

SUPPORTING STATEMENT

7 CFR PART 4284-B, RURAL BUSINESS ENTERPRISE GRANT PROGRAM

A. Justification

1. Explain the circumstances that make the collection of information necessary.

Section 310B of the Consolidated Farm and Rural Development Act (as amended), authorizes Rural Business Enterprise Grants (RBEG) to provide grants to stimulate economic activity and employment in rural areas by:

- (a) Financing and facilitating development of small and emerging private business enterprises;
- (b) Creating, expanding, and operating rural distance learning networks or rural learning programs that provide educational or job training instruction related to the potential employment or job advancement of adult students;
- (c) Providing technical assistance and training to rural communities for the purpose of improving passenger transportation services or facilities; and
- (d) Financing statewide broadcasting systems that provide information on agriculture and other issues of importance to farmers and other rural residents.

The Rural Business-Cooperative Service (RBS) is replacing 7 CFR 1942, subpart G (0570-0022), with 7 CFR 4284, subpart B. The new regulation will cover the administration of RBEG including eligibility requirements, evaluation criteria to make funding selection decisions, and servicing information.

The reporting burden to be cleared with this request includes the submission of a grant application; applicant and small business certifications; project eligibility to include a demonstrated need, economic feasibility, and benefits to small businesses or adult students; documentation to support selection priority points such as commitment by other funding sources, commitment by business of jobs created or saved, and evidence that the proposed project is covered by a local or regional plan; and reporting requirements after grant approval.

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 various forms and procedure requirements contained within this regulation are collected from applicants, who are public bodies and private nonprofit organizations. This information is for determining such factors as: (1) eligibility; (2) the specific purposes, objectives, and need for grant funds; (3) time frames or dates by which actions surrounding the use of funds will be accomplished; (4) who will be carrying out the purposes for which the grant is made and their experience in the same type of project; (5) project priority; (6) revolving loan fund plan operations; (7) employment improvement; and (8) mitigation of economic distress of a community through the creation or salvation of jobs or emergency situations. This information is collected in the process of developing the full application and is gathered in the RBS field offices.

Grant selection priority points will be provided for applicants based on population, economic conditions, commitment by other funding sources, commitment by business of jobs created or saved, and evidence the proposed project is covered by a regional or local plan.

RBS would not be able to determine: (a) the eligibility of an applicant or projects; (b) whether applicable laws and regulations are complied with; and (c) the feasibility of the project if the information was not collected.

The average funding for this program in the past 3 fiscal years was \$42.3 million (0570-0022). The longer the program is in existence the more widespread it has become leading to increased application activity. The popularity of the program has added additional burden.

Specifically, the burden to be approved with this docket is as follows:

REPORTING REQUIREMENTS – NO FORMS

Identity of Interest Statement

This statement by the applicant is provided to identify and report any Rural Development assistance being provided to Rural Development employees, their relatives, or their business or close personal associates.

Applicant Eligibility Certification

The applicant must provide a certification that they have no delinquent debt to the Federal Government or any outstanding judgments; at least 3 years experience, no conflict of interest, and ownership and control in the proposed project; identified a relationship or association with an Agency employee, if one exist; and at least 51 percent U.S. ownership of the organization if the applicant is a nonprofit.

Small Business Eligibility Certification

Any small business receiving assistance under this program must provide a certification stating they meet the small and emerging private business enterprise definition contained in §4284.103; are located in a rural area as defined in §4284.103; have no delinquent debt to the Federal Government, any outstanding Federal judgments, or conflict of interest in the proposed project; and have at least 51 percent U.S. ownership of their organization.

Civil Rights Data Collection

Grantees must collect certain information on their projects or programs to ensure that they are serving the public without discrimination. The Agency will provide the Civil Rights requirement guide to the grantee.

Intergovernmental Comments

This consultation is required in accordance with Executive Order 12372.

Evidence of Legal Existence

The applicant must provide a legal opinion from their attorney that they are an eligible applicant with the authority to carry out the purpose(s) of the proposed grant.

Financial Statements

The applicant must provide the most recent yearend financial statements (balance sheet and income statement) prepared in accordance with generally accepted accounting principles.

Preliminary Engineering Report (construction only)

The applicant must provide a preliminary engineering report at the preapplication stage when construction is the purpose of the proposed project.

Scope of Work

The applicant must provide a scope of work, which is a detailed narrative identifying the aspects of the proposed project including objectives, timeframes, key personnel, supplemental funding and commitments of small businesses or adult students.

Revolving Loan Fund Work Plan

The applicant must provide a work plan, which governs the operation of the revolving loan fund and should have sufficient detail to provide the Agency with a complete understanding of what will be accomplished.

