

**2011 - SUPPORTING STATEMENT**  
**Value-Added Producer Grants**  
**INTERIM RULE**  
**0570-NEW**

A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

The Cooperative Programs unit within the Rural Business-Cooperative Service administers the Value-Added Producer Grant (VAPG) program with significant support from State Rural Development Offices. The primary objective of this program is to encourage producers of agricultural commodities to further refine or otherwise add value to these commodities to increase their value to end-users of the product. These grants encourage greater participation in markets for value-added agricultural products and facilitate opening new markets for value-added agricultural products. Grants are awarded either for planning purposes such as conducting a feasibility study or developing a business plan or for working capital expenses such as inventory, utilities, and salaries.

The VAPG program is currently approved under 0570-0039 and is authorized by 7 U.S.C. 1621 note, which requires that funds are awarded on a competitive basis. Funds are appropriated annually. Thus, the Agency requests grant applications using a Notice of Solicitation of Applications once a year in the Federal Register.

This information collection is in response to a new rule being promulgated to incorporate changes from the Food, Conservation, and Energy Act of 2008 into 7 CFR Part 4284, subpart J. In addition to the burden associated with the interim rule, the burden currently approved under 0570-0039 will be included in this collection package. Upon approval of the final rule package, 0570-0039 will be discontinued.

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.

Specifically, the burden to be cleared under this regulation is as follows:

Project Proposal. All applicants must submit a project proposal.

Simplified Applications. Applicants requesting less than \$50,000 will be allowed to submit a simplified application.

Certification for Contracts, Grant and Loan. This exhibit is to be used when grant is over \$100,000. The recipient must certify it is not engaged in any lobbying activities.

Performance Reports. Funded recipients will be required to submit written project performance reports on a semi-annual basis.

Final Report. USDA will use the final report to measure the achievements and the overall effectiveness of those value-added projects funded by grant funds.

Recordkeeping Requirements. 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 grant has been determined completed. The exception is that records will be retained beyond 3 years if audit findings have not been resolved.

#### REPORTING REQUIREMENTS – FORMS APPROVED WITH THIS DOCKET

Form RD 400-4, “Assurance Agreement.” This form is executed by recipients of Rural Development’s Federal financial assistance as an assurance that the recipient will comply with the requirements of Title VI of the Civil Rights Act of 1964.

Form RD 1940-20, “Request for Environmental Information.” The information collected from the applicant is used by the Agency in preparing the environmental assessment. NOTE: Planning grants are categorically excluded from the Request for Environmental Information; therefore estimated responses are based on working capital grants comprising 60 percent of grants awarded.

Form RD 1942-46, “Letter of Intent to Meet Conditions.” The applicant must complete, sign and return to the Agency. This form certifies that the applicant has received and understands the conditions set forth by the Government.

Form RD 4284-2, “Value-Added Producer Grant Agreement.” The Agency and the grantee must sign this form prior to the advance of funds.

Form RD 1940-1, “Request of Obligation of Funds.” This form is completed for each note or commitment requiring an obligation of funds.

AD 1047, “Certification Regarding Debarment, Suspension and Other Responsibility Matters – Primary Covered Transaction.” This form certifies that the applicant is not presently debarred, suspended, or voluntarily excluded from covered transactions by any Federal department or agency.

AD 1048, “Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions.” This form certifies that lower tier participants are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation by any Federal department or agency.

AD 1049, “Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I – For Grantees Other Than Individuals.” Applicants are required to comply with the requirements for drug-free workplace and provide certification under these regulations.

SF-3881, “ACH Vendor/Miscellaneous Payment Enrollment Form.” This form is used for Automated Clearing House (ACH) payments with an addendum record that contains payment-related information processed through the Vendor Express Program. Recipients of these payments should bring this information to the attention of their financial institution when presenting this form for completion.

SF-LLL, “Disclosure of Lobbying Activities.” All applicants are required to complete this form, regardless of their involvement in lobbying activities.

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

Form SF-424, Application for Federal Assistance (OMB No. 4040-0004). This application is used by applicants as a required face sheet for applications for federal funding.

Form SF-424A, Budget Information - Non-Construction Programs (OMB No. 4040-0006). This form must be completed by applicants 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.

SF-424B, Assurances - Non-Construction Programs (OMB No. 4040-0007). 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-425, “Federal Financial Report” (OMB No. 0348-0061). This form is used to confirm that funds are being spent in conformity with the budget and work plan. This form replaces Standard Form 269.

