

National Endowment for the Arts Supporting Statement Blanket Justification for NEA Funding Application Guidelines and Reporting Requirements

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 Chairman of the National Endowment for the Arts is authorized to carry out a program of grants-in-aid by the agency's enabling legislation (20 U.S.C. §954). With the recommendations of advisory panelists and members of the National Council on the Arts, the Chairman establishes eligibility requirements and criteria for the review of applications. Awards are made to nonprofit organizations, government agencies, and individuals.

The Arts Endowment has limited federal funds and cannot fund all of the qualified requests that it receives. Competitive review of applications for financial assistance is performed by advisory panelists and the National Council on the Arts (composed of 18 presidentially-appointed members and six members of Congress who serve ex officio). The Council sends forward to the Chairman of the Arts Endowment those applications that it recommends for funding. The Arts Endowment Chairman reviews the Council's recommendations and makes the final decision on all awards. The information that is collected on the application form and accompanying supplemental materials is used in the review process. This information is necessary for the accurate, fair, and thorough consideration of competing proposals.

Recipients of federal funds are required to report on project activities and expenditures. This is necessary to ensure that the federal funds are expended in accordance with the terms and conditions of the grant award.

The blanket clearance NEA submitted September 1, 2010 (OMB Control Number 3135-0112) included new reporting requirements for the agency's nonprofit organization grant recipients that align with the NEA's new 2012-2016 strategic plan outcomes. Reporting requirements that align with the NEA's 2012-2016 strategic plan outcomes now have been developed for state arts agencies (SAAs) and regional arts organizations (RAOs) that have Partnership Agreements with the NEA. This information collection revision serves to update only that portion of the earlier blanket clearance. The changes to the information collection involve no change in burden, either to the public or to the government. As a result, only items 1 and 8 of this supporting statement include revisions to the the information collection package submitted in 2010.

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.

NEA staff sends completed application forms and other information requested in response to the application guidelines to the advisory panelists for the appropriate discipline/field in advance of each panel meeting. Each panel comprises a diverse group of arts experts and other individuals including at least one knowledgeable layperson. Panel membership rotates regularly.

The application guidelines ensure that all applicants submit comparable information. Without the specific instructions provided by the guidelines, applications would vary in length, format, and consistency and the job of reviewing them would be unmanageable. If this information was not collected (or not collected in a standardized manner), panelists, the National Council, and the Arts Endowment's Chairman would not have the basis on which to make sound evaluations and recommendations. Arbitrary or random methods would be required to select applications for funding. The information that is being collected during the current fiscal year will be the basis for next year's awards and rejections.

Information that is collected on the application forms also is used for breakdowns of our applications and grants -- for example, by budget size, by arts discipline, by type of organization, etc. -- and for assessing the agency's performance in carrying out its goals.

Reports are required in order to ascertain that funded projects are proceeding with and/or have been completed according to all of the terms and conditions of the federal grant.

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.

The Arts Endowment makes all of its application guidelines available on its Web site and places application packages for all of its funding categories on Grants.gov. The NEA's guidelines provide direct links to the application packages on Grants.gov for easy maneuverability. All applicants are required to submit their applications electronically through Grants.gov. [Waivers are extremely limited, available only to those who do not have internet access available within 30 miles of their organization's business office or in cases where disability prevents the submission of an electronic application.]

The agency also posts all of the instructions and forms for its reporting requirements on its Web site. Final Descriptive and Final Status Reports may be faxed to the agency. Literature Fellowship recipients can submit their final reports electronically. Staff continues to explore ways of making the reporting function more fully electronic.

The Arts Endowment has been heavily involved with Grants.gov, GMLOB, and other government-wide streamlining efforts, and has a team of staff members that works on these interagency efforts. The NEA has introduced and refined its electronic application and reporting systems in response both to the government-wide initiatives and to the agency's desire to improve efficiency and the reliability and usefulness of the information collected. In late 2009, the NEA contracted with an independent consulting group to conduct research on ways that the agency could increase its use of technology in the grant application and review process. We will continue to explore ways to refine our information technology systems for the benefit of applicants, grantees, and staff.

