

SUPPORTING STATEMENT
OMB Docket #0572-0109

7 CFR 1777, Section 306C WWD Loans and Grants

A. Justification

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

The Rural Utilities Service (RUS), an agency delivering the U.S. Department of Agriculture (USDA) Rural Development (RD) Utilities Programs, hereinafter referred to as Rural Development, is a credit agency of the USDA. RUS is requesting OMB clearance of the reporting requirements relating to 7 CFR Part 1777, Section 306C WWD Loans and Grants. This regulation is used to administer water and waste facility loans and grants to alleviate health risks. RUS is authorized to make the loans and grants under Section 306C of the Consolidated Farm and Rural Development Act (CONACT), 7 U.S.C. 1926C.

The Section 306C program funds facilities and projects in low-income rural communities facing significant health risks because the residents do not have access to water supply systems or waste disposal facilities. Entities eligible for program funding include rural water supply corporations, cooperatives, or similar entities, American Indian tribes, and public agencies. The facilities financed through Section 306C funding must provide water and waste services to rural areas of a county in which:

1. The per capita income is 70 percent or less of the most recent national average per capita income, as determined by the U.S. Census Bureau.
2. The unemployment rate is 125 percent or more of the most recent national average unemployment rate, as determined by the U. S. Bureau of Labor Statistics.

Preferences are given to colonias and federally recognized Native American Tribes, which are not required to meet the two criteria for the per capita income and the unemployment rate. Colonias, designated by the State or county in which they are located, are found in Arizona, California, New Mexico, and Texas. No loan funds have been appropriated under the authority of Section 306C. Appropriation bills have limited the funding to grants.

Applicants may use funds in two ways:

1. Develop or improve community water and waste disposal systems.
2. Use the funds to make loans or grants to individuals for extending service lines to residences, connecting residence plumbing to the applicant's system, or improving residences to use the water or waste disposal system.

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.

An eligible applicant submits an application package and other information to Rural Development field offices. The application follows the guidelines of the Water and Waste Loan and Grant Program under regulations, 7 CFR 1780 (OMB #0572-0121). In one percent of the cases, an applicant will use the funds to enable individuals to connect to the applicant's system or improve residences to use the water or waste disposal system. In this one percent, when an applicant will make loans and grants to individuals, the applicant will submit the following items which are unique to 7 CFR 1777:

Implementation Plan – This plan describes how the water or waste disposal system will manage the loans and grants to individuals. The applicant will develop a plan to include information such as the purpose, use of funds, proposed application process, construction requirements, and control and disbursement of funds. The plan will be attached to RUS Bulletin 1777-1.

Memorandum of Agreement (RUS Bulletin 1777-1) – The water or waste disposal system executes an agreement with RUS that outlines the procedures and regulations the system will use to provide Section 306C loans and grants to individuals. The system agrees to receive applications from individuals, process, close, and service loans or grants under the provisions of the agreement.

Use of Funds Report – When all funds covered by Memorandum of Agreement have been disbursed by the system, the system will provide the State Program Official a report on how the funds were used. The report will include the names of individuals that received assistance, the type of assistance (loan or grant), and the amount of assistance.

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.

RUS is committed to complying with the requirements of the E-Government Act and the Government Paperwork Elimination Act. The Agency has been examining ways in which applicants can file applications electronically through Grants.gov, the Federal Government's portal for electronic grant submissions. Forms cleared under 0572-0121, which form the basic application for this program, are available electronically on the World Wide Web at the RUS site and the USDA Service Center eForms site as follows:

1. <http://www.usda.gov/rus/water/wwforms.htm>, and
2. (<http://forms.sc.egov.usda.gov/eforms/mainservlet>).

The Service Center eForms site uses the Web-based Centralized Authentication and Authorization Facility (WebCAAF) for eAuthentication. Through eAuthentication accounts users may save forms online and submit them to the appropriate USDA Service Center.

However, Section 306C application process, which is also governed by the Water and Waste Loan and Grant Program regulations 7 CFR 1780 (OMB #572-0121) requires many supporting documents and certifications.

The documentation includes the Implementation Plan, Memorandum of Agreement, Preliminary Engineering Reports, Environmental Reports, financial statements, audits, and certifications from the applicant and other parties involved in the project. These documents generally cannot be submitted electronically so they are accepted in hard copy only. Because of the required types of supporting documentation that cannot be submitted electronically, RUS is not using Grants.gov at this time. The applicants may complete the forms online, store them in an electronic format, and print them for submission to the Agency.

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 information is collected from only the applicants applying for loans and grants under 7 CFR 1777. This information is unique to each borrower; therefore, it is not duplicated.

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.

This information will be collected from small entities; however, the Agency has limited the impact on these entities by requiring the least information needed.

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 information is collected only when the applicant files an application for a loan and/or grant for the purposes outlined in 7 CFR 1777. Therefore, it cannot be conducted less frequently.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner other than as specified in 5 CFR 1320.5(d)(2).

