



G A O

Accountability \* Integrity \* Reliability

United States Government Accountability Office  
Washington, DC 20548

---

B-310777

December 6, 2007

The Honorable Edward M. Kennedy  
Chairman  
The Honorable Michael B. Enzi  
Ranking Minority Member  
Committee on Health, Education, Labor, and Pensions  
United States Senate

The Honorable George Miller  
Chairman  
The Honorable Howard P. “Buck” McKeon  
Ranking Minority Member  
Committee on Education and Labor  
House of Representatives

Subject: *Department of Education: Federal Perkins Loan Program, Federal Family Education Loan Program, and William D. Ford Federal Direct Loan Program*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Education (Education), entitled “Federal Perkins Loan Program, Federal Family Education Loan Program, and William D. Ford Federal Direct Loan Program” (RIN: 1840-AC89). We received the rule on November 21, 2007. It was published in the *Federal Register* as a final rule on November 1, 2007, and has an effective date of July 1, 2008. 72 Fed. Reg. 61,960.

The final rule makes a number of changes to the federal loan programs authorized under title IV of the Higher Education Act of 1965. 20 U.S.C. § 1001–1140d. These changes are meant to strengthen and improve the administration of the programs. This final rule also incorporates certain statutory changes enacted in the College Cost Reduction and Access Act. Pub. L. No. 110-84, 121 Stat. 784 (Sept. 27, 2007).

Enclosed is our assessment of Education’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that Education complied with the applicable requirements.

If you have any questions about this report, please contact Michael R. Volpe, Assistant General Counsel, at (202) 512-8236.

signed

Robert J. Cramer  
Associate General Counsel

Enclosure

cc: Elizabeth A.M. McFadden  
Assistant General Counsel for  
Division of Regulatory Services  
Office of the General Counsel  
Department of Education

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE  
ISSUED BY THE  
DEPARTMENT OF EDUCATION  
ENTITLED  
"FEDERAL PERKINS LOAN PROGRAM,  
FEDERAL FAMILY EDUCATION LOAN PROGRAM, AND  
WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM"  
(RIN: 1840-AC89)

(i) Cost-benefit analysis

The Department of Education (Education) analyzed the costs and benefits of this final rule. Education determined that of the regulatory changes in this final rule not implementing the College Cost Reduction and Access Act, Pub. L. No. 110-84, 121 Stat. 784 (Sept. 27, 2007) (CCRAA), only the mandatory assignment of defaulted Perkins Loans will have a substantial economic effect, with an impact of approximately \$23 million annually. Education estimates that the provisions of this final rule implementing CCRAA which reduce costs will decrease federal costs by \$23.3 billion over fiscal years 2007 to 2012. Education also estimates that the provisions of this final rule implementing CCRAA which expand benefits will increase federal costs by \$5.9 billion over fiscal years 2007 to 2012.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603–605, 607, and 609

Education concluded that this final rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

Education did not include an analysis of this final rule under the Act in its submission to the Comptroller General. Education noted that the preparation of a written statement under section 202 of the Act was not applicable to this rule.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

Education promulgated this final rule, in part, under the notice-and-comment procedures found in the Administrative Procedures Act. 5 U.S.C. § 553. Education published a Notice of Proposed Rulemaking on June 12, 2007. 72 Fed. Reg. 32,410.

Education responded to the comments it received in the final rule. 72 Fed. Reg. 61,962–90. Education determined that it was unnecessary to conduct notice-and-comment procedures for the parts of this final rule that merely reflect statutory changes of the CCRAA because these parts of the rule do not involve agency discretion.

Paperwork Reduction Act, 44 U.S.C. §§ 3501–3520

This final rule contains information collection requirements that the Office of Management and Budget (OMB) reviewed under the Act. Education is requesting further comment on paperwork associated with OMB Control Number 1845-0019. For the paperwork associated with OMB Control Number 1845-0020, Education estimates that the burden will increase by 1,260 hours for guaranty agencies and reduce it by 2,880 hours for lenders and their servicers. For the paperwork associated with OMB Control Number 1845-0080, Education estimates that the burden will increase by 1,500 hours. For the paperwork associated with OMB Control Number 1845-0005 and 1845-011, Education estimates that the burden will increase by 1,000 hours. For the paperwork associated with OMB Control Number 1845-0020, Education estimates that the burden will increase by 1,260 hours. A new information collection will be submitted to OMB by January 30, 2008, and has an estimated burden of 1,000 hours.

Statutory authorization for the rule

Education promulgated this final rule under the authority of sections 1071–1087-2 and sections 1087aa–1087hh of title 20, United States Code.

Executive Order No. 12,866

Because it will have an annual effect on the economy of more than \$100 million, Education determined that this final rule is economically significant under the Order and subject to OMB review.