

2014 - SUPPORTING STATEMENT
Value-Added Producer Grants
0570-0064

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 Cooperative Programs unit within the Rural Business-Cooperative Service administers the Value-Added Producer Grant (VAPG) program with significant support from State Rural Development Offices. The primary objective of this program is to encourage producers of agricultural commodities to further refine or otherwise add value to these commodities to increase their value to end-users of the product. These grants encourage greater participation in markets for value-added agricultural products and facilitate opening new markets for value-added agricultural products. Grants are awarded either for planning purposes such as conducting a feasibility study or developing a business plan or for working capital expenses such as inventory, utilities, and salaries.

The VAPG program is currently approved under 0570-0064 and is authorized under section 231 of the Agriculture Risk Protection Act of 2000 (P. L. 106-224), as amended by section 6202 of the Food, Conservation, and Energy Act of 2008 (P. L. 110-246) (see 7 U.S.C. 1632a). Funds are appropriated annually. Thus, the Agency requests grant applications using a Notice of Solicitation of Applications once a year in the Federal Register. For fiscal year 2013, approximately \$13 million is available for grant awards. Before the rule was implemented, the burden was accounted for under 0570-0039, which is now being discontinued.

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.

Information is collected by Rural Development State and Area office staff, as delegated, from applicants and grantees. The application information is used to confirm that the applicant and use of funds meet the eligibility requirements for the program as well as to assess the quality of the proposed project. The grantees are required to submit financial status and performance reports to confirm funds are being expended as approved and requests for advance or reimbursement to request payment.

PAPERWORK REQUIREMENTS – FORMS

Form AD-1047, “Certification Regarding Debarment, Suspension, and Other Responsibility Matters – Primary Covered Transactions,” to be completed once at the time of grant award. This form is submitted by the grantee and is used by the Agency to confirm that the applicant organization and its principles are not debarred, suspended, or otherwise excluded from receiving Federal assistance.

Form AD-1048, “Certification Regarding Debarment, Suspension, and Other Responsibility Matters – Lower Tier Covered Transactions,” to be completed each time the grantee will be entering into financial transactions with third-parties using grant or matching funds. This form is completed by any sub-grantees or sub-contractors and is used by the Agency to confirm that these organizations are not debarred, suspended, or otherwise excluded from receiving Federal assistance.

Form AD-1049, “Certification Regarding Drug-Free Workplace Requirements (Grants),” to be completed once at the time of grant award. This form is submitted by the grantee and is used by the Agency to confirm that the grantee will provide a drug-free workplace in accordance with 7 C.F.R. §3017.600.

SF-424, “Application for Federal Assistance – Common Form”. This application is used by applicants as a required face sheet for applications for federal funding.

PAPERWORK REQUIREMENTS – NO FORMS

Project Proposal. All applicants must submit a project proposal.

Simplified Applications. Applicants requesting less than \$50,000 will be allowed to submit a simplified application.

Grant Agreement. The Agency and the grantee must sign the Agency's "Value-Added Producer Grant Agreement" prior to the advance of funds.

Performance Reports. Funded recipients will be required to submit written project performance reports on a semi-annual basis.

Final Report. USDA will use the final report to measure the achievements and the overall effectiveness of those value-added projects funded by grant funds.

Recordkeeping Requirements. Regulations require that financial records, supporting documents, statistical records, and all other records pertinent to the award will be retained for a period of at least three years after the grant has been determined completed. The exception is that records will be retained beyond 3 years if audit findings have not been resolved.

Certification for Contracts, Grant and Loan. This exhibit is to be used when grant is over \$100,000. The recipient must certify it is not engaged in any lobbying activities

FORMS APPROVED UNDER OTHER OMB NUMBERS

SF-424A, “Budget Information - Non-Construction Programs” (OMB No. 4040-0006). This form must be completed by applicants to show the project's anticipated budget breakdown in terms of expense categories and division of Federal and non-Federal sources of funds. Identifying the project’s requested funding by expense category is necessary to assure that the expense is necessary for successful conduct of the project, is allowable under applicable Federal cost principles, and is not prohibited under any applicable Federal statute or regulation.

