

questioned the wisdom of allowing very young students to borrow these funds. Another commenter expressed concern that the removal of these provisions would increase the potential of abuse in the use of title IV, HEA funds.

Discussion: In proposing this deletion of regulatory language, the Secretary had no intention of removing the policy regarding compulsory school attendance. Since the definitions of "institution of higher education" in § 600.4 and "proprietary institution of higher education" in § 600.5 include provisions containing this requirement, the Secretary believes there is no reason to duplicate the requirement in the student eligibility regulations.

Changes: None.

Statement of Educational Purpose

Comments: Most commenters supported the Secretary's proposal to provide a Statement of Educational Purpose on the Free Application for Student Aid (FAFSA) that satisfies § 668.33(e) requirements for filing the Statement of Educational Purpose. One commenter suggested that the regulations specifically authorize use of the FAFSA in this manner.

Discussion: The Secretary prefers to use non-specific regulatory language to minimize the potential of redrafting regulations each time the application delivery system changes.

Changes: None.

Section 668.33 Citizenship/Residency Requirements U.S. Citizenship Match

Comments: Several commenters expressed support for the proposed enhancement of the existing social security match to include matching on U.S. citizenship data. They predicted that this enhancement would improve the integrity of the title IV, HEA application process by making it more difficult to avoid checking eligibility status with the INS. Other commenters, however, expressed concern that the proposed enhancement represents an additional unjustified burden caused by the need to collect evidence of U.S. citizenship. These commenters suggested that the Secretary should provide data to support the claim that misreporting of U.S. citizenship is a significant problem. If misreporting exists, one commenter questioned whether detection of a few such cases justifies the additional burden that would be imposed on the many applicants who complete this item truthfully. Another commenter questioned the accuracy of the Social Security Administration (SSA) data to be used for this matching program in light of information received by the

commenter that citizenship data has only been collected by SSA since the early 1980's. Several commenters expressed concern that a student's U.S. citizenship status that was not confirmed would also prevent or delay that student from receiving confirmation of the accuracy of the student's social security number, or that such interference could also occur in reverse order.

Discussion: The Secretary disagrees with the comments portraying the U.S. citizenship match as an unjustified burden. On September 9, 1994, the Department's Office of Inspector General issued an audit report indicating that, during the 1992-1993 award year, 45,000 Federal Pell Grant awards were made to students claiming U.S. citizenship on their applications for federal student assistance who were not confirmed as U.S. citizens by the Social Security Administration (SSA). Since SSA records do not contain alien registration numbers, it is virtually impossible to track the status of these 45,000 individuals to determine whether they were naturalized citizens or eligible noncitizens at the time they applied. However, if even only 10% of the 45,000 applications were completed by ineligible aliens, the savings more than offset the expense of matching, and will provide additional grant funds for eligible students. The Secretary disagrees with the commenters who are concerned about additional burden being placed on students who will be required to provide evidence of U.S. citizenship. The vast majority of students will be confirmed by SSA as U.S. citizens, and no further action will be required. Many noncitizens who falsely claim U.S. citizenship will provide alien registration numbers, and their applications will be processed using the INS data match in the same manner as other noncitizen applications. Undocumented illegal aliens will tend to drop out of the application process without burden to the institution. For the most part, the Secretary believes that only naturalized citizens who have not kept their records updated with SSA are likely to be affected by this new requirement. With regard to the commenter's concern that SSA has only collected citizenship data since the early 1980's, the Secretary confirms this fact. However, SSA has collected "place of birth" data for many years, and the match will access both "place of birth" and "citizenship" data elements before issuing match results. With regard to concerns about delays and other impacts of U.S. citizenship matching on social security number

matching, the Secretary wishes to assure the commenter that there will be no impact of one match on the other. Social security numbers and U.S. citizenship status are generated from separate data fields within the SSA data base, and will generate separate messages.

Changes: None.

Section 668.35 Student Debts Under the HEA and to the U.S. (Section 668.34 in NPRM)

Comments: One commenter suggested that the Secretary reverse the order of proposed paragraphs (b)(2)(i) and (b)(2)(ii) to prevent the possibility of a student making six consecutive monthly payments on a defaulted loan before approaching a lender to make satisfactory repayment arrangements. Another commenter noted that the definition of "satisfactory repayment arrangement" in § 682.200 already provides for six consecutive monthly payments, and that the language proposed in paragraph (b)(2) could be interpreted as requiring twelve consecutive monthly payments. One commenter suggested that proposed paragraph (d)(1)(ii) be revised to include the phrase "satisfactory to the holder" instead of "satisfactory to the institution," which the commenter believes is inappropriate for the FFEL and Direct Loan programs. Several commenters urged the Secretary to reinstate references in proposed paragraph (d)(2) to the specific title IV, HEA programs for which overpayments are applicable, asserting that such a correction would alleviate confusion concerning the relevance of overpayments to the FFEL and William D. Ford Federal Direct Loan programs.

Discussion: The Secretary agrees with the commenters' concerns with regard to the order of proposed paragraphs (b)(2)(i) and (b)(2)(ii). Although the phrase "makes arrangements, satisfactory to the holder" used in this paragraph is not identical to the phrases used in the individual title IV, HEA loan programs, the Secretary emphasizes that those specific provisions that govern how a defaulted borrower can regain eligibility are found in the individual title IV, HEA loan program regulations. The Secretary also agrees with the comment suggesting that proposed paragraph (d)(1)(ii) be revised to require a student who has received a grant or loan overpayment to make arrangements, satisfactory to the holder of the overpayment debt, to pay the overpayment. With regard to the comment requesting reinstatement in proposed paragraph (d)(2) of the specific programs for which overpayments are applicable, the Secretary agrees and has