

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION**

Loan Rehabilitation: Reasonable and Affordable Payments

- 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 request for a reinstatement with change of the information collection for the form used to obtain standardized financial information from borrowers with defaulted Direct Loan (DL) or Federal Family Education Loan (FFEL) Program loans. This information is used by either the U.S. Department of Education (the Department) or a guaranty agency to make a determination of a reasonable and affordable monthly loan payment which if made according to the agreed schedule would afford defaulted borrowers an opportunity for loan rehabilitation. Sections 685.211(f)(5) and 682.405(b)(1)(vii) require some borrowers to provide the Department or the guaranty agency the information needed to calculate a monthly rehabilitation payment amount by completing this form and supplying supporting documentation as needed.

The One Big Beautiful Bill Act (OBBBA) signed into law on July 4, 2025, made statutory changes that require updates to the 1845-0120 Loan Rehabilitation: Reasonable and Affordable Payments collection. This supporting statement and accompanying information collection package reflect the statutory changes made by the OBBBA for the 2026-27 award year.

Currently, borrowers who do not select a repayment plan after loan rehabilitation are placed on the Standard Repayment Plan. However, OBBBA limits borrowers with a first loan disbursement on or after July 1, 2026 to two loan repayment plans – the Tiered Standard Plan and the Repayment Assistance Plan. Borrowers with no initial disbursements as of July 1, 2026, will remain eligible for the legacy repayment plans including the Standard Repayment Plan. The Loan Rehabilitation: Reasonable and Affordable Payments form explains that a borrower with no new loans after July 1, 2026 will still be placed on the Standard Repayment plan if the borrower does not select a repayment option once the loan is rehabilitated. Borrowers with a first loan disbursement after July 1, 2026, and the borrower does not select a repayment option once the loan is rehabilitated, will be automatically placed on the Tiered Standard Plan.

There were minor edits to reflect the information necessary to enroll in the income-driven repayment plan a borrower is eligible for after the rehabilitation as well because

the Repayment Assistance Plan calculation includes number of dependents which is different than family size which is used for the legacy income-driven plans.

The Department plans to submit another revision to this form for public comment next year to amend the form for changes that begin in the 2027-28 award year.

- 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 on the Loan Rehabilitation: Income and Expense Information form (1845-0120) is provided by the borrower and used by the Direct Loan or FFEL loan holder (either the Department or the guaranty agency) for the purpose of determining the loan rehabilitation monthly repayment amount.

- 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.**

While the final form is downloadable from the Department's web site, once printed it can be completed by the borrower and spouse (if applicable) and submitted with copies of supporting documentation to the loan holder. Although this form cannot be submitted electronically, it can be downloaded and completed electronically using common or free software.

- 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.**

There is no similar information already available from other sources that can be used for the purposes described in Item 2.

- 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.**

Absent this data collection form, the loan holder would not have sufficient or accurate information required to calculate the loan rehabilitation monthly repayment amount.

- 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.

This information collection does not involve any of the above conditions.

- 8. As applicable, state that the Department has published the 60 and 30 Federal Register notices as required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB.**

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 May 5, 2026, the Department published a Federal Register Notice (91 FR 24213) opening a 60-day public comment period for this collection.

Only one substantive comment was received requesting the words “net monthly income” be added to the instructions on page 6 under “employment income.” The Department agreed that the change was helpful to borrowers and made the update.

This is now the request for the 30-day public comment period notice 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.

No payments or gifts have been 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.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

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)

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 form includes a Privacy Act Notice that (1) informs borrowers of the statutory authority for the information collection; (2) explains that the disclosure of the information is voluntary but is required in order to qualify for a loan discharge; and (3) identifies the third parties to whom the information may be disclosed and explains the circumstances under which those disclosures may occur. This information collection is part of the [Common Services for Borrowers](#) System of Records Notice, 18-11-16.

- 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 form does not require borrowers to provide information of a sensitive nature.

- 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 Department continues to estimate 139,000 responses and 139,000 burden hours. The estimated time required to complete the forms is 1 hour (60 minutes) per form.

Estimated annual number of respondents:		139,000
Number of responses per borrower:	x	1
Hours per response:	x	1
		(60 minutes)
Annual hour burden:		139,000 hours

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	139,000	139,000	1	139,000	\$23.80	\$3,308,200
For-Profit Institutions	N/A	N/A	N/A	N/A	N/A	N/A
Private Institutions	N/A	N/A	N/A	N/A	N/A	N/A
Public Institutions	N/A	N/A	N/A	N/A	N/A	N/A
Annualized Totals	139,000	139,000		139,000		\$3,308,200

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 capital/startup costs to respondents.

14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

There is no significant cost to the federal government related to these forms from DL and FFEL Program borrowers, since guaranty agencies and private collection agencies distribute and process the form, and the Department does not specifically pay for these services.

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			
Total Responses			
Total Costs (if applicable)			

This is a request for an extension of this collection. There has been no change in the estimated 139,000 respondents and hours.

- 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".