

## **2010 SUPPORTING STATEMENT**

### **7 CFR 3570-B, “Community Facilities Grant Program”**

**OMB No. 0575-0173**

#### **Justification**

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

Community Programs, a division of the Rural Housing Service (RHS), hereinafter referred to as Agency, is part of the United States Department of Agriculture’s Rural Development mission area. The Agency is authorized by Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926), as amended, to make grants to public agencies, nonprofit corporations, and Indian tribes to develop essential community facilities and services for public use in rural areas. The Community Facilities Grant (CFG) regulation provides policies and responsibilities, including the collection and use of information necessary to effectively implement this program.

Rural Development provides grant funds through the Community Facilities program to finance many types of projects varying in size and complexity, from large general hospitals to small fire trucks. These facilities include schools, libraries, child care, hospitals, clinics, assisted-living facilities, fire and rescue stations, police stations, community centers, public buildings, and transportation. The facilities financed are designed to promote the development of rural communities by providing the infrastructure necessary to attract residents and rural jobs. Through its Community Programs, the Department of Agriculture is striving to ensure that such facilities are readily available to all rural communities.

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 information will be collected by Rural Development field offices from applicant/borrowers and consultants. This information is used to determine applicant/borrower eligibility, project feasibility, and to ensure borrowers operate on a sound basis and use loan and grant funds for authorized purposes.

#### **Reporting Requirements - Forms Approved with This Docket**

*At this time, we are also asking for continued OMB approval for the following forms on the Internet:*

#### **Form RD 3570-3, “Community Facilities Grant Agreement.”**

This form is used as an agreement to be executed by the Agency and the grantee upon receipt of grant funds. The document sets forth the rights and responsibilities of both parties. The grantee is asked to carefully review the requirements and have the

appropriate approval official execute the agreement. This form requires the grantee to also complete Standard Form SF 425 and Forms RD 400-1 and 400-4. Government-wide, there is no existing grant agreement that may be used for this purpose. We estimate there will be 1005 respondents and it will take .50 hours this item for a total of 503 man-hours.

## **REPORTING REQUIREMENTS – FORMS APPROVED UNDER OTHER OMB NUMBERS**

Several standard forms, agreements, and reports that have been previously cleared under other burden packages are required. The information contained in these documents is required to properly evaluate eligibility, creditworthiness, project feasibility, and to ensure prudent loan making and servicing.

### **Form SF 424-2 “Application for Federal Assistance”**

This is the standard application required to be executed for all Federal grant programs. We have approval to collect this information under OMB Control number 4040-0004. We estimate there will be 1050 respondents and it takes 45 minutes to complete this item for a total of 788 man-hours.

### **Audits/Financial Statements**

Annual audits are required from all borrowers with gross incomes over \$100,000. The audits help Rural Development determine if the operations are sound and the intended services are being provided to the public. Often Rural Development can use the audits to predict developing financial problems and suggest corrective steps before the problems become serious. We estimate that there will be 1015 respondents and it takes 7 hours to complete this item for a total of 7,105 man-hours.

### **Form SF 425 “Federal Financial Report”**

In accordance with 7 CFR 3015, 3016, and 3019, and RD Instructions 1942-A and 3570-B, Standard Form 425, “Federal Financial Report,” and a project performance activity report are required of all grantees on a quarterly basis. We have approval to collect this information under OMB Control number 0348-0061. We estimate there will be 1015 respondents and it takes 7.5 hours to complete this item for a total of 7,613 man-hours.

### **Form RD 400-1 “Equal Opportunity Agreement”**

All grantees are required to meet Executive Order No. 11246 regarding equal employment opportunities. Form is completed by the grantee when construction work is subject to the provisions of the Civil Rights compliance requirements that contractors cannot discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. We have approval to collect this information under OMB Control number 0575-0018. We estimate there will be 1085 respondents and it takes 15 minutes to complete this item for a total of 271 man-hours.

### **Form RD 400-4 “Assurance Agreement”**

Applicants are required to execute this form concerning compliance with the Civil Rights Act of 1964. The form is completed by the applicant and used to confirm that recipients of Rural Development grant assistance have been reminded of their obligation to comply with all provisions of the Civil Rights Act of 1964 and regulations of Rural Development. We have approval to collect this information under OMB Control number 0575-0018. We estimate there will be 1015 respondents and it takes 15 minutes to complete this item for a total of 508 man-hours.

## **REPORTING REQUIREMENTS – NO FORMS**

### **Lease/Management Agreement**

7 CFR 3015, 3016, and 3019 have use and disposition requirements for all Federal grant programs that require the grantee to meet certain provisions. Where the right of use or control of the facility/real property not owned by the applicant/grantee is essential to the successful operation of the facility during the term of the grant, such right will be evidenced by written agreements or leases between the owner of the property and the applicant/grantee, to protect the interest of the Government's investment and ensure services will continue. Also, contracts for services, such as management, operation, and maintenance, will be evidenced by a management agreement to ensure essential community facility services will continue to be available to the entire public. We estimate there will be 105 respondents and it takes 5 hours to complete this item for a total of 525 man-hours.

### **Liens on real property**

In accordance with 7 CFR 3015, 3016, and 3019, and RD Instructions 3570-B and 1942-A, the Agency is required to be secured by the best position practicable to protect the Government's interest during the term of the grant. Security may include assignments, liens on real property, and equipment, etc. We estimate there will be 35 respondents and it takes 1 hour to complete this item for a total of 35 man-hours.

