

**SUPPORTING STATEMENT FOR
PAPERWORK REDUCTION ACT SUBMISSION UNDER 5 CFR PART 1320
Information Collection: 2133-0018**

A. Justification

1. Explain the circumstances that make 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.

Under 46 USC Ch. 537, the Maritime Administration (MARAD) is authorized to execute a full faith and credit guarantee by the United States of debt obligations issued to finance or refinance the construction or reconstruction of vessels and for shipyard modernization and improvement projects. Prior to execution of this guarantee, the Secretary of Transportation must, among other things, make determinations of economic soundness of the project and the financial and operating capability of the applicant. The information collected is necessary to evaluate an applicant's project and capabilities, make the required determinations, and administer any agreements executed upon approval of loan guarantees.

As part of the Reserve Fund and Financial Agreement executed as part of the award of a loan guarantee, recipients are required to submit financial information on a semi-annual basis in accordance with 46 CFR 298.13. This financial information is covered under MARAD information collection "Uniform Financial Reporting Requirements, OMB No. 2133-0005," Form MA-172, and therefore need not be accounted for under the subject collection 2133-0018.

The loan guarantee program is one of MARAD's primary means of achieving the Department of Transportation's strategic goal of encouraging economic growth and trade, and increases the capability of the transportation system to meet national defense needs.

2. Indicate how, and 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 provided is used by individual offices within MARAD to evaluate each applicant within that office's sphere of responsibility. To simplify collection and processing, two separate forms are in use: the MA-163 for use with ship financing projects; and the MA-163A for use with shipyard modernization projects. Some of the information on each form is specific to that type of project while some of the information is required for all projects. The burden associated with each form is equal. Failure to receive the required information would hinder MARAD's ability to evaluate and act upon applications. This would result in certain projects not being consummated which might otherwise be undertaken. This would have an adverse impact on the United States maritime industry. Such a result would not be acceptable since the promotion, development and maintenance of the maritime industry is the stated policy of 46 U.S.C. Ch. 501.

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

The loan guarantee application material is totally available on the internet via MARAD's website. However, while this process is available, as of this date, no applicant has chosen to submit an application electronically. Electronic submission has not been utilized because respondents have been reluctant to transmit confidential and sensitive data.

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.

Except for audited financial statements, there is no similar data available from any other source that can be used, or modified for use, by MARAD.

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.

The information collected is not expected to have other than a minimal impact upon small business as the applicants generally exceed the Small Business Administration's criteria for small business.

6. Describe the consequence to Federal program or policy activities of the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The basic Loan guarantee application is submitted only when initially seeking a loan guarantee. The application is essential in determining qualification for benefits. The consequence to the Federal program or policy activities if the statements were not collected would be MARAD's inability to properly administer the program.

7. Explain any special circumstances that would cause information collected to be conducted in a manner:

- requiring respondents to report information to the agency more often than quarterly;
- requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- in connection with statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;

- requiring the use of statistical data classification that has not been reviewed and approved by OMB;
- that includes 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 data with other agencies for compatible confidential use; or
- 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.

With regard to the above, MARAD requires the submission of up to 10 copies of the initial application. Additional copies are required in order that different offices within MARAD may provide simultaneous and timely analyses of the application.

8. If applicable, provide a copy and identify the date and page number of publication in the Register of the agency's notice required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

- 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 record keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.
- Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every three years -even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

Prior to submission of a loan guarantee application, applicants are encouraged to meet with MARAD staff to discuss information to be included in the application. At these meetings agency officials obtain information on the applicant's views on the availability of data, frequency of collection, and the clarity of instructions. MARAD staff members also communicate with respondents regarding the basis and reporting consistency of the information submitted. Revisions to the requirements are routinely discussed with maritime industry officials outside MARAD.

MARAD published a 60-day Federal Register notice (76 FR 31005) on May 27, 2011 indicating comments were due on July 26, 2011. No comments were received.

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.

Under the existing regulation governing the loan guarantee program, the applicant is provided information relating to confidential treatment of the material supplied to MARAD. Confidentiality of the submitted information is currently provided for in 46 CFR 298.3(d) and 5 U.S.C. 552. As the information itself is voluntary, the applicant is not required to provide the information unless the applicant desires to participate in the loan guarantee program.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

Not applicable. There are no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to **vary** widely because of differences in activity, size, or complexity, show the range of estimated burden and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.
- If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in item 13 of OMB Form 83-I.
- Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in item 13.

It is estimated that approximately ten respondents will require approximately 70 hours each to complete an application for loan guarantees.

<u>Number of Respondents</u>		<u>Responses Per Respondent</u>	=	<u>Total Responses Annually</u>	x	<u>Hours Per Response</u>	=	<u>Total Hours Annually</u>
10	x	1	=	10	x	70	=	700

A determination of the estimated number of hours required per response was made after consultation with several Title XI respondents. The number of hours required per response is the same for both MARAD forms (MA-163, MA-163A).

In addition, it is estimated that employees in each of six separate areas spends eight and three-quarters hours of their time collecting and assimilating the information submitted with each response. Therefore, given an estimate of \$343.23, employees accumulated total wages per hour, the associated burden hour costs per application to the respondent is estimated as follows:

<u>Number of Employees</u>	<u>Hourly Wage</u>	<u>Project Time</u>	=	<u>Total Cost Per Response</u>	x	<u>Number of Responses</u>	=	<u>Total Cost</u>
8	x	\$343.23 x 8.75 hours	=	\$24,026.10	x	10	=	\$240,261.00

- 1 Accountant, Auditor or Bookkeeper - \$33.15 per hr
- 2 Professional and Technical Workers - \$36.57 per hr
- 1 Clerical Worker – \$13.58 per hr
- 1 Manager/Administrator – \$83.34 per hr
- 2 Lawyers - \$62.23 per hr
- 1 Service Worker - \$15.67 per hr

Source: Bureau of Labor Statistics (BLS), May 2010 National Occupational Employment and Wage Estimates.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in items 12 and 14).

- The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

- If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.
- Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

The estimated annual cost burden to the respondents is as follows:

(a) Total Capital and Start-Up Costs Estimate: There are no capital or start-up costs associated with this information collection.

(b) Total Operation and Maintenance and Purchase of Services Estimate: There are no operational and maintenance and/or purchase of service costs associated with this information collection.

14. Provide estimates of annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from items 12, 13, and 14 in a single table.

The total annual cost to the Federal Government for processing the collection is estimated as \$1,073,370.

It is estimated that 30 employees in various areas of the Maritime Administration spend an average of 40 hours of their time collecting and assimilating information submitted with each application. Therefore, given an average GS-13 salary of \$48.35 per hour for each of the employees and an overhead cost of 85 percent of the salary, the cost to the Government is estimated as follows:

<u>Number of Employees</u>		<u>Hourly Wage</u>		<u>Project Time</u>	=	<u>Cost Per Response</u>		<u>Number of Responses</u>	=	<u>Total Cost</u>
30	x	\$48.35	x	40 hours	=	\$58,020				
		Overhead at 85%			=	\$49,317				
		Total			=	\$107,337	x	10	=	\$1,073,370

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

No changes or adjustments. The estimated costs have increased due to a higher projected number of respondents and an increase in the average time government employees spend reviewing each submission.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates and other actions.

There are no plans to publish the results of this information collection.

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.

Not applicable.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-1.

Not applicable. There are no exceptions to the certificate statement.