

# THE SUPPORTING STATEMENT

## A. Justification

### 1. Circumstances Making the Collection of Information Necessary

The program of State Councils on Developmental Disabilities (Councils) is authorized in Subtitle B of the Developmental Disabilities Assistance and Bill of Rights Act of 2000, as amended, [42 U.S.C. 15001 et seq.] (the DD Act). The purpose and roles of the Council are mandated and described in Sections 121, 124, and 125 of the DD Act, including management of its budget. Regarding fiscal management of this program at the State level, responsibility is shared between the Council and the designated State agency (DSA). The purpose and roles of the DSA are described in Section 125(d), focused primarily on various support responsibilities [Section 125(d)(3)(B)], including fiscal management [Section 125(d)(3)(C)]. Consequently, there is a sharing of fiscal responsibilities under this program between the Council and the DSA. This sharing of responsibilities in fiscal management is oftentimes mediated by development of a Memorandum of Understanding that delineates the respective responsibilities of the Council and of the DSA [Section 125(d)(3)(G)].

This data collection using a special form [ADD-02B] is necessary due to legislation and regulation. Funds for the Council program, awarded to States under Subtitle B of the DD Act, are contingent on fiscal requirements, listed below and mandated in the DD Act. The collection of the data in the proposed form is both necessary and authorized. First, the data are necessary for monitoring and assuring compliance with the DD Act. Second, the Department is specifically authorized to request such data by the DD Act in Section 103(b): "The Secretary ... shall have access for the purpose of ... examination to any ... records of the recipients... that are pertinent to such assistance." Further, 45 CFR, Part 1386.32(a) states that "the Governor or appropriate State financial officer must submit financial status reports on the programs..." <<Note: the regulations, including their citations, are in the process of being updated to reflect the changes in the Act as of 2000.>>

The SF-425 alone is insufficient due to the extensive range of fiscal requirements of this program. The following are the grant requirements, found in the DD Act, which must be monitored by the Department as the agency responsible for the program.

- [42 USC 15022, Section 122(b)] "Unobligated Allotments"  
States have a total of two fiscal years within which to obligate funding awarded to this program: the year of the award and the following year.
- [Regulations: 45 CFR, 1386.3(a)] "Liquidation of Obligations"  
States have a total of three fiscal years within which to liquidate obligations of funding awarded to this program: the year of the award and the following two years.

- [DD Act: 42 USC 15026, Section 126(a)]  
[Regulations: 45 CFR, 1386.35(d)]  
The minimum level of total State share is computed, based upon three kinds of projects upon which the Federal funding is expended:
  - ❑ For projects undertaken directly by Council members or Council staff, there is no required State's share [Section 126(a)(3)].
  - ❑ For projects targeting poverty areas, the proportion of outlays represented by the State's share must be at least ten percent (10%) [Section 126(a)(2)].
  - ❑ For all other projects and activities, the proportion of outlays represented by the State's share must be at least twenty-five percent (25%) [Section 126(a)(1)].
  
- [DD Act: 42 USC 15026, Section 126(c)(3)]  
[Regulations: 45 CFR, 1386.35(e)]  
The match requirement is in aggregate and is not applicable to individual projects or activities, but rather based on the above categories.
  
- [42 USC 15024, Section 124(c)(5)(B)(i)]  
Not less than 70 percent of Subtitle B funds are to be expended for activities related to the goals described in Section 124(c)(4).
  
- [42 USC 15024, Section 124(c)(5)(B)(vi)]  
The State funds the “Functions of the Designated State Agency” (FDSA) with limited Federal participation permitted, as outlined below:
  - ❑ the Federal participation cannot exceed half of the total FDSA, except if the Council itself is the Designated State Agency, in which case FDSA can be fully Federally funded;
  - ❑ the Federal participation cannot exceed the lesser of \$50,000 or 5 percent of the State allotment,
  - ❑ the Federal participation in this function is limited to the fiscal year when the federal funding was awarded, and
  - ❑ [42 USC 15025, Section 125(d)(4)(A)] “Use Of Funds For Designated State Agency Responsibilities – Condition For Federal Funding”  
The State's share cannot be less than such State expenditures from the previous fiscal year, except in a year in which the Council becomes its own Designated State Agency <maintenance of effort>.

Collection of financial status data using the ADD-02B is necessary for proper stewardship of the fiscal resources given these special and detailed fiscal requirements.

This is an ongoing data collection, and does not represent a change in requirements.

