

**2013**  
**SUPPORTING STATEMENT**  
**0572-NEW**  
**Rural Alaska Village Grant Program**

**NOTE TO REVIEWER:** The burden addressed in this supporting statement is part of a Proposed Rulemaking for a new information collection package. This collection should be reviewed and filed with comment.

**A. JUSTIFICATION**

**1. Explain the circumstances that make the collection of information necessary.**

The Rural Alaska Village Grant (RAVG) Program is authorized under Section 306D of the Consolidated Farm and Rural Development Act (CONACT), (7 U.S.C. 1926(d)), as amended. Governing regulations are currently codified in 7 CFR 1780.

Under the RAVG program, the Secretary may make grants to the State of Alaska for the benefit of rural or Native Villages in Alaska to provide for the development and construction of water and wastewater systems to improve the health and sanitation conditions in those Villages. To be eligible to receive a grant under the RAVG program, the project must provide 25 percent in matching funds from the State of Alaska. The matching funds must come from non-Federal sources. The Secretary shall consult with the State of Alaska on a method of prioritizing the allocation of grants according to the needs of, and relative health and sanitation conditions in, each village. Not more than 2 percent of the amount made available for a fiscal year may be used by the State of Alaska for training and technical assistance programs relating to the operation and management of water and waste disposal services in rural and Native Villages. Appropriated funds shall be available until expended.

This is new collection associated with a proposed rule. RUS proposes to modify its existing regulations and establish a separate regulation for making grants to rural or Native Alaskan Villages under the Rural Alaska Village Grant (RAVG) Program. The existing RAVG regulation (7 CFR 1780.49 will be relocated to its own section and modified to conform with established streamlined processes. The collection of information from the public is necessary in order for RUS to identify projects eligible for RAVG grants. In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), RUS included a 60 day notice for public comment on this information collection within the proposed rule.

**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.**

RUS state and field offices will collect the information from applicants, grantees, and consultants. They will use the information to determine applicant eligibility and project feasibility. They will also use the information to ensure that grantees operate on a sound basis and use the grant funds for authorized purposes.

The regulation is divided into five subparts, A, B, C, D, and E. Subpart A contains the general provisions for the grant program including definitions and the objective of the program. Subpart B contains the grant requirements such as eligibility and eligible grant purposes. Subpart C contains the grant application processing information and the types of applications accepted. Subpart D contains the grant processing information such as planning, development, and procurement; disbursement of funds; accounting methods and reporting; grant servicing and subsequent grants. Subpart E contains design, bidding, contracting, constructing, and inspections requirements.

**The following information/forms are collected and accounted for under this collection package:**

**SF- 424, “Application for Federal Assistance.”** (burden counted under this package/ form cleared under 4040-0004).

Applicants use this form as a required cover sheet for applications submitted for RAVG grants. The application is an official form required for all Federal grants and requests basic information about the applicant and the proposed project.

**Form - RD Instruction 1940-Q, Exhibit A-1, “Certification for Contracts, Grants, and Loans”**

Applicants read and sign this certification. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. § 1352.

**Form - RD 400-1 “Equal Opportunity Agreement”**

Applicants read and sign these forms to assure RUS that they agree to and will comply with Title VI of the Civil Rights Act of 1964, and the Equal Opportunity Clause under Executive Order 11246 of September 24, 1965.

**Form - RD 442-7 “Operating Budget”**

All applicants use the form to project income and expense items and a complete cash flow through the first full year of operations after they use the loan proceeds. These projections are necessary in determining the source and reliability of the projected income and the adequacy of resources to repay the loan in a timely manner, operate and maintain the facility, and maintain adequate reserves.

**Form - RD 442-22 “Opinion of Counsel Regarding Right of Way”**

Applicants and their attorneys may use this form in obtaining continuous and adequate rights-of-way and interest in land needed for the construction, operation, and maintenance of a facility. This form is.

**Form - RD 1942-19 “Agreement for Engineering Services”**

Applicants must contract for the professional services rendered from an engineer, attorney, bond counsel, accountant, auditor, appraiser, or financial advisor. Contracts or other forms of agreement for services necessary for project planning and development are subject to RUS concurrence. Applicants must submit them to RUS for review and concurrence to ensure the needed services will be available at a reasonable cost.

**Form - RD 400-4, “Assurance Agreement.”**

Applicants read and sign these forms to assure RUS that they agree to and will comply with Title VI of the Civil Rights Act of 1964, and the Equal Opportunity Clause under Executive Order 11246 of September 24, 1965.

