

The Department of Education (the Department) proposes to amend the William D. Ford Federal Direct Loan (Direct Loan) Program regulations issued under the Higher Education Act of 1965, as amended (HEA), to implement changes made to the regulations in §685.304 - Counseling borrowers. These proposed regulations are a result of negotiated rulemaking and would add a new requirement to the current regulations.

These proposed regulations would amend §685.304 to require institutions that use pre-dispute arbitration agreements or class action waivers to disclose descriptions of those agreements using written, plain language to borrowers as well as with written information on how to use the institution's internal dispute resolution process. The institutions must make this information available to the student borrower prior to the first disbursement. This request is for a revision of the current information collection to include this new regulatory requirement.

Under proposed 685.304 there are changes to the requirements to counsel Federal student loan borrowers prior to making the first disbursement of a Federal student loan (entrance counseling). Schools that use pre-dispute arbitration agreements and/or class action waivers would have to include in the required entrance counseling information on the school's internal dispute resolution process and who the borrower may contact regarding a dispute related to educational services for which the loan was made. Schools that require borrowers to accept a pre-dispute arbitration agreement and/or class action waiver would be required to provide information in writing to the student borrower about the plain language meaning of the agreement, when it would apply, how to enter into the process, and who to contact with questions.

We believe there would be burden on the schools to create any school specific pre-dispute arbitration agreement and/or class action waivers and provide that information in addition to complying with the current entrance counseling requirements. Of the 1,888 participating proprietary institutions, we estimate that 50 percent or 944 institutions would need to create additional entrance counseling information regarding the use of the pre-dispute arbitration agreement and/or class action waivers to provide to their student borrowers. We anticipate that it would take an average of 3 hours to adapt the information as a part of the required entrance counseling, and to identify staff that would be able to answer additional questions for a total of 2,832 hours (944 x 3 hours).

Affected Entity	# of Respondents	# of Responses	Hrs/Response	Total Burden
Proprietary Institutions	944*	944	x 3 hours	2,832
Respondents	944			
Responses	944			
Burden Hours	2,832			

We estimate the cost to respondents, based on \$16.30 for individuals, \$44.41 for institutions per burden hour, would be:

$$\text{Proprietary Institutions} = \$ 125,769.12(2,832 \text{ hours} \times \$44.41)$$