

**SUPPORTING STATEMENT - 2014**  
**OMB Docket #0572-0109**

**7 CFR 1777, Section 306C WWD Loans and Grants**

**This is an extension of a currently approved collection.**

**A. Justification**

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

The Rural Utilities Service (RUS), an agency delivering the U.S. Department of Agriculture (USDA) Rural Development (RD) Utilities Programs, is a credit agency of the USDA. RUS is requesting OMB clearance of the reporting requirements relating to 7 CFR Part 1777, Section 306C WWD Loans and Grants. This regulation is used to administer water and waste facility loans and grants to alleviate health risks. RUS is authorized to make the loans and grants under Section 306C of the Consolidated Farm and Rural Development Act (CONACT), 7 U.S.C. 1926C.

The Section 306C program funds facilities and projects in low-income rural communities facing significant health risks because the residents do not have access to water supply systems or waste disposal facilities. Eligible applicants for program funding include rural water supply corporations, cooperatives, or similar entities, American Indian tribes, and public agencies. The facilities financed through Section 306C funding must provide water and waste services to rural areas of a county in which:

1. The per capita income is 70 percent or less of the most recent national average per capita income, as determined by the U.S. Census Bureau.
2. The unemployment rate is 125 percent or more of the most recent national average unemployment rate, as determined by the U. S. Bureau of Labor Statistics.

Preferences are given to colonias and federally recognized Native American Tribes, which are not required to meet the two criteria for the per capita income and the unemployment rate. Colonias, designated by the State or county in which they are located, are found in Arizona, California, New Mexico, and Texas. No loan funds have been appropriated under the authority of Section 306C. Appropriation bills have limited the funding to grants.

Applicants may use funds in two ways:

1. Develop or improve community water and waste disposal systems.

2. Use the funds to make loans or grants to individuals for extending service lines to residences, connecting residence plumbing to the applicant's system, or improving residences to use the water or waste disposal system.

**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.**

An eligible applicant will follow the guidelines of the Water and Waste Loan and Grant Program in 7 CFR 1780 (OMB #0572-0121). As in the past, the program continues to receive one percent of eligible applicants using program funds to enable individuals to connect to the applicant's system or to improve residences by using the water or waste disposal system. The applicant is required to submit the following items which are unique to 7 CFR 1777:

Implementation Plan – This plan describes how the water or waste disposal system will manage the loans and grants to individuals. The applicant will develop a plan to include information such as the purpose, use of funds, proposed application process, construction requirements, and control and disbursement of funds. The plan will be attached to RUS Bulletin 1777-1.

Memorandum of Agreement (RUS Bulletin 1777-1) – The water or waste disposal system executes an agreement with RUS that outlines the procedures and regulations the system will use to provide Section 306C loans and grants to individuals. The system agrees to receive applications from individuals, process, close, and service loans or grants under the provisions of the agreement.

Use of Funds Report – When all funds covered by Memorandum of Agreement have been disbursed by the system, the system will provide the State Program Official a report on how the funds were used. The report will include the names of individuals that received assistance, the type of assistance (loan or grant), and the amount of assistance.

**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.**

The Agency is committed to meeting the requirements of E-Government Act, which requires Government agencies in general to provide the public the option of submitting information or transacting business electronically to the maximum extent possible. The Agency makes the forms related to the application process available on the Rural Development website.

The documentation includes the Implementation Plan, Memorandum of Agreement, Preliminary Engineering Reports, Environmental Reports, financial statements, audits, and certifications from the applicant and other parties involved in the project. These documents generally cannot be submitted electronically so they are accepted in hard copy only.

**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 information is collected from only the applicants applying for loans and grants under 7 CFR 1777. This information is unique to each borrower; therefore, it is not duplicated.

**5. If the collection of information impacts small businesses or other small entities (item 5 of OMB Form 83-1), describe any methods used to minimize burden.**

This information will be collected from small entities; however, the Agency has limited the impact on these entities by requiring the least information needed.

**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 is collected only when the applicant files an application for a loan and/or grant for the purposes outlined in 7 CFR 1777. Therefore, it cannot be conducted less frequently.

**7. Explain any special circumstances that would cause an information collection to be conducted in a manner other than as specified in 5 CFR 1320.5(d)(2).**

There are no special circumstances that require collection to be conducted in a manner:

**a. Requiring respondent to reporting information more than quarterly.**

There are no information collection requirements that require specific reporting on more than a quarterly basis.

**b. Requiring written response in less than 30 days.**

There are no specific information collection requirements that require less than 30 days response.

**c. Requiring more than an original and two copies.**

There are no specific information collection requirements that require more than an original and two copies.

**d. Requiring respondent to retain records for more than 3 years.**

There are no such requirements.

**e. 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.**

There are no such requirements.

**f. Requiring the use of a statistical data classification that has not be reviewed and approved by OMB.**

No such requirements exist.

**g. Requiring 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.**

There are no such requirements.

**h. 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.**

There are no such requirements.

**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.**

As required by 5 CFR 1320.8(d), a Notice to request comments was published on Friday, November 15, 2013, Vol. 78, No. 221, page 68812. No public comments were received.