### **Statement on Ability to Obtain Credit Elsewhere**

Applicants must certify in writing that they are unable to finance the proposed project from their own resources or through commercial sources at reasonable rates and terms. The Consolidated Farm and Rural Development Act, as amended through the Federal Agriculture Improvement and Reform Act of 1996, requires the credit elsewhere statement. The average public response time is estimated to be 1 hour for each of the 1085 responses for a total of 1085 man-hours.

### **Interim Financing**

The grantee is expected to finance the construction phase of the project through commercial sources when financing can be arranged at reasonable rates and terms in accordance with RD Instruction 1942-A. We estimate there will be 235 respondents and it takes 4 hours to complete this item for a total of 940 man-hours.

### **Financial Feasibility Report**

In accordance with RD Instruction 1942-A, all applicants will provide a financial feasibility report prepared by a qualified firm or individual demonstrating economic feasibility and that the grant request is the minimum amount necessary for project feasibility. We estimate there will be 1085 respondents and it takes 4 hours to complete this item for a total of 4,340 man-hours.

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.

Information needed is specific to each applicant, many of whom may be small organizations not equipped for high technology information gathering. The Agency has many requirements that involve certifications from the borrower as well as other parties involved in the project. The Agency could not comply with legislative mandates without these certifications. All of the public use are available in a fillable and printable format on the Internet but are not available for electronic submission at this time.

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. If there were simultaneous participation in more than one Agency grant and/or loan 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 an applicant is applying for or receiving a loan and/or grant from another Federal agency, 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 83-1), describe any methods used to minimize burden.

Information to be collected is in a format designed to minimize the paperwork burden on small businesses and other small entities. The information collected is the minimum needed by the Agency to approve grants and monitor borrower 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 information collected under this program is considered to be the minimum necessary to conform to the requirements of the program regulations established by law.

Information is collected only when needed, and we believe no reduction of collection is possible. Failure to collect proper information could result in improper determinations of eligibility, improper use of funds, and/or unsound loans.

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 for reporting on more than a quarterly basis.

- b. Requiring written responses in less than 30 days.

There are no specific information collections requiring a response in less than 30 days.

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

There are no specific information collection requirements for submitting more than an original and two copies.

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

Grantees are not required to retain records for more than 3 years, except in cases where there are unresolved audit findings.

- 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.

No such requirements exist.

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

The Agency published a Notice in the Federal Register on June 22, 2010, Vol. 75, No. 119, page number 35438; soliciting comments from the public. No comments were received.

During the month of April 2010 telephone interviews were conducted with the following:

(1) Bryan Davey, Fire Chief, Sierra City Volunteer Fire Department, Sierra City, CA, purchase fire truck; (2) Joe Englebrecht, Chief Professional Officer, Boys & Girls Club of the Sequoias, Exeter, California, roof repair; (3) Yvonne Bell, CEO, Clinicas de Salud del Pueblo, Inc., California, equipment purchase.

All of these representatives indicated that they did not consider the paperwork associated with the Community Facilities program to be excessive due to the manner in which the processing office assisted them in working through the applications under this authority. They felt the paperwork and reporting burden were not any greater than other Federal and State programs they dealt with. All representatives stated that the paperwork, the reporting burden, and the frequency of information collection were not problems for them. They commented that our program was one of the best that they worked with and enjoyed the process and looked forward to more projects.

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

No such decisions or payments were made.

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 was provided. The information collected under the provisions of this program is not considered to be of a confidential nature. Organizations, such as nonprofit entities and public bodies from which the information is collected, ordinarily are required to make their activities available for public scrutiny.

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.

The information collected does not contain any questions of a sensitive nature, such as sexual behavior, religious beliefs, or other matters commonly considered private.

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

See attached spreadsheet.

The cost of the regulations as a burden to the public was computed on the basis of \$100.00 per hour for executing the grant agreement and attachments, which reflects the average wage class for individuals involved in this activity. A cost basis of \$51 per hour was used for obtaining a certification of test for credit elsewhere and completing the SF 424, "Application for Federal Assistance", and all necessary written documentation related to this regulation.

The total cost to the public is \$507,585.

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

There are no start-up costs involved.

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

The annual cost, which includes benefits, travel, communication, supplies, etc., for RHS to develop and administer this program is \$619,028. These costs are based on a GS-12/5 Loan Specialist in each State spending 15 percent of his/her time on this program, and one GS-13/5 Loan Specialist in the National Office spending 8 percent of his/her time.

	No. of People	Grade and Salary	Time	Cost
National Office Loan Specialist	1	13 - \$100,904	.08	\$8,072
State Office Loan Specialist	48	12/5 - \$84,855	.15	\$610,956

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

We have made adjustments to the entire burden package based on a thorough review. There is an increase of 1,669 hours from the previous submission. The difference in annual responses and total man-hours reflects an increase in program activity. We believe these changes accurately reflect program usage.

The number of respondents that complete the Grant Agreement includes the regular CF grants, the Economic Impact Grant Initiative, and the Native American Tribal College Grant Initiative. We utilized a weighted average of these three programs for the previous three fiscal years to derive an estimated number of potential respondents.

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

Rural Development has no plans to publish the information collected under the provisions of the program.

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 the forms due to the large number of field offices and the significant differences in the volume of forms used by these offices.

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

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 related to, and will have no impact on, the Service Center Initiative. The information collection under this regulation is case specific.