

SUPPORTING STATEMENT

A. Justification

1. Except for the FMCS Forms LM-3 (Accounting System and Financial Capability Questionnaire) and LM-9 (FMCS Grants Program Grantee Evaluation Questionnaire), the forms under consideration herein are either required or recommended in OMB Circulars. The two exceptions are non-recurring forms, the former a questionnaire sent only to non-governmental potential grantees and the latter a questionnaire sent to former grantees for voluntary completion and submission. Our LM-8 (Milestone -- Progress Report) forms are particularly critical as they are the vehicle by which grantees monitor their grant project to ensure that project performance goals are being achieved in a timely manner. These narrative (milestone) reports summarize their progress.

2. The collected information, as stated in item 10 on the covering SF83, is used by FMCS to determine annual applicant suitability, to monitor quarterly grant project status, and for on going program evaluation. The LM-8 (milestone) form requires grantees to compare actual accomplishments with goals, if goals have not been met, to explain why, identify cost overruns or potential problem areas, and provide copies of all Labor-Management Committee meeting minutes. If the information were not collected, there could be no accounting for the grants or the program. Actual use has been the same as intended use.

3. FMCS is providing the LM-6 (Request for Advance or Reimbursement), the LM-8 (Milestone--Project Performance), and the LM-7 (Financial Status Report) on-line in a fillable format to allow for application by electronic means as required by the Federal Financial Assistance Management Improvement Act of 1999, Public Law 106-107. While this electronic filing is being added as a collection method, grantees must still supply the data.

4. No efforts have been made to identify duplication as FMCS is the only

Agency to which our applicants/grantees apply/report concerning this particular grants program. In any case, the LM-3 is the only form to which a “similar information” requirement could apply. That form takes the requirement into consideration by accepting recent audit reports in lieu of applicant completion of items C2 through 9 and items D1 through 3.

5. Small businesses are not a factor in the FMCS grants program.
6. Three of the forms, the SF-424, LM-6, and LM-9 are submitted at the applicant/grantee’s discretion, and don’t seem to be applicable to this particular discussion. To conduct the quarterly submissions (LM-7/LM-8) less often would deprive the government of its only continuously affordable monitoring tool; and, based on our experience during the grant program’s FY81-2007 life, it would provide the grantees with less incentive to meet the goals and objectives for which the Federal funds were awarded. Less than quarterly reports would also deprive FMCS of the opportunity to provide prompt technical assistance to deal with those problems identified in the report. Not to seek an LM-3 from applicable applicants would be financially irresponsible.
7. There are no special circumstances.
8. If Congress provides an appropriation, for the grant program the public is advised in the Federal Register of the availability of FMCS grant program guidelines and of the agency’s grants manual, which contains forms, submission and reporting requirements, and is invited to comment. We have never received comments resulting from that invitation. Potential applicants, in possession of our grant application kit have, sometimes asked us “how-to” questions about OMB’s SF-424. However, there were no unfavorable comments about the forms themselves. All awarded grants are given an opportunity for comments/questions about the forms, and we provide a “how-to” online training booklet and provide training in LM-6, LM-7, LM-8, and LM-9 completion/submission. We have never received unfavorable comments. The

Online Booklet is given to grantees to follow and complete all the forms as required by Federal Assistance Management.

9. No such decisions have been made.
10. Confidentiality is not a factor in the FMCS grants program.
11. Questions of a sensitive nature are not a factor in the FMCS grants program.
12. Breakdown of analyzed cost associated with forms, based on FY81-2007 experience.
 - a. To the government
 - (1) Personnel - FMCS staff: posting, receiving, reviewing and processing the forms are a division director, a grants management specialist, and for the LM-6, a voucher examiner). Those three individuals have a combined annual salary of approximately 127k and spend perhaps a week per year with the forms, except the SF-424. We assign one week's salaries to the Federal cost: \$4000.

The SF-424 is the basis for the grant program's existence.

Therefore one could argue that the program's entire administrative budget is the Federal cost. However, financial and programmatic review of the form takes up one to two months per year. We assign \$10,000 of salaries to the cost.

- (2) Printing - FMCS has its own print plant in which all the forms are reproduced. Print shop personnel use 10 cents per page as a cost estimate. We estimate \$200 as the cost.

(3) Overhead: @ 10% of personnel (includes postage) = \$990.

The agency uses 10% in calculating its own estimates of the grant program's share of agency administrative costs.