Documented Information for Scoring Criteria

Other narrative information besides the scope of work must be provided by the applicant including documented statistical information on population and economic conditions in the area to be served by the proposed project to assist in assigning priority points under the scoring criteria.

Official Plans and Speculations (construction only)

The applicant must provide a new set of plans and specs if changes are made to the preliminary engineering report.

Appraisal

Appraisal reports will be supplied to determine the fair market value of land being purchased with grant funds.

Evidence of Supplemental Funding

Written commitments from other financing sources for at least 20 percent of the total project cost must be provided with the application.

Evidence of Commitment (small business/adult students/jobs)

Letters of interest or commitment must be provided with the application from small businesses being assisted including job creation or salvation or from local employers, schools, training facilities to show the need of employment or job advancement opportunities for adult students.

Evidence of Project Plan

The applicant must provide evidence that the proposed project is consistent with local or regional economic development plans for the area. Appropriate plan references and copies of appropriate sections of the plan, as well as plan adoption by the area to be served by the project must be provided with the application.

Evidence of Nonprofit Entity or Other Tax-exempt Organization

Evidence of organization and location must be provided with the application to receive priority points if the small business to be assisted is a nonprofit entity or other tax-exempt organization (as defined by the Internal Revenue Service revenue codes) located in a city, town or unincorporated area with a population of 5,000 or less and has a principal office on land of an existing or former Native American reservation.

Project Performance Report

Applicants are required to submit project performance reports in accordance with 7 CFR 3015, 3016 and 3019. These reports are necessary to monitor the appropriate use of the grant funds. The project performance report shall include but need not be limited to:

1. A comparison of actual accomplishments to be objectives established for that period;
2. Reasons why established objectives were not met;
3. Problems, delays, or adverse conditions which will materially affect attainment of planned project objectives, prevent the meeting of time schedules or objectives, or preclude the attainment of project work elements during established time periods. This disclosure shall be accompanied by a statement of the action taken or contemplated to resolve the situation;
4. Objectives established for the next reporting period;
5. Status of compliance with any special conditions on the use of grant funds.

Audit Report

An audit will be required by the applicant in accordance with generally accepted accounting principles per OMB Circular A-133 or generally accepted government auditing standards, as applicable. The Agency will inform the applicant of its auditing requirements.

Control Agreement

This is used when a grant is approved for a revolving loan fund. The grantee, Rural Business-Cooperative Service, and a bank sign the agreement, which basically allows the bank to monitor the account and gives the Agency the right to dispose of the account if the grantee is not performing in accordance with their grant agreement.

Narrative on ultimate recipient loan

The grantee will be required to hold loan committee for ultimate recipient loans and will have to provide a copy of the ultimate recipient's application and the loan committee write-up in order to receive an advance of funds for the ultimate recipient.

REPORTING REQUIREMENTS - FORMS

RD 4284-1, "Rural Business Enterprise Grant Program Agreement"

This form spells out grant approval requirements and is used to secure repayment of grant funds if the grantee is not complying with the requirements.

REPORTING REQUIREMENTS – FORMS APPROVED UNDER OTHER OMB NUMBERS

SF-424, "Application for Federal Assistance"

This form will provide basic information about the proposed project. The Agency will accept this form as a preapplication or as an application. The application and related information will be used by RBS to approve grants.

SF-424 A, "Budget Information – Non-construction Programs"

The applicant is required to submit this budget form to provide a budget breakdown on the total project cost of a non-construction project.

SF-424 B, "Assurances - Non-construction Programs"

The applicant is required to sign and comply with the assurances listed on the form when the proposed project is a non-construction project.

SF-424 C, "Budget Information –Construction Programs"

The applicant is required to submit this budget form to provide a budget breakdown on the total project cost of a construction project.

SF-424 D, "Assurances - Construction Programs"

The applicant is required to sign and comply with the assurances listed on the form when the proposed project is a construction project.

Standard Form LLL, " Disclosure of Lobbying Activities"

This form must be used when requested assistance or a contract bid is over \$100,000, and the recipient has paid a lobbyist to speak on behalf of the specific award.

RD 1940-20, "Request for Environmental Information"

The applicant is required to submit Form RD 1940-20 to inform the Agency of any environmental impacts that could affect the proposed project.

Form RD 400-1, Equal Opportunity Agreement"

All applicants and recipients are required to complete this form if the proposed project involves construction to comply with Equal Opportunity requirements.

Form RD 400-4, "Assurance Agreement"

All applicants and recipients are required to complete this form to comply with Civil Rights Acts and laws.