SF-424B, Assurances - Non-Construction Programs (OMB No. 4040-0007). This form must be completed by the applicant to provide the Federal government certain assurances of the applicant's legal authority to apply for Federal assistance and financial capability to pay the non-Federal share of project costs. The applicant also assures compliance with various legal and regulatory requirements as described in the form.

Form SF-425, “Federal Financial Report” (OMB No. 4040-0014). This form is used to confirm that funds are being spent in conformity with the budget and work plan.

Form SF-LLL, “Disclosure of Lobbying Activities” (OMB No. 4040-0013), to be completed once at the time of grant award. This form is submitted by the grantee and is used by the Agency to obtain disclosure of lobbying activities on the part of the grantee.

Form RD 1940-1, “Request for Obligation of Funds” (OMB No. 0570-0061), to be completed once at the time of award. This form is submitted by the grantee and used by the Agency to obligate funds.

Form RD 1942-46, “Letter of Intent to Meet Conditions” (OMB No. 0570-0061). The applicant must complete, sign and return to the Agency.

Form SF-270, “Request for Advance or Reimbursement” (OMB No. 4040-0012). This form is used to request payment of funds under the grant. Grant funds will not be disbursed on more than a monthly basis.

Form RD 400-4, “Assurance Agreement” (OMB No. 0575-0018). This form is executed by recipients of Rural Development’s Federal financial assistance as an assurance that the recipient will comply with the requirements of Title VI of the Civil Rights Act of 1964.

Form RD 1940-20, “Request for Environment Information” (OMB No. 0575-0094). The information collected from the applicant is used by the Agency in preparing the environmental assessment. NOTE: Planning grants are categorically excluded from the Request for Environment Information; therefore estimated responses are based on working capital grants comprising 60 percent of grants awarded.

Form SF-3881, “ACH Vendor/ Miscellaneous Payment Enrollment” (OMB No. 1510-0056). This form is used for Automated Clearing House (ACH) payments with an addendum record that

contains payment-related information processed through the Vendor Express Program. Recipients of these payments should bring this information to the attention of their financial institution when presenting this form for completion.

RECORDKEEPING REQUIREMENTS:

USDA Administrative Requirements require that financial records, supporting documents, statistical records and all other records pertinent to the award will be retained for a period of at least three years after the period of performance has ended. Records must be retained beyond three years if audit findings have not been resolved.

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.

Grant applications may be submitted electronically through Grants.gov. Historically, approximately 10 percent of applications have been submitted electronically. Recipients are encouraged to submit reports electronically via e-mail to their grant monitors. Recipients can also submit applications in hard copy.

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 Agency has completed an analysis to determine what percentage of its VAPG recipients are also funded through other Agency programs and has determined that less than six percent of VAPG recipients also receive funding through another Agency program. The Agency has also compared the VAPG program requirements to other Agency program requirements and determined that the VAPG program has unique program information requirements. Thus, the Agency has made an effort to identify duplication and has found that similar information is not available for its applicants and recipients.

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.

No significant economic impact is expected for small businesses or other small entities.

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 collection for grant applications is conducted annually by the Agency, but only once for the applicant. It cannot be conducted less frequently because program funds are appropriated annually and must be awarded annually according to statutory and regulatory

requirements. Reporting is conducted at the minimum level (semi-annually) allowed by Federal regulations.

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

- a. Requiring respondents to report information more than quarterly.

Grant recipients would only be required to submit reports more frequently than quarterly if they have demonstrated poor performance under past awards and/or have demonstrated poor financial management capabilities.

- b. Requiring written responses in less than 30 days.

If a grant recipient requests an extension to the grant period and the Agency needs additional information to process the request, the recipient would be given less than 30 days to provide the additional information needed.

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

No special circumstances exist.

- d. Requiring respondents to retain records for more than 3 years.

No special circumstances exist.

- e. Not utilizing statistical sampling.

No special circumstances exist.

- f. Requiring use of statistical sampling which has not been reviewed and approved by OMB.

No special circumstances exist.

- g. Requiring a pledge of confidentiality.

No special circumstances exist.

- h. Requiring submission of proprietary trade secrets.

No special circumstances exist.

