

## **DEPARTMENT OF TRANSPORTATION**

### **SUPPORTING STATEMENT**

#### **Uniform Administrative Requirements for Grants and Agreements to State and Local Governments and for Grants and Agreements with Institution of Higher Education, Hospitals and Other Non-Profit Organizations**

**OMB Control Number 2105-0520**

### **INTRODUCTION**

This is to request the Office of Management and Budget's (OMB) three-year approval for a revision of a previously approved information collection, which is currently due to expire on February 28, 2011. The Department is requesting approval to combine two previously approved information collection requests (ICR) (OMB Control numbers 2105-0531 and 2105-0520) into OMB Control Number 2105-0520. This request also covers the approval to use a new form, Federal Financial Report (SF-425), which consolidates and replaces the Financial Status Report (SF-269 and SF- 269A) and Federal Transactions Report (SF-272 and SF-272A). The information contained in those forms is consolidated into SF-425. The Department also requests approval to discontinue OMB Control Number 2105-0531.

There have also been adjustments to the burden estimates. Since 2007, there has been a 39% increase in grant activity due to an increase in appropriations which included the American Recovery and Reinvestment Act of 2009. In 2007, the Department estimated a combined total of 1,944 respondents and 136,150 burden hours. The Department now estimates a combined total of 2,704 respondents and 189,280 burden hours. The estimated costs to respondents and federal government has increased by 33% in overhead expenses.

#### **Part A. Justification**

##### **1. Circumstances that make the collection of information necessary.**

On March 12, 1987, President Reagan signed a memorandum directing all affected Executive departments and agencies to simultaneously issue a common rule that adopted governmentwide terms and conditions for grant to State and local governments. The departments and agencies followed the guidelines of OMB Circular A-102, issued under the authority of the Budget and Accounting Act of 1921, as amended; the Budget and Accounting Procedures Act of 1950, as amended; Reorganization Plan No. 2 of 1970; Executive Order 11541 and the Chief Financial Officers Act, 31 U.S.C. 503, and adopted the wording of the Circular verbatim, with their statutory deviations. The common rule was issued on March 11, 1988, and has been updated periodically to reflect new legislation and Executive Orders. The Department of Transportation (DOT) codified the common rule at 49 CFR 18 and includes the OMB-required reporting and record-keeping requirements.

The OMB Circular 2 CFR 215 (A-110) issued under the authority of 31 U.S.C. 503 (the Chief Financial Officers Act), 31 U.S.C. 1111, 41 U.S.C. 405 (the Office of Federal Procurement Policy Act), Reorganization Plan No. 2 of 1970, and E.O. 11541 ("Prescribing the Duties of the Office of Management and Budget and the Domestic Policy Council in the Executive Office of the President"), as originally issued in 1976, with minor revisions made when required through the present time. The Circular sets standards for administration of Federal grants to nongovernmental entities. Federal grant-making agencies were required to incorporate the contents of the Circular in their grant regulations, which the Department did as 49 CFR 19, which included the OMB-required reporting and recordkeeping requirements at Sections 12, 22, 51, 52, 53 and 71.

This information collection includes those DOT grant programs that utilize the following OMB standard forms (SF): Application for Federal Assistance (SF-424); Federal Financial Report (SF--425); Request for Advance or Reimbursement (SF-270); and Outlay Report & Request for Reimbursement for Construction Programs (SF-271). Beginning in October 1, 2009, OMB provided instruction through the Federal Register published on August 13, 2008 (73 FR 47246) to transition from the Financial Status Report (SF-269 and SF-269A) and the Federal Transactions Report (SF-272 and SF-272A) to utilizing the Federal Financial Report (SF-425). Based on the OMB requirements, DOT has terminated the use of SF-269, SF- 269A, SF-272, and SF-272A. The information contained in the forms is consolidated into SF-425. DOT is utilizing this new collection form based on OMB instructions.

DOT funds annually approximately \$94 billion in grants and cooperative agreements this is due to an increase in appropriations which includes a \$48 billion increase due to the American Recovery and Reinvestment Act of 2009. Guidance for departmental formula and discretionary grant programs is contained in their authorizing legislation, program regulations, or departmental regulations. This guidance generally includes general project management requirements and the limitations, if any, on spending authority. Departmental grants are generally made to State and local governments, with a lesser amount going to Indian tribes, universities, and nonprofit organizations. These grants are normally used to assist these entities in the planning, design, research and construction of transportation improvements (e.g., highway, transit, and airport improvements). This information collection supports DOT's strategic goal of achieving organizational excellence in grants management.

## **2. How, by whom, and for what purpose is the information to be used.**

This information is used to provide oversight by the grantor (DOT) and guidance to the grantee (awardee). The information is used by program and financial officials within DOT to ensure minimum fiscal control and accountability for Federal funds and to deter fraud, waste and abuse. Depending on the legislative requirements the financial forms are submitted, at the most, quarterly to collect data and the grant application form at the inception of the grant process. All of the financial reporting forms are used for reconciliation as well as close-out of the grant awards. SF-424 is utilized to qualify and select grant applications. The remaining forms are used to report expenditures, request reimbursement and monitor grantee performance (SF-425,

SF-270 and SF-271). These forms are sent to DOT program offices and the individual point of contact either by mail or email and are processed once received.