There are no special circumstances that require collection to be conducted in a manner:

a. Requiring respondent to reporting information more than quarterly.

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

b. Requiring written response in less than 30 days.

There are no specific information collection requirements that require less than 30 days response.

c. **Requiring more than an original and two copies.**

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

d. **Requiring respondent to retain records for more than 3 years.**

There are no such requirements.

e. **In connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study.**

There are no such requirements.

f. **Requiring the use of a statistical data classification that has not be reviewed and approved by OMB.**

No such requirements exist.

g. **Requiring a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.**

There are no such requirements.

h. **Requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

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 recordkeeping, disclosure, reporting format (if any), and on data elements to be recorded, disclosed, or reported.

As required by 5 CFR 1320.8(d), a Notice to request comments was published on February 1, 2007, at 72 FR 4685. No public comments were received.

The Agency has consulted with the following borrowers regarding the specific burden required by 7 CFR 1777:

1. Erin Gilbert, Office Manager
Lake Morena Oak Shores Municipal Water Corporation
Campo, California
2. Elizabeth Thayer, President
Coyote Creek Mutual Domestic Water Users Association
Quemado, New Mexico
3. Cynthia Clark, city Administrator
City of Presidio
Presidio, Texas

All three systems had submitted applications for initial funding with one system receiving funds from Rural Development for the first time for a new system. None were making grants or loans to individuals so the Implementation Plan, Memorandum of Agreement, and Use of Funds Report were not required. Therefore, the burden associated with submitting these documents under the 7 CFR 1777 cannot be addressed.

All three of the representatives commented on the overall process of submitting an application and the supporting documentation for projects. They acknowledged that there is much paperwork especially during the application phase. However, they expected the paperwork; thus, they did not cite any specific problems with the paperwork involved.

One commented about duplication in submitting some forms, for example, when there were changes in projects. Most of her comments were directed more to the time it takes to process and coordinate activities with consultants, State agencies, and technical assistance providers. Another suggested that the paperwork is daunting so reimbursing costs to pay for a grant administrator should be allowed. Allowing systems to hire a grant administrator would free her and her staff to concentrate on other municipal water and waste projects.

Each representative stated that the staffs of the local Rural Development offices were helpful and made the process of submitting the applications and certifications easy. Because their engineering consultants were experienced with Rural Development's application and funding processes, they helped lessen the time required to submit documentation to the Agency. Each felt that subsequent application and information submissions would be easier.

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

There has been no decision to provide 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.

No assurance of confidentiality has been provided.

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 are no such questions.

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

The information for this package was derived from past experience with this program. The program level authority for this program in FY 2006 was \$40,097,628, exclusive of \$960,969 which was transferred to the Rural Housing Service. Based on this level, the Agency anticipates making approximately 59 grants. However, only one percent (rounded to the nearest whole number) uses the Implementation Plan, Memorandum of Agreement, and Use of Funds Report that are required under this regulation. See the attached spreadsheet. The collection is summarized as follows:

Regulation	Number of Respondents	Total Annual Responses	Total Manhours	Wage Class	Total Costs
7 CFR 1777	1	1	9	22.50	\$202.50

RUS estimates the cost to be \$202.50 to the respondents to comply with this regulation. The cost is based on 1 organization filing an application that meets the criteria for documentation under this regulation. RUS used \$22.50 per hour based on information from similar programs. Primary respondents for a grant recipient would be a director earning an average of \$19 to \$24 per hour. Based on these estimates, the direct cost would be \$202.50 and indirect costs of 15 percent for the public cost.

The application process under this regulation is also governed by the Water and Waste Loan and Grant Program under regulations 7 CFR 1780 (OMB #0572-0121). The cost associated with respondents complying with 7 CFR 1780 is estimated at \$64,812. The total costs to respondents are estimated at \$70,931.

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

(a) Total capital and start-up cost component (annualized over its expected useful life); and

There are no capital or start-up costs attributed to this collection.

(b) Total operation and maintenance and purchase of services component.

There are no operation and maintenance or purchase of services component costs associated with this collection.

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

The Federal Government processes Section 306C applications under the Water and Waste Loan and Grant Program under regulations 7 CFR part 1780 (0572-0121) and this regulation. The cost to the Federal Government is estimated as follows:

Implementation Plan review—30 minutes X 1 applicant X \$34	= 17.00
Memorandum of Agreement—30 minutes X 1 application X \$34	= 17.00
Use of Funds Report—3 hours X 1 applications X \$34	= <u>102.00</u>
Total estimated cost to the Federal Government is:	\$136.00

The salary of \$34 (rounded up) per hour is based on a loan analyst (GS 12,step 2).

15. Explain the reasons for any program changes or adjustments reported in items 13 or 14 of the OMB Form 83-1.

This is an extension of a previously approved information collection.

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

There are no plans for 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.

No such approval is requested.

18. Explain each exception to the certification statement identified in item 19 on OMB 83-1.

There are no exceptions to the certification statement.

B.COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS.

This collection of information does not involve statistical methods.