory Note or the accompanying Instructions, as the Department will not print and distribute the forms. Applicants may download and print the documents.

It is not possible to provide annualized costs to the Federal government associated with the implementation of the JCLSA, including processing of the JCL Separation Application and Promissory Note and the LVC. The terms of the Department's contracts with the entities that will be responsible for performing these functions does not provide for itemization of costs associated with specific functions.

- 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
<b>Total Burden</b>	24,050		
<b>Total Responses</b>	74,000		
<b>Total Costs (if applicable)</b>			

We anticipate 37,337 respondents (based on the 37,000 individual applications and 335 loan holders) for a total of 24,050 hours (based on 18,500 hours for the individual applications and 5,550 for the loan holders). The estimated total cost is \$678,487 for all 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.**

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.