**3. Extent of automated information collection.**

The financial reporting forms are government-wide forms under the control of OMB. OMB provides guidance to Federal agencies on the use of these forms, including the requirement to use a baseline annual information collection burden of 70 hours per grantee respondent. Several ongoing Federal efforts, under the direction of OMB, are working on streamlining the forms and facilitating their use and storage, resulting in electronic information. These forms are available online from the OMB grants web page at [http://www.whitehouse.gov/omb/grants\\_forms](http://www.whitehouse.gov/omb/grants_forms) as well as U.S. Department of Health and Human Services (HHS) via [www.grants.gov](http://www.grants.gov). 85% of the forms are submitted electronically. SF-424 is submitted through [www.grants.gov](http://www.grants.gov) and the remaining forms are submitted directly to the individual DOT program office either by mail or email.

**4. Describe efforts to identify duplication.**

There is no duplication of effort in regards to the process identified in item 2.

**5. Efforts to minimize the burden on small businesses.**

The information requirements pertains to the few small businesses or other small entities that receive financial assistance from DOT. However, OMB controls the information collection requirements of SF-424, SF-425, SF-270), and SF-271.

**6. Impact of less frequent collection of information.**

Information collection requirements follow OMB guidelines as prescribed in Circulars A-102 and 2 CFR 215 (A-110). These guidelines are maintained and updated by OMB. Federal agencies that do not follow the guidelines are at risk of not providing adequate award oversight. They are also subject to Office of Inspector General reviews that may find them with federal guidance. These offices that have unclosed audits are reported to executive management and Congress.

**7. Special Circumstances.**

The information collection is consistent with 5 CFR 1320.6 Public Protection.

**8. Compliance with 5 CFR 1320.8(d).**

DOT published a 60-Day notice in the Federal Register on September 3, 2010, soliciting comments from the public on this information collection (75 FR 54215). No comments were received during the comment period.

**9. Payment or gifts to respondents.**

Not applicable.

**10. Assurance of confidentiality.**

Assurance of the not sharing proprietary information is located in the Request for Application and is support by 44 U.S.C §3501 Paperwork Reduction Act as well as 5 U.S.C. §552a.

**11. Justification for collection of sensitive information.**

The agency does not collect confidentiality information addressed in the statement.

**12. Estimate of burden hours for information requested.**

	<u>State &amp; Local Governments</u>	<u>Institutions of Higher Education, Hospitals and Other Nonprofit Organizations</u>	<u>Total</u>
# of Respondents	2,495	209	2,704
Frequency	Quarterly	Quarterly	Quarterly
Burden per Respondent	70 hours	70 hours	140 hours
Total Annual Burden	174,650 hours	14,630 hours	189,280 hours
Annual Costs to Respondent	\$26,148,598	\$2,190,404	\$28,339,002

**Total # of respondents:** 2,704 grantees

**Estimated # of responses:** 10,816

**Estimated Annual Burden per respondent:** 70 hrs

**Total Annual Burden Hours:** 189,280 (2,704 respondents x 70 annual hours per respondent)

Data was captured from DOT's Grants Information System concerning the number of grant awards and the associated monetary activity. Since the 2007 submission, DOT has had a 39% increase in grant activity. Therefore, using 2007 as a baseline (136,150), the 2010 burden rate (189,280) reflects the 39% increase in activity and the combining of the data collection instruments under 2 CFR 215 (A-110) and OMB Circular A-102. The number of hours used is based on the OMB baseline of 70 burden hours per respondent. The burden increase is also based on combining the two previous information collections approved in 2007.

**13. Estimate of the total annual costs burden.**

**Total Annual Cost to Respondents:** \$28,339,002 (10,816 responses x 70 hours x \$37.43).

The hourly rate was estimated for a Federal GS-9, step 5 (\$28.14) adjusted by an overhead rate of 33%, which provides an average hourly rate of \$37.43. This was used for both grantee and Federal costs. There are no additional costs to the respondent.

**14. Estimates of costs to the Federal Government.**

**Total Annual Cost to Federal Government:** \$10,121,072 (10,816 responses x 25 hours x \$37.43 hourly rate).

There are no additional costs to the Federal Government.

**15. Explanation of the program change or adjustments.**

The Department requests to combine two previously approved information collections (OMB Control numbers 2105-0531 and 2105-0520) into OMB Control Number 2105-0520. After careful review of the collections, it was determined that the collected information is identical, with the exception of the guidance documents, and does not warrant individual collection requests. The Department will submit a discontinue request for OMB 2105-0531 upon approval of this ICR.

Additionally, the Department was required by OMB to begin using SF-425, in replacement of the financial reporting forms SF-269, SF-269A, SF-272 and SF-272A. These forms were terminated and the information contained in the forms was consolidated in SF-425. DOT made the change to comply with OMB guidelines.

Since the 2007 submission, the Department determined that there has been a 39% increase in the number of respondents and burden hours and a 33% increase in costs this is due to the an increase in appropriations which included the \$48 billion in American Recovery and Reinvestment Act funding. In 2007, the Department estimated a combined total of 1,944 respondents and a combined total of 136,150 burden hours. Based on historical data, the Department now estimates a combined total of 2,704 respondents and \$189,280 burden hours. The estimated costs increased by 33% due to overhead expenses.

**16. Publication of results of data collection.**

There are no plans to publish any of the information collected.

**17. Approval for not displaying the expiration date of OMB approval.**

DOT is not seeking approval to not display the collection expiration dates.

**18. Exceptions to the certification statement.**

There are no exceptions to the certification statement.

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