**Form - RD 1942-46 “Letter of Intent to Meet Conditions”**

Applicants complete this form to indicate the intent to meet the conditions of the loan established previously by RUS. This information is necessary to determine whether the Agency should continue further processing of the loan application.

**Form - RD 442-3 “Balance Sheet”**

All applicants and borrowers use this form to present their assets, liabilities, and net worth. Borrowers whose gross annual income is less than \$100,000 may use it at year-end. This form is necessary for all applicants, who prepare it once to present a comparative balance sheet for the most current and prior years.

**Form - RD 442-2 “Statement of Budget, Income and Equity”**This form serves a dual purpose as a budget and an income and expense statement. RUS generally requires new borrowers to submit it each quarter for the first 3 years so RUS can monitor financial progress in the early years of operation. The report is then discontinued for those borrowers that are progressing satisfactorily. As a budget report, borrowers must submit their budget estimates before the beginning of each fiscal year. In these cases only, column three is to be completed. Borrowers, at their option, may also use this form as a year-end income and expense statement when audited financial statements are not prepared.

**Written - Certification regarding prohibited tying arrangements.**

Applicants that provide electric service must provide the Agency a certification that they will not require users of a water or waste facility financed under this part to accept electric service as a condition of receiving assistance.

**Form AD-1047, “Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions.”**

USDA regulations published at 2 CFR Parts 180 and 417 implement the government-wide debarment and suspension system for USDA’s non-procurement transactions. Applicants for

RAVG grants are required to provide certification under these regulations. Form AD-1047 may also be used to obtain the required certification.

**Form AD-1048, “Certification Regarding Debarment, Suspension, and Other Responsibility Matters -Lower Tier Covered Transactions.”**

Form AD-1048 will be signed by the applicant’s suppliers, auditors, contractors, etc., and retained by the applicant in their files.

**Form AD-1049, “Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - for Grantees Other Than Individuals.”**

USDA regulations published at 2 CFR Parts 180 and 417 implement the Drug-Free Workplace Act of 1988, which requires that grant recipients agree that they will maintain a drug-free workplace. Applicants are required to provide certification under these regulations. Form AD-1049 may also be used to obtain the required certification.

**Written - Land Surveyors Certification and Opinion of Right of Way**

The document will include legal descriptions of lands created for parcels and shown in referenced documents are true and correct.

**Written - Civil Rights Compliance Assurance Self Certification**

Applicant certifies that it will comply with Title VI of the Civil Rights Act of 1964. The certification can be a written self-certification statement.

**Written - Approved Business Plan**

The business plan will include the resolution adopting the plan and outline the proposed O&M costs, rate structures, short-lived asset rate schedule and associated materials.

**Written - Preliminary Engineering Report**

Applicants must submit a preliminary engineering report (PER) prepared by a qualified engineer. The PER indicates areas to be served, scope and need of the project, cost estimate, annual operating expenses, etc. This report is necessary for RUS to determine project feasibility.

**Written - Supporting Documentation**

Applicants must provide documentation of legal organization and authority to borrow funds, construct, operate, manage the facility, etc. The documentation may include articles of incorporation, certificate of incorporation and good standing, bylaws, rules, and organizational minutes. Applicants also must provide financial information such as financial statements, audits, or existing debt instruments. This information is necessary for RUS to determine an organization’s legal existence, authority to perform certain functions, and financial capacity to borrow funds.

**Written - Daily Inspection Report**

The construction inspector for a construction project must maintain a daily log of progress, problems, and any other items that may affect construction. These reports provide information to serve as a basis for decisions for payment, change orders, or other actions. RUS *may* require

these reports to be submitted on a weekly basis during the duration of the construction, or they will be made available for inspection during Agency visits.

### **Written - Grant Agreement**

The Grant Agreement sets forth the terms and conditions under which the applicant receives a RUS grant. Applicants and RUS must execute the document before RUS disburses grant funds.

### **Written - Audits Based on Federal Assistance**

Grantees must submit audited financial statements annually in accordance with Generally Accepted Government Auditing Standards (GAGAS). The audit must comply with the requirements of OMB Circular A-133, "Audits of State, Local Governments, and Non-Profit Organizations" or Water and Waste Disposal audit requirements. The requirements for submitting an audit report under OMB Circular A-133 are based on the total amount of Federal financial assistance expended during a grantee's fiscal year from all Federal sources. Grantees that expend \$500,000 or more in a year in Federal awards must have a single audit conducted for that year under OMB Circular A-133. Those that expend less than \$500,000 in Federal awards and have an outstanding RUS loan balance equal to or greater than \$1,000,000 must submit an audit in accordance with Water and Waste Disposal audit requirements. Grantees expending less than \$500,000 in Federal assistance and having a RUS loan balance less than \$1,000,000 may submit a management report instead of an audit report. RUS will designate the type of audit grantees must submit.