In December 2013, RUS contacted the following individuals outside the Agency to obtain their views on the paperwork burden imposed by this regulation:

Lake Roberts Users Association, NM, Kathy Prince (520) 722-4682. Ms. Prince stated that the application process was very burdensome, but that this was their first time to complete the application process. They did request assistance from the Southwest Council of Governments to assist them with the process since the council was familiar with the process and it was not a burden to them. They did find Rural Development staff helpful. The application information was accessible to the Association and the council.

Mini Waste Water Company, Eagle Butte, SD, Mr. Leo Fischer, Executive Director (605) 964-8778. Mr. Fischer indicated that the paperwork was not burdensome. The application process was relatively easy and the local Rural Development staff was very helpful. They communicated well throughout the process. Overall, the entire process was not burdensome.

Nueces River Authority, TX, Mr. Conn Mimms, Executive Director, (830)-278-6810. Mr. Mimms stated that the application process was not burdensome at all. He has a great relationship with the local USDA Office and found them to be very helpful. Forms were easy to complete. He noted that the USDA sent him timely correspondence to let him know when documents were due and that the paperwork was not cumbersome. Mr. Mimms could not think of any needed improvements in the process.

All three of the representatives commented on the overall process of submitting an application and the supporting documentation for projects. They acknowledged that there is much paperwork especially during the application phase. However, they expected the paperwork; thus, they did not cite any specific problems with the paperwork involved.

One commented about duplication in submitting some forms, for example, when there were changes in projects or the applicant was requesting more funding. This was not a major concern, however, and he understood that the forms and supporting documents were necessary. Because their engineering consultants were experienced with Rural Development's application and funding processes, they helped lessen the time required to submit documentation to the Agency.

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

There has been no decision to provide 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.**

No assurance of confidentiality has been provided.

**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.**

There are no such questions.

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

The information for this package was derived from past experience with this program. The program level authority for this program in FY 2013 was \$30,450,509, exclusive of \$137,712, which was transferred to the Rural Housing Service. Based on this level, the Agency anticipates making approximately 29 grants. However, only one percent (rounded to the nearest whole number) uses the Implementation Plan, Memorandum of Agreement, and Use of Funds Report that are required under this regulation. The documents above only pertain to the housing portion of the program. See the attached spreadsheet. The estimated cost of the collection is summarized as follows:

Director preparation time

1 respondent @ \$48.20/hr x 9 hrs x 29.4% benefits (\$128).....\$ 561

Clerical time

1 respondent @ \$17.37/hr. x 9 hrs x 29.4% benefits (\$46) ... \$ 202  
Total \$ 763

RUS estimates a cost of \$763 for respondents to comply with this regulation. The cost is based on 1 organization filing an application and receiving a grant. RUS used a labor rate of \$48.20 per hour based on information from similar programs. Primary individuals for a grant respondent would normally be a director and a clerical staff member earning \$17.37 per hour plus 29.4% in benefits. Benefits as a percentage of total compensation for Private trade, transportation, and utilities industry workers were 29.4% of total hourly compensation. See, <http://www.bls.gov/ncs/ect/sp/ecsuhst.pdf>, Page 91. The Department of Labor, Bureau of Labor Statistics, Standard Occupational Classification wage rates were considered in the cost estimates.

The application process under this regulation is also governed by the Water and Waste Loan and Grant Program under regulations 7 CFR 1780 (OMB #0572-0121). The cost associated with respondents complying with 7 CFR 1780 is estimated at \$64,812. The total costs to respondents are estimated at \$70,931. The agency is in the process of revising the 7 CFR 1780 and will be updating the costs associated with its compliance. Therefore, the associated costs remain the same.

Historical data provided by the Bureau of Labor Statistics, Employer Cost for Employee Compensation Supplemental Tables Historical Data December 2006 – September 2012 is utilized to calculate the total cost of benefits.

**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); and**

There are no capital or start-up costs attributed to this collection.

**(b) Total operation and maintenance and purchase of services component.**

There is no operation and maintenance or purchase of services component costs associated with this collection.

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

The Federal Government processes Section 306C applications under the Water and Waste Loan and Grant Program under regulations 7 CFR part 1780 (0572-0121) and this regulation. The cost to the Federal Government is estimated as follows<sup>2</sup>:

Implementation Plan review 30 minutes X 1 applicant X \$40.66 X 36.25% benefit (\$11)	= 31.00
Memorandum of Agreement 30 minutes X 1 applicant X \$40.66 X 36.25% benefit (\$11)	= 31.00
Use of Funds Report 3 hours X 1 applicant X \$40.66 X 36.25% benefit (\$44)	= <u>166.00</u>
<b>Total estimated cost to the Federal Government is:</b>	<b>\$228.00</b>

The salary of \$38 per hour is based on a loan analyst (GS 12, step 5).

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

This is an extension of a previously approved information collection. There is an adjustment increase of 2 responses to correct a bookkeeping error. Previous submission showed one response which in fact was the respondent number, not the number of responses which was three. Burden hours did not change.

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<sup>2</sup> Cost of total benefits as a percentage of total hourly compensation for Federal Government employees has been calculated by multiplying 36.25% by the hourly OPM wage in accordance with OMB Memorandum M-08 13.

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

There are no plans for publication.

**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.**

No such approval is requested.

**18. Explain each exception to the certification statement identified in item 19 on OMB 83-1.**

There are no exceptions to the certification statement.

**B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS.**

This collection of information does not involve statistical methods.