RD 1942-46, "Letter of Intent to Meet Conditions"

The applicant signs this form to certify that it understands all of the conditions discussed in the Letter of Conditions and provides a deadline date to meet all of conditions.

SF-270, "Request for Advance or Reimbursement"

This form will be submitted by the grantee and used by RBS to disburse grant funds.

SF-271, "Outlay Report and Request for Reimbursement for Construction Projects"

This form will be submitted by the grantee on construction projects and used by RBS to disburse grant funds.

SF-269 or 269A, "Financial Status Report"

This form will be used by RBS to monitor the financial status of the grantee on a quarterly basis.

RD 1951-4, "Report of IRP/RDLF Lending Activity"

The grantee will submit this form on a quarterly basis until all funds have been loaned out and then submitted semiannually thereafter. RBS will use this form to monitor the operation of the revolving loan fund.

REPORTING REQUIREMENTS

AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions"

This form certifies that the applicant is not presently debarred, suspended, or voluntarily excluded from covered transactions by any Federal department or agency.

AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions"

This form certifies that lower tier participants are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation by any Federal department or agency.

AD-1049 "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I – For Grantees Other Than Individuals"

This form will be executed by the applicant no later than grant closings to certify that the Drug-Free Workplace requirements will be met. The use of this form complies with 7 CFR 3017.

RD Instruction 1940-Q, Exhibit A-1, "Certification for contracts, Grants and Loans"

This exhibit is to be used when requested assistance or a bid contract is over \$100,000. The recipient must certify it is not engaged in any lobbying activities.

RECORD KEEPING REQUIREMENTS:

Record Retention

Grantees must maintain financial, property and equipment records in accordance with standards prescribed in 7 CFR parts 3015, 3016, and 3019 as appropriate, in accordance with terms and conditions of the grant.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection.

The Agency has the capability of inputting grant funding opportunities into the Grants Interface Module (GIM) System located on the grants.gov website. Applicants can then obtain the funding announcement as well as the forms for applying on the grants.gov website. Also, applicants can submit their applications with attachments such as Word and Excel files via the GIM system. The only stipulation is that they must obtain a DUNS number before the GIM system will accept the application.

Unfortunately, the Agency is not presently using the GIM system for the RBEG Program. GIM allows only one contact point for accepting applications. The RBEG Program is administered via 47 State Offices along with numerous servicing area offices who accept RBEG applications. Due to the volume of applications received on a yearly basis and the extended Agency field structure, it is not prudent to have one contact point for accepting RBEG applications. However, there is a Department GIM taskforce working on this issue with hopes of providing servicing offices the capability of receiving applications from their servicing area by fiscal year 2008.

The GIM system is an excellent tool for electronic information collection and will ultimately reduce burden on the public. Once the GIM system is updated to allow more than one contact point for receipt of applications, the Agency will input future RBEG funding announcements on the grants.gov website.

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.

The Agency has reviewed all grant programs it administers to determine which programs may be similar in intent and purpose. The Agency has two grant programs where an applicant could simultaneous apply for funding. If there was a simultaneous participation in more than one Agency grant program, the Agency would make every effort to accommodate the requests within the same set of applications and processing forms. This effort is presently facilitated by assignment of management of these programs to the same program area of responsibility. If a grantee is applying for or receiving a grant from another Federal agency, the forms and documents furnished by the other Agency would be utilized to the extent possible.

5. If the collection of information impacts small businesses or other small entities (item 5 of OMB Form 83-I), describe any methods used to minimize burden.

The information to be collected is in a format to minimize the paperwork burden on small businesses and other small entities. The information collected is the minimum needed by the Agency to approved grants and monitor the grantee performance.

6. Describe the consequences to Federal program or policy activities if the collection is not conducted or conducted less frequently, as well as any technical or legal obstacles to reducing burden.

If the collection of information were conducted less frequently, it could have an adverse effect on the Agency's ability to administer the grant program. The Agency should re-evaluate the requirements of their programs on a frequent basis to ensure they are meeting the intent of Congress and the Government Performance Act.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

a. Requiring respondents to report information more than quarterly.

There are no information requirements that require specific reporting on more than a quarterly basis.

b. Requiring written responses in less than 30 days.

There are no information requirements that require specific reporting in less than 30 days.

c. Requiring more than an original and two copies.

There are no information requirements that require more than an original and two copies.

d. Requiring respondents to retain records for more than 3 years.

The regulation 7 CFR 4284, subpart B, requires that financial records, supporting documents, statistical records, and all other records pertinent to the grant shall be retained for a period of at least 3 years after the grant closing. The exception that records shall be retained beyond the 3-year period is if the project involves real property or equipment or if audit findings have not been resolved. Records must be maintained until 3 years after the useful life of the real property or the equipment has ended in accordance with the grant agreement or 3 years after the audit has been closed.

e. Not utilizing statistical sampling.

