

## SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSION

### A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a hard copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information, or you may provide a valid URL link or paste the applicable section<sup>1</sup>. 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, make note of the sections or changed sections, if applicable.

The Higher Education Act of 1965, as amended (the HEA) established the William D. Ford Federal Direct Loan (Direct Loan) Program under Title IV, Part D and the Federal Family Education Loan (FFEL) Program under Title IV, Part D. Section 455(a)(1) of the HEA provides that unless otherwise specified, Direct Loan Program loans are subject to the same terms and conditions as loans made under the Federal Family Education Loan (FFEL) Program. Sections 428(b)(1)(M) and 428B(d)(1) of the HEA provide that FFEL Program borrowers who meet certain eligibility requirements may temporarily defer (postpone) repayment of their loans. In accordance with §455(a)(1), these same deferment options are available to Direct Loan Program borrowers.

With the exception of in-school deferments (see Item 3 below), the Direct Loan Program regulations at 34 CFR 685.204 require a borrower to request a deferment from the U.S. Department of Education (the Department) and, in most cases, to provide additional information or a certification from a third party that establishes the borrower's eligibility for the deferment.

This collection includes seven separate deferment request forms that serve as the means by which a borrower requests a deferment and provides the necessary information and/or certifications to establish his or her eligibility for the deferment. The eight deferment request forms are:

1. **Temporary Total Disability Deferment Request** (used by borrowers to request a deferment while they are temporarily totally disabled or caring for a spouse or dependent who is disabled)
2. **In-School Deferment Request** (used by borrowers to request a deferment while they are enrolled at least half time at an eligible institution, and by certain parent Direct PLUS Loan

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<sup>1</sup> Please limit pasted text to no longer than 3 paragraphs.

borrowers to request a deferment while the student for whom they obtained a Direct PLUS Loan is enrolled at least half time)

**3. Education Related Deferment Request** (used by borrowers to request a deferment while they are engaged in a graduate fellowship program, rehabilitation training program, or internship/residency program, and also by certain parent Direct PLUS Loan borrowers to request a deferment based on a dependent student's enrollment in school or participation in a rehabilitation training program)

**4. Parental Leave/Working Mother Deferment Request** (used by borrowers to request a deferment while they are on parental leave or are working mothers)

**5. Economic Hardship Deferment Request** (used by borrowers to request a deferment while they are experiencing an economic hardship)

**6. Public Service Deferment Request** (used by borrowers to request a deferment while they are performing certain types of public service)

**7. Unemployment Deferment Request** (used by borrowers to request a deferment while they are seeking but unable to find employment)

**8. PLUS Deferment Request** (used by PLUS borrowers to request a deferment while the student on whose behalf the parent borrowed is in-school or enrolled in a rehabilitation training program)

**NOTE:** Some of the deferments listed above are available only to borrowers who, at the time they received their first Direct Loan Program loan, had an outstanding balance on a FFEL Program loan that was made before July 1, 1993. This restriction is explained on the applicable deferment request forms included with this submission.

The Department is requesting a revision of the currently approved collection. We are amending the current forms to combine them with a similar collection, 1845-0005, which included the corollary forms for the FFEL Program. The Department is also making minor formatting and wording changes on the deferment request forms for greater consistency and clarity.

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 currently approved deferment request forms are used by borrowers to request deferments on their loans, and they also collect the information that is required for the Department to determine whether the borrower meets the eligibility requirements for the requested deferment. The revised deferment request forms will continue to be used for these purposes.

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. Also describe any consideration given to using technology to reduce burden.

This collection of information does not involve the use of technological processes such as electronic submission of requests. Except for certain borrowers requesting unemployment deferments who may qualify for the deferment based on a self-certification that they have registered with an employment agency, borrowers must either submit supporting documentation to establish their eligibility for a deferment or have a third party (such as a school official) certify their eligibility for the deferment. As a result, electronic submission of most deferment requests is not feasible at this time.

Although in most cases a borrower must submit a deferment request with the appropriate documentation to the Department, the Department may grant an in-school deferment without a request from the borrower based on information that the Department obtains from other sources confirming that the borrower is enrolled at least half time at an eligible institution. This reduces burden on borrowers. In such cases, the Department notifies the borrower that the deferment has been granted and provides the borrower with the option of canceling the deferment and continuing to make payments on his or her loan.

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.

With the exception of the in-school deferment (see Item 3), there is no information already available from other sources that can be used to establish a borrower's eligibility for a deferment.

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.

The frequency with which a borrower must request a deferment is determined in accordance with statutory and regulatory requirements that are explained on each deferment request form. Less frequent data collection would not allow loan holders to process borrower requests for

deferment.

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 conditions listed in 5 CFR 1320.5(d)(2).