### **Written - Management Reports**

All grantees must furnish management reports that will provide management a means of evaluating prior decisions and serve as a basis for planning future operations and financial strategies. This requirement is necessary to help assure that the facility will be properly managed and to protect the financial interest of the Government.

### **The following information/forms are collected and accounted for under other collection packages:**

#### **SF-424C, "Budget Information--Construction Programs."** (cleared under 4040-0008)

Applicants estimate costs and expenses for the grant project. The form also provides information on matching funds. This form is submitted as part of the pre-application and if the project is selected, as part of the formal application.

#### **SF-424D, "Assurances-Construction Programs"**(cleared under 4040-0009)

Applicants will read and sign this form to indicate the organization's intent to comply with the laws, regulations, and policies to which a grant is subject.

#### **SF-LLL, "Disclosure of Lobbying Activities"** (cleared under 0348-0046)

Applicant will complete all items on the form that apply for both the initial filing and material change report.

**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 and responses, and the basis for the decision for adopting this means of collection.**

RUS is committed to complying with the requirements of the E-Government Act and the Government Paperwork Elimination Act. The E-Government Act requires Government agencies in general to provide the public the option of submitting information or transacting business electronically to the maximum extent possible. RUS is reviewing its short and long-range plans and needs to collect data from our grantees. Rural Development and Agriculture Department forms that are part of this collection are provided as fillable PDFs on the USDA eForms and USDA OCIO websites. The Standard Forms are available on Grants.gov.

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

RUS has reviewed all financial assistance programs it administers to determine which programs may be similar in intent and purpose. If applicants or grantees are applying to or participating in more than one RUS program simultaneously, the Agency would make every effort to accommodate the requests within the same set of applications and processing forms. If applicants are applying for or receiving a loan or other financial assistance from another Federal agency, RUS would use the forms and documents furnished by the other agency as much as possible.

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

The term “small entity” has the same meaning as the terms “small business,” “small organization,” and “small governmental jurisdiction” in accordance with 5 U.S.C. 601(6). The Small Business Administration (SBA) has established a Table of Small Business Size Standards, which matches to industries described in the North American Industry Classification System (NAICS). According to the small business size standards, 100 percent (25 respondents) of the applicants and grantees of the RAVG program are classified as small entities. Information to be collected is in a format designed to minimize the paperwork burden on small businesses and other small entities. The information to be collected is the minimum RUS needs to approve grants, monitor grantee performance, and carry out the authorized programs. No unique methods will be used to minimize the burden to small entities.

**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 information collected under these programs is the minimum necessary to conform to the requirements of the program regulations established by law. Information is collected when

needed and cannot be collected less frequently to meet the requirements of the programs. Failure to collect proper information could result in improper determinations of eligibility or improper use of funds.

**7. Explain any special circumstances that would require an information collection to be conducted in a manner:**

- a. Requiring respondents to report information more than quarterly. A copy of the Daily Inspection Report must be provided to the Agency in one-week intervals for the duration of the construction project.
- b. Requiring written responses in less than 30 days. There are no information requirements for written responses in less than 30 days. However, in cases where a grantee's income or financial situation has declined, the grantee should provide information as soon as possible. RUS cannot provide the grantee program benefits until it receives documentation to support the grantee's request.
- c. Requiring more than an original and two copies. There are no specific requirements.
- d. Requiring respondents to retain records for more than 3 years. There are no such requirements.
- e. Not utilizing statistical sampling. There are no such requirements.
- f. Requiring use of statistical sampling which has not been reviewed and approved by OMB. There are no such requirements.
- g. Requiring a pledge of confidentiality. There are no such requirements.
- h. Requiring submission of proprietary trade secrets. There are no such requirements.

**8. Describe efforts to consult with persons outside the Agency to obtain their views on 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.**

This is a new collection. A sixty (60) day comment notice is embedded in the proposed rule.

In developing the proposed rule, RUS relied on input from the Rural Development State Office in Alaska and the national staff. In addition to RUS's national staff, the agency maintains close contact with grantees through the Rural Development regional and state offices. Suggestions and comments are always considered by the Agency.

In addition, RUS contacted the following individuals in October 2013 to obtain their views on the paperwork burden imposed by this regulation:

1. Seldovia, City of, Alaska, Tim Dillon, City Manager

Telephone: (907) 234-7643. Mr. Dillon stated that the process to apply for a Rural Alaskan Village Grant (RAVG) was straightforward. Seldovia received a pre-planning grant to complete a preliminary engineering report and design of water system improvements. He stated that without the RAVG planning grant, the whole project would have fallen through. The City has a great deal of trust for Rural Development.

