

October 2006

**SUPPORTING STATEMENT  
(0570-0006)**

**7 CFR Part 4284, Subpart F- Rural Cooperative Development Grants**

**A. Justification**

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

The Rural Cooperative Development Grants (RCDG) program is administered by Rural Business-Cooperative Service (RBS) through National and State Rural Development offices. The primary objective of the program is to improve the economic condition of rural areas through cooperative development. Eligible applicants include nonprofit corporations and institutions of higher education.

Grant funds may be used to pay up to 75 percent of the costs for carrying out relevant projects. Applicant's contribution may be in cash or in-kind contributions and must be from nonfederal funds except for loans from another federal source. Grant funds may be used for, but are not limited to: (1) applied research and feasibility studies; (2) collection, interpretation, and dissemination of principles, facts, technical knowledge, or other information; (3) providing training and instruction; (4) providing loans and grants; and (5) providing technical assistance, research services, and other advisory services. These activities would be carried out for the benefit of individuals, cooperatives, small businesses, and other similar entities served by cooperative centers in rural areas.

**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 narrative requirements contained within this regulation are collected from applicants, who are nonprofit corporations or institutions of higher education. RBS has used applicant information to confirm that the applicant has met eligibility requirements set forth in the regulation, and that the proposals are consistent with the purposes of the program. The information has also been used to determine an applicant's abilities, to make a competitive evaluation, and to rank the proposals in order to determine grant awards.

Grant funds are awarded on a competitive basis scoring system. The applicant must demonstrate a proven track record in criteria 1-6 and soundness in the proposed work to be accomplished for criteria 8-11. Evaluation criteria are as follows (1) administering a nationally coordinated, regionally, or State-wide operated project; (2) demonstrating previous expertise in providing technical assistance in rural areas; (3) demonstrating the ability to assist in the retention of business, facilitate the establishment of cooperatives and new cooperative approaches, and generate employment opportunities that will improve the economic conditions

of rural areas; (4) demonstrating the ability to create horizontal linkages among businesses within and among various sectors in rural areas of the United States and vertical linkages to domestic and international markets; (5) committing to provide technical assistance and other services to under served and economically distressed rural areas of the United States; (6) committing to provide greater than a 25 percent matching contribution with private funds and in-kind contributions; (7) delivering technical assistance and accomplishing effective outcomes; (8) work plan/budget; (9) qualifications on those performing the work; (10) local support; and (11) future support.

If the information were not collected, RBS would have no basis on which to evaluate the relative merit of each application. The average number of applications received during fiscal years 2004-2006 was 55 with grant requests totaling approximately \$13 million. The average number of grants awarded was 24 for approximately \$6 million.

The information required in the application proposal is as follows:

**REPORTING REQUIREMENTS - FORMS APPROVED UNDER OTHER OMB NUMBERS**

**Form SF-424, "Application for Federal Assistance"**

Applicants use this application as a required face sheet for applications for federal funding.

**Form SF-424A, "Budget Information - Non-Construction Programs"**

This form must be completed to show the project's anticipated budget breakdown in terms of expense categories and division of Federal and non-Federal sources of funds. Identifying the project's requested funding by expense category is necessary to assure that the expense is necessary for successful conduct of the project, is allowable under applicable Federal cost principles, and is not prohibited under any applicable Federal statute or regulation.

**Form SF-424B, "Assurances - Non-Construction Programs"**

This form must be completed by the applicant to provide the Federal government certain assurances of the applicant's legal authority to apply for Federal assistance and financial capability to pay the non-Federal share of project costs. The applicant also assures compliance with various legal and regulatory requirements as described in the form.

**Form SF-269, "Financial Status Report", to be completed on a quarterly basis**

This form is used to confirm that funds are being spent in conformity with the budget and work plan.

**Form SF-270, "Request for Advance or Reimbursement"**

This form is used to request draw downs under the grant.

## **REPORTING REQUIREMENTS - NO FORMS**

### **Project Proposal**

All applicants must submit a project proposal containing the elements described in the notice and in the format prescribed. This allows for an in-depth evaluation as well as for consistency, organization, and clarity. The elements of the proposal are:

- (1) Title Page.
- (2) Table of Contents.
- (3) Executive Summary. A summary of the proposal should briefly describe the Center, including goals and tasks to be accomplished, the amount requested, how the work will be performed and whether organizational staff, consultants or contractors will be used.
- (4) Eligibility. This is a separate section used to establish that the applicant meets the statutory eligibility requirements.
- (5) Proposal Narrative. This is the main section of the proposal. This section must include, but is not limited to, the following:
  - (i) Project Title. The title restriction (75 characters) establishes a concise reference to the project. In USDA's experience, it can happen informally that more than one title for a given project can evolve. It is important to establish a good descriptive title of the proposed project in order to distinguish between proposals, some of which may be very similar.
  - (ii) Information Sheet. A separate one-page information sheet listing each of the evaluation criteria referenced in the RFP, followed by the page numbers of all relevant material and documentation. This is important to ensure the evaluators do not overlook relevant material.
  - (iii) Goals of the Project. This section lists the services to be provided by the applicant Center. They must conform with the eligible grant uses specified in the authorizing statute. This section must also include the following:
    - (a) a provision that substantiates that the Center will effectively serve rural areas in the United States;
    - (b) a provision that the primary objective of the Center will be to improve the economic condition of rural areas through cooperative development;