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 Arts Endowment uses standard Grants.gov forms for all of its electronic applications: SF-424 Mandatory for government agencies; SF-424-Short for nonprofit organizations; SF-424-Individual for individuals, and the Project/Performance Site Location Form for government agencies and nonprofit organizations. (The NEA, working with the other cultural agencies, was instrumental in helping to create the SF-424 Short and Individual forms, which are available government-wide.) The NEA has carefully analyzed its own additional forms to make certain that there is no duplication with the information requested by the Grants.gov forms. We also have examined our own family of forms to see where consolidation and uniformity was possible. The result is that we now have three basic sets of forms, one for each of our major constituency types: government agencies (notably the state arts agencies), nonprofit organizations, and individuals.

The Grants.gov and the NEA forms, together with other required supplementary material, request the information that the agency needs to assess fairly applications for financial assistance. Each year, most applicants apply for a single, specific project. This project changes from year to year, as do the personnel involved and the project budget. Much of the information collected one year is not relevant to the next year's request.

The reports on projects funded require specific information about federally funded activities that were carried out during the project period. Again, information from previous years is not current and is largely irrelevant.

In the case of government agencies, the Arts Endowment has a continuing relationship with the state arts agencies and their regional arts organizations and reviews plans from these agencies that cover all aspects of their programming. Full proposals normally are reviewed only once every three years; only brief updates are requested in the “out” years.

Each set of application guidelines is reviewed regularly by a wide variety of representatives from the field. Some of the individuals involved have been responsible for completing applications in the past. Others, as panel members, have taken part in the application review process. These individuals are well qualified to help assure that only essential information is requested and that it is as non-duplicative as possible.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

Some of the NEA’s funding opportunities are aimed specifically at sections of the country, areas of cities, and rural areas that are not fully participating in the arts experiences that are available in our nation. Particularly with these initiatives, special attention has been given to minimizing the burden on applicants. In addition, all of our application materials and reporting requirements are developed with sensitivity to the constraints faced by small, independently-run, non-profit organizations.

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

The collection of information correlates directly with specific application deadlines that are listed in the guidelines. Most applicants are limited to submitting a single application, for a specific project, each year. The project for which they apply changes from year to year.

Panelists review applications on their merits and in competition with other applications in the same category. A grant awarded one year does not imply Arts Endowment support in subsequent years. If the requested information was collected less frequently, panelists would not have timely or accurate information on which to base their evaluations. The Arts Endowment would be unable to ensure the fair and accountable use of federal funds and would not be able to carry out its legislative mandate.

Both OMB Circulars A-102 and A-110, as well as the Arts Endowment’s enabling legislation (as amended), require the collection of reports from grant recipients. Without these reports, the agency would not be able to determine whether funded activities had been conducted according to the terms and conditions of the federal grant. The application guidelines also state that acceptable reports must be received

by the report due dates in order for previous grantees to maintain eligibility for future awards.

As noted in # 4 above, government agency proposals are on a three-year review cycle.

7. **Explain any special circumstances that would cause an information collection 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 submit more than an original and two copies of any document;**
 - **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 a 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 a 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 of data with other agencies for compatible confidential use; or**
 - **requiring respondents to submit proprietary trade secrets, 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.**

The agency intends to collect the vast majority of its information from applicants in a manner that does not necessitate any of the special requirements noted above. However, there are limited instances where the Chairman, as provided for in our legislation, may want to respond quickly to a specific need or opportunity in the field, particularly when this can help the NEA fulfill its goal of providing grants in areas that are underserved. In such cases, an applicant may be asked to respond to a collection of information in fewer than 30 days. A short turn-around time at the application stage would be part of an expedited review and processing cycle designed to benefit the respondent.