## **2. Purpose and Use of the Information Collection**

The information submitted in the ADD-02B is used to verify and support compliance of States with the fiscal mandates of the DD Act. Fiscal personnel analyze the information to determine if States are in danger of, or already in, noncompliance with the DD Act. States are warned of any noncompliance situation arising in order to prevent an eventual problem. If any enforcement issue does arise, the State will be required to develop a corrective action plan for preventing the situation from recurring. Further, a data base will be regularly scanned for historical trends that would be useful as input to fiscal policy as well as useful for indicating which States could need technical assistance. It is not the intention of the Department to catch State agencies out of compliance, but rather to encourage compliance proactively. Additionally, State grantees are identified that have not fully expended their awarded funding within the time permitted (two years for obligation and three years for full expenditure) ... the excess funding is pulled back to be returned to the U.S. Treasury.

## **3. Use of Improved Information Technology and Burden Reduction**

Electronic submission of the form from the grantees to the federal government has been developed using internet-based technology. Analyses of the data by the federal government are automated.

## **4. Efforts to Identify Duplication and Use of Similar Information**

The SF-425 was analyzed for use as a compliance tool, but it was found to be insufficient by itself in that it did not break out financial information necessary for monitoring of the various fiscal requirements of the program.

The only other State fiscal information was from the Program Performance Report (PPR), which collects information on Council activities in the State. The PPR's utility was reviewed, but the nature of the information made it unusable, as it was never intended as a compliance tool and it is programmatically oriented rather than fiscally oriented. The PPR reports three separate years of funds pooled together in an expenditure report

and did not include matching State funding, so the information it contained could not be used.

**5. Impact on Small Businesses or Other Small Entities**

The information collected does not involve, nor result in assignment of burden to any small business or other small entity. It is collected from 55 grantees that are State agencies.

**6. Consequences of Collecting the Information Less Frequently**

The collection of information is on an annual basis. No reporting or less frequent reporting would allow problems to develop to the point of becoming major enforcement or even disallowance issues. Annual reporting allows the Department to alert States to compliance problems, thus reducing the Federal Government's need to take punitive action.

**7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5**

There are no special circumstances governing the collection of data that are inconsistent with the established guidelines pursuant to 5 CFR 1320.5.

**8. Comments in Response to the Federal Register Notice and Efforts to Consult Outside the Agency**

A 60-day public comment period for the information collection was provided through notification in the Federal Register Notice published on Wednesday, December 14, 2011. No comments were received from the 60-day notice.

**9. Explanation of Any Payment or Gift to Respondents**

No payments or gifts to respondents are planned.

**10. Assurance of Confidentiality Provided to Respondents**

There are no data collected that require confidentiality, and hence no assurance of confidentiality is required.

**11. Justification for Sensitive Questions**

No data are collected that is of a sensitive nature.

**12. Estimates of Annualized Burden Hours and Costs**

The following table summarizes the burden hour estimate for this information collection:

No. of States	No. of Responses Per State	Average Burden Hours Per State	Total Hours
55	3	5.1	841.5

The State’s estimates of their annual burden hours for this information collection varies greatly from State to State, influenced by factors such as program complexity, capabilities of their financial information systems, and quality of communication between Council staff and DSA staff. A survey of a representative selection of States was conducted, focusing on geographic diversity, State-size diversity, and program funding level diversity, and the survey data illustrated this very broad range of burden hours. A nation-wide estimate for burden hours was calculated based on median survey values. The current approximation of annual burden hours for this information collection, derived from the survey data, is 15.3 hours per State per year (for three reports submitted), which works out to 841.5 hours nation-wide (i.e., 55x15.3). Note that most of the State grantees must submit three reports, because they are permitted three years for liquidating each of their annual awards.

The annualized cost of the hour burden, expressed in dollars is:

Average Cost/Hour	Average Burden Hours/State	Average Annual Cost/State	Total Annual Cost
\$40	15.3	\$612	\$33,660

**13. Estimates of Other Total Annual Cost Burden to Respondents and Record Keepers**

There is no annual cost burden or startup cost to respondents resulting from collection of information for this fiscal reporting.

**14. Annualized Cost to the Federal Government**

This computation is based on an estimated \$40 per hour for the efforts of a Program Specialist; this estimated hourly rate includes fringe benefits.

Program specialists will devote an estimated 1.5 hours per State, and thus 82.5 hours total every year to organize and review the ADD-02B data and to generate analyses of the information therein for staff use and for appropriate financial management.

Total Estimated Federal Costs:..... \$3,300

**15. Explanation for Program Changes or Adjustments**

This is an on-going data collection, with no changes.

**16. Plans for Tabulation and Publication and Project Time Schedule**

None. Compliance oriented only.

**17. Reason(s) Display of OMB Expiration Date is Inappropriate**

Not applicable.

**18. Exceptions to Certification for Paperwork Reduction Act Submissions**

Not applicable.

**B. Statistical Methods (used for collection of information employing statistical methods)**

This information collection does not employ statistical methods.