SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION

Required Information for Annual Improper Payment Estimation

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.**

   Federal Student Aid (FSA) administers the Department of Education's Federal student financial aid programs authorized by Title IV of the Higher Education Act of 1965, as amended. Under these programs, institutions of higher education act as a fiduciary in receiving grant and loan funds from the Department for the sole purpose of allowing students to pay the costs of attendance at the institution. The Department executes a two-stage Sampling and Estimation Methodology Plan (S&EMP) that is based in part on the results of compliance audits to estimate its improper payments and unknown payments in accordance with the Public Law 116-117, Payment Integrity Information Act of 2019 (PIIA) and OMB Circular A-123, Appendix C (A-123C). The Department requires sample, population, and as applicable, finding information regarding testing performed by the auditors, however, this is not reported with the compliance audit. This information is necessary to execute FSA's S&EMP.

   The legal and administrative requirements that necessitate the collection of this information are the audit access provisions in 2 CFR 200.517(b) and Title IV regulations at 34 CFR 668.23(e)(1)(ii), which the Department has concluded gives it the authority to collect certain information from the single audit in order for the Department to carry out its oversight responsibilities with regard to improper payments and unknown payments. PIIA section 3352 (31 U.S.C. section 3352) requires federal agencies to review all programs and activities they administer that may be susceptible to significant improper payments and publish the payment integrity information annually.

   This is a request for a new information collection to develop a form for institutions of higher education to have a mechanism to report to the Department information required to carry out the S&EMP and publish payment integrity information on an annual basis.

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 information is used by the Department to execute FSA's S&EMP, as required by PIIA and OMB A-123C. The Department collects this information annually to support estimation of improper payment and unknown payment estimates for compliance audits selected to its sample. The Department randomly selects a sample of compliance audits from which statistically valid improper payment and unknown payment estimates are extrapolated, consistent with the criteria established in A-123C for statistically valid plans.

Independent auditors are required to conduct the annual compliance audit in accordance with 2 C.F.R 200 (Uniform Guidance). Once the annual audit is conducted, the independent auditors provide the requested supplemental information to FSA. FSA will use the sample, population, and as applicable, finding information regarding testing performed by the institution's independent auditors in annual improper payment estimation. Based on recent data, there are 3,349 institutions of higher education required to report this information annually. The estimated total hour burden for the data collection effort is 1,089 hours or an average of 0.33 hours (i.e., 20 minutes) per institution.

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 Department has developed an Excel workbook that clearly provides a standardized, form to collect the supplemental compliance audit information such as population, sample and audit finding information. Independent auditors send the completed Excel workbook to the Department via the email address: FSAPellandDLReporting@ed.gov. Much of the information is being derived directly from their annual compliance audit report processes.

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 mechanisms 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.**

No small business or small entities are impacted.

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 execute its S&EMP, and therefore would not be compliant with PIIA and OMB A-123C. The Department would not be able to properly estimate improper payments and unknown payments for FSA's high-priority (i.e., Pell Grant and Direct Loan) programs.

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 August 8, 2025 the Department published a Federal Register Notice (90 FR 41551) inviting public comment on this collection.

During the 60-day public comment period, the Department received public comments in response to the Federal Register notice. We have attached a document titled "Comment Responses_1845-NEW" which includes summaries of the comment received and our responses to them.

Commenters included higher education associations, auditing organizations, state audit entities, and one comment not directly related to the information collection. Substantive comments focused on clarification of whether institutions or independent auditors are responsible for completing and submitting the requested information, access to audit workpapers, consistency with Uniform Guidance and the Single Audit framework, and concerns that the estimated cost and hour burden, particularly the 20-minute estimate, was understated. Several commenters noted that institutions do not have access to the sampling and population data maintained in audit workpapers and stated that requiring institutional involvement would increase administrative burden and audit coordination costs.

In this Supporting Statement, the Department clarified that the information collection does not require institutions to compile or submit information. Independent auditors will continue to complete and submit a reporting template to FSA similar to one used from 2019 – 2024 in the OMB Compliance Supplement. With respect to cost and hour burden, FSA maintains that the 20-minute estimate applies to auditors rather than institutions and reflects the average time needed to complete a limited number of tables using information already captured during audit fieldwork. Collecting this information directly from auditors avoids duplicative sampling efforts, limits additional taxpayer cost, and is authorized under applicable audit access provisions. No changes were made to the burden estimates as a result of the comments.

This is now the request for 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.**

   There is no decision to be made to provide any payment or gift 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.[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.**

    There is no assurance of confidentiality provided to institutions for the submission of this information. This collection does not include any PII.

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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.**

    No questions of a sensitive nature are requested in this collection.

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**

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[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)

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.**

Auditors are required to conduct the annual Single Audits. As stated in 2 CFR 200.501 "*A Non-Federal entity that expends $1,000,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.*" Once the annual audit is conducted, the independent auditors provide the supplemental information to FSA.

The overall process for this new request includes: (1) Copying testing data into the *Required Information for the Pell Grant and Direct Loan Programs* Excel template (Pell and Direct Loan Reporting Template); and (2) Emailing the Pell and Direct Loan Reporting Template to FSA. Auditors will be required to perform these steps once annually.

It is estimated that there will be a total of
1,599 Private-Nonprofit Institutions + 1,750 Public Institutions = 3,349 Total Respondents

The estimated total hour burden for the data collection effort is 0.33 hours (20 minutes) per institution.

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)

Private-Nonprofit Institutions	1,599	1,599	0.33 Hours (20 minutes)	520.02	$44.96	$23,379.95
Public Institutions	1,750	1,750	0.33 Hours (20 minutes)	569.12	$44.96	$25,587.81
Annualized Totals	**3,349**	**3,349**		**1,089.14**		**$48,967.76**

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 : $0
Total Annual Costs (O&M) : $0
Total Annualized Costs Requested : $0

There is no total annual cost burden to respondents or record keepers resulting from the collection of information beyond those reported in questions #12.

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 will be no costs beyond the normal labor costs for staff.

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	N/A	1,089 Hours	N/A
Total Responses	N/A	3,349	N/A
Total Costs (if applicable)	N/A	$48,967.76	N/A

The Department previously collected this supplemental information in accordance with the annual OMB Compliance Supplement from 2019-2024. OMB now requires a collection number for this supplemental information. FSA requires submissions of the supplemental information as this information is needed to comply with the reporting requirements in both PIIA and OMB A-123C.
We anticipate 3,349 annual responses from 3,349 respondents for a total of 1,089 hours. The estimated annual total cost is $48,967.76 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.

No tabulation or publication of the results will take place. The supplemental information for sampled compliance audits is aggregated to calculate the total annual improper payment and unknown payment estimates.

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.

Not applicable.

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

No exceptions are requested.