8. **If applicable, provide a copy and identify the date and page number of publication in the Federal 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 recordkeeping, 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 3 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.

A notice was published in the Federal Register (document 2010-16155) on July 2, 2010, to solicit comments on the "Blanket Justification for NEA Funding Application Guidelines and Reporting Requirements" prior to submission of this OMB clearance request. No public comments were received at the NEA in response to this notice.

The Arts Endowment's advisory panels meet throughout the year to review applications, to help develop or revise application guidelines, and to discuss program policy. Panels discuss the application guidelines and suggest improvements to them. Panel members are consulted regularly as to the clarity of the application guidelines and the value of the information that is requested. The National Council on the Arts devotes a portion of its meeting time to a discussion of the application guidelines.

Arts Endowment staff members also consult regularly with individuals in their fields including at meetings and while traveling outside of Washington, DC. Service organizations and state arts agencies sometimes provide suggestions on the application guidelines from their constituents. The staff also receives and considers unsolicited suggestions for revising the application guidelines from interested individuals and organizations in the field.

For this information collection revision, a series of consultations to identify the performance measures data most essential for collection through final reports was held with representatives of SAAs and RAOs. As this information collection revision was being developed, NEA staff consulted with the SAAs and RAOs at the following national meetings, telephone calls and webinars:

- October 19-21, 2011, Charleston, WV, presentation on *Proposed Subgrant Reporting Measures* at National Assembly of State Arts Agencies annual meeting
- November 9, 2011, national teleconference with SAAs and RAOs on *Proposed Subgrant Reporting Measures*

- November 14, 2011 national teleconference with SAAs and RAOs on *Proposed Changes to Financial Reporting*
- December 13, 2011, national webinar with SAAs and RAOs on *Final Recommendations*

The Arts Endowment has also been involved in ongoing consultations in the development of this information collection revision with the National Assembly of State Arts Agencies (NASAA), which is the membership organization that unites, represents and serves the nation's state and jurisdictional arts agencies.

Finally, a notice was published in the Federal Register (Volume 77, No. 9, Page 2094) on January 13, 2012, to solicit comments on the proposed revisions to "Blanket Justification for NEA Funding Application Guidelines and Reporting Requirements" prior to submission of this OMB clearance request.

The comments received during these consultations focused on the timeline for implementing the changes and the ease with which SAAs and RAOs could comply with the new requirements. In response to these concerns, the NEA agreed to phase in implementation of the changes over the course of two years. This phased-in process will give SAAs and RAOs sufficient time to adapt their data collection and management systems and processes. In addition, this timeline aligns with plans to revise the National Standard for Arts Information Exchange (the Standard). The Standard, developed by the NEA, NASAA, and SAAs and RAOs more than 30 years ago, consists of terms and definitions and a set of common principles for organizing and reporting grant information. Aligning plans to change reporting to the NEA with plans to change the Standard means that SAAs and RAOs should only have to adapt their data collection and management systems once.

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

Not applicable. The Arts Endowment does not provide any payments or gifts to respondents.

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

Assurance of confidentiality is provided under the terms of the Privacy Act of 1974. The Arts Endowment is authorized to solicit applicant information by the agency's enabling legislation [20 U.S.C. §954].

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.

No questions of a sensitive nature are included in the information collection.

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 hour 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.**
- **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 14.**

ESTIMATED BURDEN (IN HOURS) FOR APPLICATIONS AND FOR REPORTING

The chart below is broken out by the three basic types of recipients, which correspond to the three basic sets of forms/supplementary material that the NEA requests of its applicants. Figures are based on a frequency of one response per year for applications and one for reporting.

| Type of Recipient | Est. # of Apps | Average Time per App | Est. Reporting Burden for Applications (Hours) | Est. # of Grant Reports | Average Time per Report | Est. Reporting Burden for Grant Reports (Hours) |
|-------------------|----------------|----------------------|--|-------------------------|-------------------------|---|
| Nonprofit Orgs | 4,500 | 29 | 130,500 | 2,500 | 8 | 20,000 |
| Gov Agencies | 64* | 15 | 960 | 64 | 8 | 512 |
| Individuals | 1,150 | 11.83 | 13,605 | 75 | 1 | 75 |
| TOTALS | 5,714 | | 145,065 | 2,639 | | 20,587 |

*Includes both full and off-year requests.