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 the Paperwork Reduction Act of 1995, a 60-day notice soliciting comments was published on November 25, 2013, [75 FR 29920]. No comments were received. The Agency maintains ongoing contact with applicants, grantees, grant writers, technical assistance providers, and other users of the program to obtain their views on accessibility of the program in terms of clarity of application instructions and guidance, as well as reporting requirements, disclosure, and format. One technical assistance provider who works extensively with applicants was contacted, as were one applicant and one long-time grant writer to discuss application and reporting burden. Since the majority of the paperwork requirements dealing with the program already have OMB approved time estimates (mostly forms), the narrative portions of pre- and post-award actions were of particular interest to Agency. In the experience of those contacted, the number of hours required to complete the narrative portion of the application varied depending on the type of project proposed (planning v. working capital), and notably, whether the application was being completed by the applicant or a professional grant writer. However, including data collection, narrative writing, and proofing, the figures depicted in the attached grid appear to be representative of applicant burden. The applicant and the grant writer each noted that the new application toolkits and optional templates are a great improvement over past versions, resulting in a simplified process. The contact information for those contacted is:

Dr. Raymond Hansen
Agricultural Marketing Resource Center (AgMRC)
1111 NSRIC, Iowa State University, Ames, IA 50011-3310
866-277-5567

Steven Pierce
Applicant
513-752-0405

Ann Wilkinson
Grant Writer
816-822-2370

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.

It is the Agency's policy to protect the information submitted by applicants and recipients to the extent permitted by law.

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.

No questions of a sensitive nature are asked.

12. Provide estimates of the hour burden of the collection of information. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated.

See attached spreadsheet for the number of respondents, frequency of response, and annual hour burden. The burden was estimated by program staff who have worked with the program for several years as well as by previous applicants and recipients who estimated the time and cost for putting together applications and reports. The number of applicants and award recipients is based on actual figures from the most recent grant round. The Agency used a mean wage rate of \$37.87 for the applicant burden section from the Bureau of Labor Statistics, May 2012 National Occupational Employment and Wage Estimates United States (http://www.bls.gov/oes/current/oes_nat.htm). Mean wages by occupation for the following classes: Management Consultant \$37.79; Postsecondary School Educator (University Professor) \$40.37; Farm/Ranch Manager \$35.45. The Farm/Ranch manager wage rate was used for recipient reporting tasks. The Agency used GS payroll schedule for the wage rates for Federal employees. For non-Federal application reviewers, the current year's honoraria rate is used and converted to an hourly wage based on the average amount of time needed to complete a review.

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).

There are no capital and start-up costs involved.

b. Total operation and maintenance and purchase of services component.

There are no operation and maintenance and purchase of services involved.

14. Provide estimates of annualized cost to the Federal Government. Provide a description of the method used to estimate cost and any other expense that would not have been incurred without this collection of information.

See attached spreadsheet for estimates of annualized cost to the Federal Government. The method used to estimate cost was to rely on estimates of National Office program staff regarding how much time was spent by program staff on each component of the program. The GS pay rate tables for 2014 were used to estimate the wage rates for each type of Agency function, depending on the grade level of the person who typically performs that function:

Rest-of-U.S.

GS-07 (step 5) Program Technician \$21.21/hr

GS-12 (step 5) Program Specialist \$37.74/hr
GS-13 (step 5) Program and Management Analyst \$44.88/hr

DC-MD-VA-WV-PA

GS-12 (step 5) Programs Specialist \$41.07/hr
GS-13 (step 5) Program and Management Analyst \$48.83/hr

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

The package reflects an adjustment in the expected number of applicants based on anticipated funding levels. The previous burden was based on 2 years of combined funding. This package reflects a decrease in number of applicants from 600 to 350 with a decrease of 29,276 in total burden from 66,691 to 37,415 hours.

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

The results of this information collection will not be published.

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.

These forms are used in other Rural Development information collections; therefore, it is not practical to include an OMB expiration date because of the different expiration dates for each collection. RD is seeking approval to not display the OMB expiration date on these forms.

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

There are no exceptions to the certification statement.

19. How is this information collection related to the Service Center Initiative (SCI)? Will the information collection be part of the one stop shopping concept?

This information collection is not related to the SCI. Nor will this information collection be part of the one-stop shopping concept.