There are no such requirements.

f. Requiring use of statistical sampling which has not been reviewed and approved by OMB.

There are no such requirements.

g. Requiring a pledge of confidentiality.

There are no such requirements.

h. Requiring submission of proprietary trade secrets.

There are no such requirements.

8. If applicable, identify the date and page number of publication in the Federal Register of the agency's notice soliciting comments on the information collection. Summarize public comments received and describe actions taken by the agency in response to these comments. Describe efforts to consult with persons outside the Agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and record keeping, disclosure, reporting format (if any), and on data elements to be recorded, disclosed, or reported.

The proposed rule will describe our information gathering requirements and also provide a 60-day comment period. During this time, interested members of the public will have the opportunity to provide us with their input concerning the usefulness, legitimacy, and the merit of the information collection activities we are proposing.

The information collection contained herein and the estimates of the associated public burden were discussed with the following potential respondents:

- (1) Charlie Fawcett
Fairmont Community Development Partnership
(304) 366-7600
- (2) Frank Kibler
Scott County Economic Development Authority
(276) 386-2525
- (3) Ethan Park
Vermont Housing and Conservation Board
(802) 828-3250

These eligible applicants and recipients did not believe the paperwork or reporting process was neither difficult nor more burdensome than other Federal programs.

9. Explain any decision to provide any payment or gift to respondents, other than re-enumeration of contractors or grantees.

No payments or gifts are provided to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or Agency policy.

No assurance of confidentiality is provided to applicants and grantees. Request for and release of records and informant is handled in accordance with the Freedom of Information Act and the Privacy Act of 1974.

11. Provide additional justification for any question of a sensitive nature, such as sexual behavior or attitudes, religious beliefs, and other matters that are commonly considered private.

There will be no collection of any information that would be considered sensitive in nature or commonly considered private.

12. Provide estimates of the hour burden of the collection of information.

Public reporting burden for this ICR is estimated to average 6.5 hours per response (53,235 hours divided by 8,160 responses = 6.5). The 6.5 hours is an average of all per response times for all reporting and recordkeeping requirements approved under this OMB number.

Estimated number of respondents	700
Estimated annual responses	8,160
Total man-hour burden	53,235

The wage class for the public was established as follows:

Nonprofit – Executive Director/Budget Officer /Program Administrator/Clerical
 Public Body –Mayor (or other elected official)/Budget Officer/Program Administrator/Clerical
 Other – Architect/Engineer, Accountant, Attorney.

The \$25 wage class is an average of the persons who would be involved with the application and grant approval requirements, and also operating expenses for nonprofits and public bodies. The estimate consists of salaries of \$50,000/\$40,000/\$30,000/\$20,000 and about \$16,640 for operating expenses.

The \$50 wage class for an accountant, \$80 wage class for an architect/engineer, and \$100 for an attorney are consistent with industry figures.

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information.

There are no startup costs involved.

14. Provide estimates of annualized cost to the Federal Government.

Activity	Number	No. of hours	Rate	Total
Review preapplication materials/eligibility determination	600	40	50	\$1,200,000
Process application/determine funding priority	400	40	50	\$800,000
Approve grant and obligate funds	400	8	50	\$160,000
Servicing/grant closing	400	8	50	\$160,000
TOTAL				\$2,320,000

The reviews, processing and servicing are typically completed by GS-11 and GS-12 specialist and GS-13 program directors. The GS-5/7 state technician typically does the data entry in the computer system.

15. Explain the reasons for any program changes or adjustments reported in items 13 or 14 of the OMB Form 83-I.

This is a new information collection.

16. For collection of information whose results will be published, outline plans for tabulation and publication.

The information collected is not for the purpose of publication.

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.

It is not cost effective for the Agency to display the expiration date on forms due to the large number of field offices and the significant difference in the volume of forms used by these offices.

18. Explain each exception to the certification statement identified in item 19 on OMB 83-I.

There are no exceptions to the certification.

19. How is this information collection related to the Service Center Initiative (SCI)? Will the information collection be part of the one stop-shopping concept?

Rural Development has 47 State Offices throughout the United States. Each State Office is staffed by employees from all three agencies of Rural Development, which are Rural Business-Cooperative Service, Rural Utilities Service, and the Rural Housing Service. The State Office is a center where an applicant can go to seek assistance and conveniently have all three Agencies readily available to them. Therefore, if an applicant is interested in any programs administered by the three agencies, they will only have to deal with the one State Office. Thus, this would be comparable to a one-stop shopping concept.