The application guidelines burden is estimated at 145,065 hours. This burden is calculated by multiplying the estimated number of applications for each type of applicant x the estimated average hourly response burden for that type x 1 response per year. The category totals are added together for an agency-wide estimate of 145,065. With an agency-wide estimate of 5,714 applications, this works out to an agency average of 25.4 hours per response.

This average hours-per-response differs significantly by applicant type: from 29 hours for nonprofit organizations to 11.8 hours for individuals. The average for government agencies is 15 hours, but this figure includes both the state arts agencies and regional organizations that are submitting full proposals (due every three years and estimated at 31.4 hours per proposal) and those other more numerous agencies that are submitting only off-year updates (estimated at just under 8 hours per response).

There is also some variation within the nonprofit organizations group. The estimated application burden for most of these applicants is 31.5 hours. However, certain categories of funding are designed specifically to increase access in underserved areas and have simplified application requirements; the time burden for these categories is estimated at 9.5 hours.

The reporting requirements burden is estimated at 20,587 hours. This burden is calculated by multiplying the estimated number of grants for each type of recipient x

the estimated hourly response burden for that type x 1 response per year. The category totals are added together for an agency-wide estimate of 20,587 hours. With an agency-wide estimate of 2,639 grantees, this works out to an agency average of 7.8 hours per response. This agency-wide average includes both organizations (nonprofits and government agencies) whose reporting burden is estimated at 8 hours each and individuals where the estimate is 1 hour per grantee.

The total annual burden (application guidelines burden and reporting requirements burden) is estimated at 165,652 hours. (The ICR reports the total annual burden estimate at 165,637; slight differences are due to rounding.)

COST TO RESPONDENTS/APPLICATIONS

| Type of Recipient | Est. # of Apps | Average # of Hours per Application | Total Hours | Average Hourly Wage | Total |
|--------------------------|-----------------------|---|--------------------|----------------------------|--------------------|
| | | | | | |
| Nonprofit Orgs | 4,500 | 29 | 130,500 | \$21 | \$2,740,500 |
| | | | | | |
| Gov Agencies | 64* | 15 | 960 | \$23 | \$22,080 |
| | | | | | |
| Individuals | 1,150 | 11.83 | 13,605 | \$23 | \$312,915 |
| | | | | | |
| TOTALS | 5,714 | | | | \$3,075,495 |

COST TO RESPONDENTS/REPORTING

| Type of Recipient | Est. # of Grants | Average # of Hours per Grant Report | Total Hours | Average Hourly Wage | Total |
|-------------------|------------------|-------------------------------------|-------------|---------------------|------------------|
| Nonprofit Orgs | 2,500 | 8 | 20,000 | \$21 | \$420,000 |
| Gov Agencies | 64* | 8 | 512 | \$20.30 | \$10,394 |
| Individuals | 75 | 1 | 75 | \$23 | \$1,725 |
| TOTALS | 2,639 | | | | \$432,119 |

TOTAL COST TO RESPONDENTS = \$3,507,614

The total estimated burden to applicants and grantees combined is \$3,507,614 (\$3,075,495 for applications and \$432,119 for reporting). The figures above were estimated as follows. NEA staff was consulted as to the division of respondent time between professional staff and support staff for each type of recipient for both applications and reports. The average hourly wage was computed factoring in professional and support staff wages proportionate to the amount of time each typically spends preparing applications and reports. Salaries for personnel at nonprofit organizations and government agencies were estimated based on 1) salaries provided in this submission three years ago adjusted for Cost of Living Adjustments for the past three years; 2) a sampling of salaries presented in current applications; and 3) consultation with NEA staff. Salaries for individuals were estimated based on 1) 2010 average salaries for assistant professors and instructors at colleges and universities; and 2) consultation with NEA staff.