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. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

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.

The loan deferment request forms included with this submission were originally developed with input from schools that participated in the first year of the Direct Loan Program. In developing the revised forms included with this submission, the Department considered recommendations from its Direct Loan servicers and representatives of the FFEL community.

A Federal Register notice was published for this collection on February 22, 2012, which solicited comments from the public over the course of 60 days.

The Department has accepted nearly all of the comments that were proposed by those who submitted them, including the creation of a PLUS Deferment Request form, which was used in 1845-0005, and contains the deferments applicable to Parent PLUS borrowers who seek a deferment for their Parent PLUS Loan(s) while the dependent student on whose behalf they borrowed are either in-school or enrolled in a rehabilitation training program. Both of such deferments, during the 60-day comment period, were contained in the In-School Deferment and Education-Related Deferment Requests, respectively, and this change took the burden that was associated with those deferments and placed them in the newly created PLUS Deferment Request form. This change in burden is reflected in the ROICS Burden Analysis Table for the 30-day comment period.

In addition to the 60-day comment period, the Department published in the Federal Register, a second notice on May 21, 2012, soliciting public comments on the revised deferment request forms for a period of 30 days. The Department accepted many of the comments received.

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 were or 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>2</sup> If the collection is subject to the

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<sup>2</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 Information)

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.

Each deferment request form includes a Privacy Act Notice that (1) informs the borrower of the statutory authority for the information collection, (2) explains that providing the requested information is voluntary, but is required in order to be granted a deferment, and (3) identifies the third parties to whom the information collected on the form 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 Temporary Total Disability Deferment Request asks for information about the borrower's medical condition, and the Economic Hardship Deferment Request asks for income information. This information may be considered sensitive by some individuals, but it is needed to establish the borrower's eligibility for the deferment. The deferment forms do not otherwise request any sensitive information.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- 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, and an explanation of how the burden was estimated, including identification of burden type: recordkeeping, reporting or third party disclosure. All narrative should be included in item 12. 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 the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.
- If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in the ROCIS IC Burden Analysis Table. (The table should at minimum include Respondent types, IC activity, Respondent and Responses, Hours/Response, and Total Hours)

- Provide estimates of annualized cost to respondents of the hour burdens for collections of information, identifying and using appropriate wage rate categories. 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.

The Department estimates the total annual number of respondents for this collection to be 3,130,832. The estimated response time for each of the eight deferment forms is 0.16 hours (10 minutes), with one response per respondent. This equates to a total estimated reporting burden of 500,933 hours. The burden estimate for each form was calculated as follows:

#### **Economic Hardship Deferment Request**

Estimated annual number of respondents:	781,184
Number of responses per respondent:	x 1
Hours per response:	x 0.16
Annual hour burden:	125,469.44

#### **Education Related Deferment Request**

Estimated annual number of respondents:	15,018
Number of responses per respondent:	x 1
Hours per response:	x 0.16
Annual hour burden:	2,402

#### **In-School Deferment Request**

Estimated annual number of respondents:	2,097,910
Number of responses per respondent:	x 1
Hours per response:	x 0.16
Annual hour burden:	335,665.60

#### **Parental Leave/Working Mother Deferment Request**

Estimated annual number of respondents:	204
Number of responses per respondent:	x 1
Hours per response:	x 0.16
Annual hour burden:	32.64

### **Public Service Deferment Request**

Estimated annual number of respondents:	12,558
Number of responses per respondent:	x 1
Hours per response:	x 0.16
Annual hour burden:	2009.28

### **Temporary Total Disability Deferment Request**

Estimated annual number of respondents:	1,061
Number of responses per respondent:	x 1
Hours per response:	x 0.16
Annual hour burden:	169.76

### **Unemployment Deferment Request**

Estimated annual number of respondents:	199,193
Number of responses per respondent:	x 1
Hours per response:	x 0.16
Annual hour burden:	3,312.64

### **PLUS Deferment Request**

Estimated annual number of respondents:	20,704
Number of responses per respondent:	x 1
Hours per response:	x 0.16
Annual hour burden:	3,312.64

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

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. 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 annualized cost to the Federal government. For the Direct Loan Program, the government's contracts with its Direct Loan servicers is not based on a fee-for-service model; rather, the Department pays its servicers based on performance metrics. For the FFEL Program, there is no significant cost associated with this collection, since FFEL Program loan holders distribute the forms, collect the information, and process the deferment requests. The government incurs no additional cost merely as a result of this information collection.

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).

Because this collection combined 1845-0011 and 1845-0005, the size of the reporting universe has expanded. Because 1845-0005 is being discontinued, and 1845-0011 is absorbing its burden, there is no net increase of burden to the public, despite what is being reported.

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 collection of information 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 of OMB Form 83-1.