

SUPPORTING STATEMENT

Information Collection For the Federal Perkins Loan Program

Federal Perkins Loan Master Promissory Note

A. Justification

1. Necessity of Information Collected

The Higher Education Act of 1965, as amended (HEA), established the Federal Perkins Loan Program. The Federal Perkins Loan Program provides loans to students to pay the costs of a student's attendance at an institution of higher education. The regulations governing the Perkins Loan Program are specified in 34 CFR Part 674.

The Federal Perkins Loan Master Promissory Note is a promissory note under which a borrower may receive loans for a single academic year or multiple academic years. The adoption of the MPN in the Perkins Loan Program has simplified the loan process by eliminating the need for institutions to prepare, and students to sign, a promissory note each award year.

The Department is requesting a revision of the currently approved collection to reflect changes to loan terms and conditions that were made as a result of the College Cost Reduction and Access Act of 2007 (Public Law 110-84)(CCRAA), the Higher Education Opportunity Act (Public Law 110-315)(HEOA), and final regulations published in the Federal Register on November 1, 2007 (72 FR 61690) and October 23, 2008 (73 FR 63232). There are no changes to any of the data elements.

2. Purpose and Use of the Information Collected

There is no change to the purpose and use of the collection of information on the MPN. The information is necessary for eligible institutions of higher education to make Perkins loans to students, and for those institutions and the Department of Education to enforce repayment of those loans. The specific use of the promissory note is to authorize the loan holder to provide information to schools, servicers, and the Department about the loan. The MPN is the means by which the student promises to repay the Federal Perkins Loan under the terms and conditions set forth in the promissory note, which is signed and agreed to by the borrower before the institution disburses the loan.

3. Consideration of Improved Information Technology

In accordance with the Electronic Signatures in Global and National Commerce Act (E-Sign) and the Government Paperwork Elimination Act (GPEA) the Department allows borrowers to use electronic signatures when signing Federal Perkins Loan Master

Promissory Notes. The E-Sign legislation states that both parties (borrower and lender) must agree to conduct business electronically. Some schools choose to offer and encourage this method of originating loans, while others continue to use a hard-copy MPN format. Precise numbers cannot be provided because the Department does not require the schools to report the number of MPNs that are completed electronically.

4. **Efforts to Identify Duplication**

A thorough review of procedures indicates that current requirements are minimal and avoid duplication. There is no similar information available that can be used or modified for this purpose at this time.

5. **Burden Minimization as Applied to Small Business**

No small businesses are affected by this information collection.

6. **Consequences of Less Frequent Data Collection**

The MPN must be completed and signed by each borrower to receive the first Federal Perkins Loan under the MPN. The MPN minimizes the frequency of data collection by allowing a borrower who has completed the MPN to receive subsequent loans for up to 10 years without signing another MPN.

If the Department did not conduct this collection of information, a student would not have the opportunity to obtain a Federal Perkins Loan and take advantage of benefits that this low-interest student loan program has to offer. A justification of the data elements on this promissory note is included as an attachment to this Supporting Statement.

7. **Special Circumstances Governing Data Collection**

The collection of this information will continue to be conducted in a manner that is consistent with the guidelines in 5 CFR 1320.6.

8. **Consultations Outside the Agency**

This form was originally developed in consultation with schools, the Coalition of Higher Education Assistance Organizations (COHEAO), and the National Association of College and University Business Officers (NACUBO). The revisions reflect requirements mandated by statute and changes to program regulations that were negotiated, pursuant to HEA section 492, with parties external to the Department who were interested in the proposed amendments. Additionally, a 60 day comment notice was published in the Federal Register dated April 9, 2009, and no pertinent comments were received.

9. **Payments or Gifts to Respondents**

No payments or gifts will be provided to the respondents.

10. **Assurance of Confidentiality**

A Privacy Act Notice is included on the Federal Perkins Loan Program MPN. In this notice, the borrower is informed of the statutory authority for collecting the information requested. Although disclosure of the information is voluntary, the borrower is informed that in order to be considered for a Title IV loan program benefit the information must be provided. The information provided is used to verify the borrower's identity, to determine the borrower's Federal Perkins Loan eligibility for benefits, to permit the servicing of the borrower's loan(s), and to locate the borrower and collect on the loan(s) if the loan becomes delinquent or defaulted.

11. **Questions of a Sensitive Nature**

The Department is not requesting any sensitive data.

12. **Annual Hour Burden for Respondents/Recordkeepers**

The total estimated annual hour burden for this collection is 345,000 hours. The hour burden and cost estimates were calculated as follows:

Estimated annual number of respondents:		690,000
Number of responses per borrower:	x	1
Hours per response:	x	0.5 (30 minutes)
Annual hour burden:		<hr/> 345,000 hours

13. **Annual Cost Burden to Respondents**

There are no capital/startup costs to respondents, nor are there any annual costs to respondents associated with operating or maintaining systems or purchasing services.

14. **Estimated Annual Cost to the Federal Government**

The cost to the federal government is minimal for the Perkins MPN because Perkins Program participants distribute the form, collect the information, and process the Perkins MPN.

15. **Reason for Changes to Burden Hour Estimate**

We are not reporting any changes to the annual hour burden for this collection.

16. **Collection of Information with Published Results**

The results of this collection of information will not be published.

17. **Approval Not to Display Expiration Date**

The Department is not seeking this approval.

18. **Exceptions to the Certification Statement**

The Department is not requesting any exceptions to the “Certification for Paperwork Reduction Act Submissions” of OMB Form 83-1.

B. Collection of Information Employing Statistical Methods

This collection of information will not employ any statistical methods.

**Justification of Data Elements
Federal Perkins Loan
Master Promissory Note**

Data Element	Justification
Section A: Borrower Section	
1. Name (last, first, middle initial and Permanent Address (street, city, state, zip code))	Used for record identification
2. Social Security Number	Used for record identification
3. Date of Birth	Used for record identification
4. Home Area Code/Telephone Number	Used to contact borrower
5. Driver's License Number (list state abbreviation first)	Used for record identification
Section B. School Section	
6. School Name & Address (street, city, state, zip code)	Used to identify lender
7. Interest Rate	Preprinted on Note to provide borrower with interest rate
Date Signed	Used to certify that the borrower agrees to the terms and conditions of the loan for subsequent loan periods
Borrower's Signature	Used to certify that the borrower agrees to the terms and conditions of the loan for subsequent loan periods
Terms and Conditions	
Borrower's Signature	Used to certify that the borrower agrees to the terms and conditions of the loan
Date	Used to certify that the borrower agrees to the terms and conditions of the loan