2. Toksook Bay, City of, Alaska, Larry Johnson, Mayor and Paul Evans, City Manager  
Telephone: (907) 427-7613. Mr. Evans stated that Toksook Bay has received two Pre-Planning Grants under Rural Alaskan Village Grant (RAVG) program to complete a PER and design of water system improvements and three RVAG construction grants for water system improvements. The project will provide a new water storage tank, water treatment plant, and distribution line to serve currently un-served area. Both the Mayor and the City Manager felt that the application process was not particularly burdensome.

3. City of Stebbins, Stebbins Alaska, Nora Tom, City Administrator  
Telephone: (907) 934-3451. Ms. Tom stated that the overall process of application was very easy. The assistance of ANTHC as the lead agency was very helpful with getting paperwork together. ANTHC worked with the city and kept them aware of the status of the application. Although ANTHC was the lead agency for the application, the City received all correspondence that Rural Development sent out. Finally, Ms. Tom commented that City meetings were helpful in getting community input for the project.

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

The Rural Utilities Service has not made any such decisions or payments.

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

No assurance of confidentiality is provided. Under the Freedom of Information Act, the public can request most data collected from respondents. The information collected under the provisions of these programs is not considered to be confidential. Organizations such as nonprofit entities and public bodies from which the information is collected ordinarily are required to make their activities available for public scrutiny.

**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.**

The information collected does not contain any questions of a sensitive nature such as sexual behavior, religious beliefs, or other matters commonly considered private.

**12. Provide estimates of the hour burden of the collection of information.**



Based on the program level authority of \$21,498,804 for this program, RUS anticipates receiving 25 applications and making approximately 15 grants. Of these, RUS expects to make approximately 9 grants to state and local governments and 6 grants to non-profit corporations.

The collection is summarized as follows:

Regulation	Number of Respondents	Total Annual Responses	Total Annual Hours
7 CFR 1784	25	1,210	1,256

RUS estimates the cost to be \$53,087 for the respondents to comply with this regulation. The cost is based on 25 respondents annually.

**Completion Costs:**

Professional Time: 25 x 829 hrs. x \$41.18 hr. x 29.4% benefits (\$250,916) = \$1,104,371  
 Clerical Time: 25 x 427 hrs. x \$16.13 hr. x 29.4% benefits (\$50,623) = \$ 222,810  
**Total = \$ 1,327,181**

The Department of Labor, Bureau of Statistics, Standard Occupational Classification wage rates were used as the basis for the cost estimates. The hourly earnings for Professional Time in a non-metropolitan area in Alaska are \$41.18 and Clerical Time is \$16.13.

**13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information.**

There are no capital and start-up costs or purchase of services components involved with this collection.

**14. Provide estimates of annualized cost to the Federal Government.**

The cost to the Federal Government is estimated as follows:

Preliminary contacts - 20 hrs. x 25 app. x \$51.00 hr. x 36.25% benefits(\$9,243) = \$ 34,743  
 App. rev. phase - 160 hrs. x 25 app. x \$51.00 hr. x 36.25% benefits(\$73,950) = \$ 277,950  
 App. processing phase - 90 hrs. x 15 app. x \$51.00 hr. x 36.25% benefits(\$24,958) = \$ 93,808  
 Techn. Docs. review phase - 70 hrs. x 15 app. x \$51.00 hrs. x 36.25% benefits(\$19,411) = \$ 72,960  
 Grant closing phase -150 hrs. x 15 grantees x \$51.00 hr. x 36.25% benefits(\$41,596) = \$ 156,346  
 Startup & serv. actv. phase - 375 hrs. x15 grantees x\$51.00hr. x36.25% benefits(\$103,992)= \$ 390,867  
Audits & Manag. reports - 10 hrs. x 4 grantees x \$51.00 hr. x 36.25% benefits(\$739.00) = \$ 2,779  
**Total estimated cost to the Federal Government is: \$1,029,453**

(The salary of \$40.81 per hour is based on a Community Programs Specialist (GS 12, step 5) in Alaska plus 25 percent for fringe benefits.)

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

This is a new package.

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

RUS has no plans to publish the information collected under the provisions of this program.

**17. If seeking approval to not display the expiration date for OMB approval of the information collected, explain the reasons that display would be inappropriate.**

RUS requests an exception not to display the OMB expiration date because these forms are cleared under multiple packages.

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

There are no exceptions requested.

**B. Collection of Information Employing Statistical Methods.**

This collection does not employ statistical methods.