13. In our most recent informal survey conducted to receive our forms approval grantees indicated that project directors estimate agency's reporting requirements to run from \$10 to \$200 per report. The variance was explained by the different circumstances of each grantee. Project directors and secretaries paid from grant funds earn less than those who are paid from corporate funds. Project directors and secretaries in small towns earn less than those in big cities. Some projects utilize business managers and others do not. Some project directors have previous grant experience and are thus more sophisticated in the ways and means of report preparation than are others. Some projects contain several components; others contain only one. Some grantees utilize typewriters; some computers; others use a ballpoint pen.

The above estimates excluded respondent estimates or the OMB-mandated SF-424. In the past, grantees have given us amounts ranging from \$600 to \$5,000, depending on whether they utilized outside help in application preparation. One former grantee received an award based on an application prepared three hours prior to the application deadline by a summer intern for the company who heard by chance about the program while in Washington on the final day of grant competition.

Based on the above, a respondent filing a minimum number of necessary reports and with a \$600 SF-424 would bear an annual cost of about \$650. A respondent filing the maximum number of allowed reports and with a \$5,000 SF-424 could bear an annual cost of up to \$14,000. It must also be remembered that several of the FMCS grant project directors and/or their secretaries and business managers receive all or a part of their salaries or wages from grant funds, and that their investment in report preparation and submission is as much a grant cost as it is a respondent cost. On the other hand, SF-424, LM-3, and LM-9 preparation are

pre-agreement or post-grant items, which FMCS, as a matter of policy, does not accept as either a grant or matching share cost.

Breakdown of annual reporting or disclosure burden associated with forms based on FY81-FY2007 experience.

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|----------------|---------------|-----|---|
| a. | <u>SF-424</u> | | An OMB form which we do not include in the burden. We have not added to it. Rather we deleted the requirements for completion of C, D, and E. The fewest we received FY83; the most, 110 in FY91. |
| have | | | |
| sections | | | |
| were 35 in | | | |
| | | | |
| b. | <u>LM-3</u> | | In the past FMCS annually requested approximately 7 potential grantees to complete |
| | (1) | 7 | |
| | (2) | 1 | an LM-3. An accountant can complete the form in a matter of minutes. For estimate purposes we assigned 1 hour. |
| | (3) | 7 | |
| | (4) | 1 | |
| | (5) | 7 | |
| | | | |
| c. | <u>LM-6</u> | | An OMB form with no agency additions. |
| | (1) | 20 | The number of respondents and the reports they submit is based on the |
| approximate | | (2) | 1-12 |
| | (3) | 233 | number of reports FMCS has received each year. |
| | (4) | .5 | We estimate 30 minutes per report, |
| completion | | (5) | 117 |
| | | | of which requires addition/subtraction of figures obtained from grantee financial records. |
| FMCS also | | | site-checks grantee financial records annually to ensure that the figures accurately obtainable. |
| systems | | | |
| are easily and | | | |

The variance in (2) is due to the form's purpose. A grantee might request one annual reimbursement or 12 monthly advances.

- d. LM-7
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| (1) | 28 | An OMB form with no agency additions. An annual approximation based on experience. |
| (2) | 1- 4 | Time estimates as in c., above. The variance |
| (3) | 75 | in (b) was caused by one year's grant expirations |
| (4) | .5 | and another's grant start up. Submission is |
| (5) | 38 | required for financial monitoring purposes to |
- prevent excessive draw downs of Federal bucks.
- e. LM-8
- | | | |
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| (1) | 28 | An annual approximation based on experience. |
| (2) | 1- 4 | A narrative report should take longer to complete than a financial variance in (2) |
| (3) | 75 | same as in d., above. Submission is required |
| (4) | 1 | to ensure that a grantee is implementing |
| (5) | 75 | program components set out in its SF-424. |
- f. LM-9
- | | | |
|-----|----|--|
| (1) | 14 | Based on the number of grants which expire annually. Submission is a one-time post-grant |
| (1) | 1 | voluntary action on part of the respondent, |
| (2) | 14 | Experience showed a 35% rate of submission. |
| (3) | 1 | The agency used the information/comments |
| (4) | 14 | supplied by respondents to evaluate the |
- overall
- | | | |
|-----|----|------------------|
| (5) | 14 | grants programs. |
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14. See 12(a)
 15. Not applicable. This is an extension request.
 16. This item is not applicable. We have no publication plans.
 17. Not applicable.
 18. Not applicable.
- B. Collections of Information Employing Statistical Methods. Not applicable.
See A 3 & 4, preceding.