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 already reflected on the burden worksheet.)

- **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.

Not applicable. There are no annual costs to respondents or recordkeepers resulting from this collection of information.

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, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

COST TO FEDERAL GOVERNMENT

NEA Application/Report Review

| Type of Review | Est. # | Average # of Hours per Application or Report | Total Hours | Average Hourly Wage | Total |
|-----------------------|---------------|---|--------------------|----------------------------|--------------------|
| | | | | | |
| Applications | 5,714 | 8 | 45,712 | \$46.14 | \$2,109,152 |
| Reports | 2,639 | 1 | 2,639 | \$51.13 | \$134,932 |
| TOTAL | | | | | \$2,244,084 |

TOTAL COST TO FEDERAL GOVERNMENT = \$2,244,084

In the chart above, the estimated number of hours for staff review of applications and reports is based on staff experience with these tasks over a number of years. The Average Hourly Wages were developed in consultation with agency staff, based on the following. The review of applications averages 8 hours each. Each 8 hour review involves: 4 hours for the Discipline Specialist (average wage at the GS 12/5 level); 3 hours for Support Staff (average wage GS 7/2); and 1 hour for the Program Director (average wage GS 15/6). We computed the pay of these 3 positions (using the Office of Personnel Management Salary Tables for the D.C. area) proportionately to the time spent by each, to come up with an average hourly rate of \$37. To this, we added 24.7% fringe benefits for a total of \$46.14. The review of reports averages 1 hour per report, with this time evenly split between a Final Reports Officer and a Discipline Specialist (both estimated at GS 12/Step 5). The pay here, coupled with a 24.7% fringe benefits rate, provides an estimated hourly rate of \$51.13.

15. Explain the reasons for any program changes or adjustments reported on the burden worksheet.

The Arts Endowment remains committed to supporting the arts in communities – large and small, urban and rural– throughout the country, and continues to engage in outreach activities to connect with underserved areas. In addition, the posting of our guidelines on the agency’s Web site and our application packages on Grants.gov has increased awareness of and access to our grant opportunities for organizations and individuals throughout the country. The current state of the U.S. economy, and the greater visibility and attention focused on the Arts Endowment because of its participation in the American Recovery and Reinvestment Act, have also contributed to an increase in applications.

While we have attempted to expand our reach, we also regularly examine our grant opportunities to see where consolidation might be desirable. The NEA has been engaged in a major strategic planning effort and has been examining all of its grant categories and initiatives carefully as part of this activity. The agency's strategic planning has also led to a sharper focus on goals, outcomes, and measures, and we are asking both applicants and grantees to address these items more closely.

Based on current trends and projections, our overall estimated number of applications has increased, from 5,345 in our last submission three years ago, to a current estimate of 5,714. Our projected number of grants, and therefore reports, also shows a modest increase from estimates of three years ago: from 2,228 to 2,639.

With the projected increase in the numbers of applications and grants, our hourly burden estimates are also up. Increases in cost burden, both for respondents and the federal government, reflect both the larger number of applications and grants anticipated and cost of living increases from three-years ago.

- 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.**

Not applicable.

- 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.**

Displaying the expiration date for OMB approval of the information collection is appropriate. The expiration date will be displayed on all application guidelines (including each form) and reporting requirements.

- 18. Explain each exception to the certification statement identified in “Certification for Paperwork Reduction Act Submissions.”**

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

B. Collections of Information Employing Statistical Methods

Not applicable. This collection of information does not employ statistical methods.