Form SF-270, “Request for Advance or Reimbursement” OMB No. 0348-0004). This form is used to request payment of funds under the grant. Grant funds will not be disbursed on more than a monthly basis.

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. Also describe any consideration of using information technology to reduce burden.

Grant applications may be submitted electronically through Grants.gov. Historically, approximately 10 percent of applications have been submitted electronically. Recipients are encouraged to submit reports electronically via e-mail to their grant monitors.

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 completed an analysis to determine what percentage of its VAPG recipients are also funded through other Agency programs and has determined that less than six percent of VAPG recipients also receive funding through another Agency program. The Agency has also compared the VAPG program requirements to other Agency program requirements and determined that the VAPG program has unique program information requirements. Thus, the Agency has made an effort to identify duplication and has found that similar information is not available for its applicants and recipients.

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

No significant economic impact is expected for small businesses or other small entities.

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 collection for grant applications is conducted annually by the Agency, but only once for the applicant. It cannot be conducted less frequently because program funds are appropriated annually and must be awarded annually according to statutory and regulatory requirements. Reporting is conducted at the minimum level (semi-annually) allowed by Federal regulations.

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.

Grant recipients would only be required to submit reports more frequently than quarterly if they have demonstrated poor performance under past awards and/or have demonstrated poor financial management capabilities.

b. Requiring written responses in less than 30 days.

If a grant recipient requests an extension to the grant period and the Agency needs additional information to process the request, the recipient would be given less than 30 days to provide the additional information needed.

c. Requiring more than an original and two copies.

No special circumstances exist.

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

No special circumstances exist.

e. Not utilizing statistical sampling.

No special circumstances exist.

f. Requiring use of statistical sampling which has not been reviewed and approved by OMB.

No special circumstances exist.

g. Requiring a pledge of confidentiality.

No special circumstances exist.

h. Requiring submission of proprietary trade secrets.

No special circumstances exist.

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.

A 60-day notice soliciting comments on the information collection was embedded in the proposed rule on May 28, 2010 [75 FR 29920]. No comments were received. The Agency has maintained ongoing contact with regards to the overall operation of the program, as well as the collection of information, with current active/respective applicant users 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.

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

No payments or gifts are provided to respondents.

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

It is the Agency's policy to protect the information submitted by applicants and recipients to the extent permitted by law.

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.

No questions of a sensitive nature are asked.

12. Provide estimates of the hour burden of the collection of information. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated.

See attached spreadsheet for the number of respondents, frequency of response, and annual hour burden. The burden was estimated by program staff who has worked with the program for several years as well as by previous applicants and recipients who estimated the time and cost for putting together applications and reports. The number of applicants and award recipients is based on actual figures from the most recent grant round with anticipated changes resulting from the new rule. The Agency used an average of the wage rates reported by applicants and recipients for the Applicant Burden section and it used the GS payroll schedule for the wage rates for Federal employees. For non-Federal application reviewers, the current year's honoraria rate is used and converted to an hourly wage based on the average amount of time needed to complete a review.

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).

There are no capital and start-up costs involved.

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

There are no operation and maintenance and purchase of services involved.

14. Provide estimates of annualized cost to the Federal Government. Provide a description of the method used to estimate cost and any other expense that would not have been incurred without this collection of information.

See attached spreadsheet for estimates of annualized cost to the Federal Government. The method used to estimate cost was to rely on estimates of National Office program staff regarding how much time was spent by program staff on each component of the program. The GS pay rate tables for 2009 were used to estimate the wage rates for each type of Agency function, depending on the grade level of the person who typically performs that function.

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

This is a new information collection. Reporting requirements that were inadvertently omitted from the proposed rule burden package have been included in this package. There has, however, been a decrease in burden from the proposed rule by 1,252 hours from 67,943 to 66,691. This decrease was due in part by moving the reporting requirements for SF-270, which was previously accounted for in the proposed rule burden package, to the section for Forms Approved Under Other OMB Numbers.

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

The results of this information collection 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.

The agency seeks approval not to display the expiration date on forms due to the large number of field offices and the significant differences in the volume of forms used by these offices. The burden packages, under which these forms are approved, contain different expiration dates.

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

There are no exceptions to the certification statement.

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 collection is not related to the SCI. Nor will this information collection be part of the one-stop shopping concept.