- (c) a description of the contributions that the proposed activities are likely to make to the improvement of the economic conditions of the rural areas for which the Center will provide services; and
- (d) a provision that the Center, in carrying out the activities, will seek, where appropriate, the advice, participation, expertise, and assistance of representatives of business, industry, educational institutions, the Federal Government, and State and local governments.

(iv) Work Plan. This section describes how the goals are to be attained. Applicants must discuss the specific tasks to be completed using grant and matching funds. The work plan should show how customers will be identified, key personnel to be involved, and the evaluation methods to be used to determine the success of specific tasks and overall objectives of Center operations. The budget must present a breakdown of the estimated costs associated with cooperative development activities as well as the operation of the Center and allocate these costs to each of the tasks to be undertaken. Matching funds as well as grant funds must be accounted for in the budget.

(v) Performance Evaluation Criteria. Performance criteria suggested by the applicant for incorporation in the grant award in the event the proposal receives grant funding under this subpart. These suggested criteria are not binding on USDA.

(vi) Undertakings. The applicant should expressly undertake to do the following:

- (a) Take all practicable steps to develop continuing sources of financial support for the Center, particularly from sources in the private sectors;
- (b) Make arrangements for the activities by the nonprofit institution operating the Center to be monitored and evaluated; and
- (c) Provide an accounting for the money received by the grantee under this subpart.

(vii) Delivery of cooperative development assistance. The applicant must describe its previous accomplishments and outcomes in cooperative development activities and/or its potential for effective delivery of cooperative development services to rural areas. The applicant should also describe the type(s) of assistance to be provided, the expected impacts of that assistance, the sustainability of cooperative organizations receiving the assistance, and the transferability of its cooperative development strategy and focus to other areas of the U.S.

(viii) Qualifications of Personnel. Applicants must describe the qualifications of personnel expected to perform key center tasks, and whether these personnel are to be full/part-time center employees or contract personnel. Those personnel having a track record of positive solutions for complex Cooperative development or marketing problems, or those with a record of conducting

feasibility studies that later proved to be accurate, business planning, marketing analysis, or other activities relevant to the Center's success should be highlighted.

(ix) Support and commitments. Applicants must describe the level of support and commitment in the community for the proposed Center and the services it would provide. Plans for coordinating with other developmental organizations in the proposed service area, or with state and local government institutions should be included. Letters supporting cooperation and coordination from potential local customers should be provided.

(x) Future support. Applicants should describe their vision for Center operations beyond the first year, including issues such as sources and uses of alternative funding; reliance on Federal, state, and local grants; and the use of in-house personnel for providing services versus contracting out for that expertise. To the extent possible, applicants should document future funding sources that will help achieve long-term sustainability of the Center.

(xi) Evaluation criteria. Each of the evaluation criteria referenced in the RFP must be specifically and individually addressed in narrative form.

(6) Verification of Matching Funds. Applicants must provide a budget to support the work plan showing all sources and uses of funds during the project period. Applicants will be required to verify matching funds, both cash and in-kind. Sufficient information should be included such that USDA can verify all representations.

(7) Certification. Applicants must certify that matching funds will be available at the same time grant funds are anticipated to be spent and that matching funds will be spent in advance of grant funding, such that for every dollar of the total project cost, not less than the required amount of matching funds will have been expended prior to submitting the request for advance.

Other information requests included in this package are:

Letter of Intent. Applicants must indicate concurrence with the conditions, if any, proposed for the Grant Agreement.

Grant Agreement. Applicants are expected to enter into a legally binding grant agreement.

Beneficiary Data. USDA uses data on the race, sex and national origin of beneficiaries of the Center to monitor compliance with civil rights laws and to respond to Congressional inquiries.

## **REPORTING REQUIREMENTS:**

Performance Reports. USDA uses performance reports to confirm that progress is being made toward achieving the stated goals of the project.

Final Report. USDA will use the final reports to measure the achievements of the Center financed with USDA grant funds.

## **RECORDKEEPING REQUIREMENTS:**

USDA regulations require that financial records, supporting documents, statistical records and all other records pertinent to the award will be retained for a period of at least three years after the agreement closing. Records must be retained beyond three years if audit findings have not been resolved.

**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.**

RBS strongly encourages applicants to submit as much material as possible electronically. In fact, applicants may apply for RCDG grant funds via [www.Grants.gov](http://www.Grants.gov) and the Agency is able to retrieve the applications electronically. Applicants who receive funding will be encouraged, but not required to submit semi-annual and final reports electronically. However, the Agency will not totally require submission by electronic methods since some applicants may not have the technological expertise for electronic submission.

**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.**

RBS makes every effort to administer programs using standard applications and forms where possible. RBS has reviewed all programs to determine where overlapping information requirements may exist. Other programs may have similar type of eligible entities and purposes, but the beneficiaries of the assistance will be significantly different. If there is simultaneous participation in more than one program by an applicant, the Agency would make every effort to accommodate requests for minimizing duplicate filing requirements.

**5. If the collection of information impacts small businesses or other small entities (item 5 of OMB Form 83-1), describe any methods used to minimize burden.**

As stated in #4, if similar information is available within RBS or another agency, every effort would be made to utilize that information as is or in an appropriately modified form for this program. Also, the information to be collected is in a format to minimize the paperwork of small businesses or entities. The information collected is the minimum needed by the Agency to approve grants and monitor grantees 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.**

The application burden is consistent with the minimum information necessary and appropriate for confirming current eligibility under the statute. Without collecting the listed information, USDA cannot be assured that the applicants meet the statutory requirements for eligibility or that the proposed centers will have the capacity to provide the intended services.

**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 collection 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 for written responses in less than 30 days.
- c. Requiring more than an original and two copies.** There will be no request for more than an original and two copies.
- d. Requiring respondents to retain records for more than 3 years.** There will be no request for respondents to retain records for more than 3 years with the exception that records will be retained beyond 3 years if audit findings have not been resolved.
- e. Not utilizing statistical sampling.** Not applicable.
- f. Requiring use of statistical sampling which has not been reviewed and approved by OMB.** Not applicable.
- g. Requiring a pledge of confidentiality.** Not applicable.
- h. Requiring submission of proprietary trade secrets.** Not applicable.

**8. 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 recordkeeping, disclosure, reporting format (if any), and on data elements to be recorded, disclosed, or reported.** As required by the Paperwork Reduction Act of 1995, a Notice was published on December 6, 2006, [71 FR 70738]. No comments were received.

The following people were emailed to survey various paper work burden requirements:

Jennifer Gutshall

Cooperative Development Institute, Inc.  
413-665-1271  
[jgutshall@cdi.coop](mailto:jgutshall@cdi.coop)

Cheri Rath  
Value-Added Agriculture Development Center  
605-224-9402  
[cherirath@yahoo.com](mailto:cherirath@yahoo.com)

Cheryl MacArthur  
Montana Cooperative Development Center, Inc.  
406-727-1517  
[cheryl@mcdc.coop](mailto:cheryl@mcdc.coop)

**9. Explain any decision to provide any payment or gift to respondents, other than reenumeration of contractors or grantees.**

There are no payments or gifts to respondents.

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

All proposals and reports submitted to RBS will be held in confidence to the extent permitted by law. It is not Agency policy to provide copies of submitted applications to others. Specific information that would be deemed confidential, such as business financial information, is not provided outside of the Agency. Certain portions of the application and nature of the project may be requested under the Freedom of Information Act, but the released material would be edited to maintain confidentiality.

**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.**

In the past three years, approximately 55 applications have been received on average for RCDG program. To allow for a minimal increase, we will use 60 for the number of applications received. The average number of awards made in the same timeframe was 24, but we will use 25 for our calculations. The 25 applicants awarded a grant will then be required to comply with the ongoing reporting requirements.

The total hour burden on applicants including proposal writing and post-award requirements is estimated to be 8,200 hours. (See attached spreadsheet.)

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

The total estimated annual cost burden to applicants is \$287,000. (See attached spreadsheet.) This includes the cost of drafting the proposal and meeting post-award requirements.

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

The estimated annual cost to the Federal Government is \$85,637. (See attached spreadsheet.) A total of 2,665 hours is estimated, across different wage classes, for application review, grant award, and post-award monitoring. The annualized cost to the Federal Government has been recalculated to reflect the current and expected level of applications received, adjustments to the number of hours to perform certain activity, and a change in the hourly rate reflecting increased pay costs of Federal employees involved with the program.

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

The annual hourly burden to applicants increased 5,525 hours due to a re-evaluation on the number of hours needed to compile the application proposal, civil rights and program performance in the post-grant award stage. There was also a significant increase in the annual cost to the Federal Government because the panel evaluation method was introduced after the last collection of information. Additionally, certain administrative functions were not included in the previous collection.

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

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.**

Not applicable.

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

There are no exceptions requested.

**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?**

This information is not directly related to the Service Center Initiative. The Agency's National Office makes funding recommendations and the program is administered through the State Rural Development Offices on behalf of the Agency.