

Supporting Statement
Strategic Economic and Community Development
0570-NEW

A. Justification

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

As authorized under the Agricultural Act of 2014 (2014 Farm Bill), the Strategic Economic and Community Development program will reserve up to 10 percent of the funds appropriated to seven Rural Development programs each fiscal year to fund projects that support the implementation of strategic economic and community development plans (Plan(s)) across multi-jurisdictional areas. The programs from which funds will be reserved (which are referred to as the “underlying programs”) are:

- Community Facility Grants
- Community Facility Guaranteed Loans
- Community Facility Direct Loans
- Water and Waste Disposal Loans and Grants
- Water and Waste Disposal Guaranteed Loans
- Business and Industry Guaranteed Loans
- Rural Business Development Grants

To be eligible for the reserved funds, projects must be first eligible for funding under the underlying programs from which the funds are reserved. In addition, projects must be carried out solely in rural areas. Any reserved funding that is not obligated by June 30 of the fiscal year in which the funds were reserved will be returned to the respective program’s regular funding accounts.

This collection of information is necessary in order for the Agency to identify projects eligible for the reserved funding under the Section 6025 Program and to prioritize eligible applications. In accordance with the Paperwork Reduction Act of 1995 (P.L. 104-13, 44 U.S.C. Chapter 35), the Agency is submitting this information collection package to the Office of Management and Budget (OMB) for review and clearance to implement the Section 6025 Program.

2. Explain how, by whom, and for what purpose the information is to be used.

Applicants will submit information on the application, the Plan that the project supports, and the project. This information will be submitted as part of the application material required for the underlying program. The Agency will use this information to determine project eligibility for the reserved funds and to score the applications, with higher scoring applications receiving preference for funding according to the award process of the underlying program. If the information is not collected, the Agency would not be able to fund projects that specifically contribute to regional economic and community development plans.

The Agency, through its Community Facilities group in Rural Housing Service, the Water and Waste group in Rural Utilities Service, and the Business Programs division in Rural Business-Cooperative Service, in Washington, D.C., will be the primary user of the information collected. The information sought by this information collection will be stored in Agency files or computers. Under the Freedom of Information Act, the general public can request some of the data provided by the applicant to the Agency, except data that are proprietary or confidential.

REPORTING REQUIREMENTS – NO FORMS

Measures, Metrics, and Outcomes

Applicants who receive Section 6025 reserved funds are required to submit information on the project's measures, metrics, and outcomes that the awardee would already be submitting to the appropriate entity(ies) monitoring the implementation of the plan.

REPORTING REQUIREMENTS - FORMS

Form 1980-88 – Strategic Economic and Community Development Application for Reserved Funding. The information collected on the form is used by the Agency to determine project eligibility for Section 6025 reserved funds and to score the application for purposes of determining priority. The form requires the applicant to submit the information identified below.

Applicant Information (Block I).

- The applicant's name, telephone number, and email address.
- Checking the applicable box to indicate whether or not the applicant is or includes one of the following: State government; County government; Municipal government; or Tribal government.

Plan Information (Block II). Each application must include the following information:

- The name of the Plan the Project supports.
- The effective date of the Plan.
- The dates that Plan is in effect.
- Contact information for the entity(ies) approving the Plan, including name(s), telephone number(s), and email address(es).
- A description of the service area of the Plan.
- If available, a web site address link to the Plan.

Project Information (Block III). Each application must include the following information:

- Project name.
- Sufficient detail to allow the Agency to determine whether the project is carried out solely in a rural area as defined in §1980.1005.
- If the application is from an applicant that includes a State, county, municipal, or tribal government, a letter to the appropriate entity(ies) indicating that the Project is consistent with the Plan and the Plan has been adopted.

Scoring Information (Block IV). To enable the Agency to score the application, the applicant must provide information on each Plan objective the proposed project directly supports and on the Plan itself.

Scoring the Project (Attachment A). As found in the most current version of the Plan, the applicant must provide the name of each Plan objective that the Project will directly support; a description of each such Plan objective; and a description of how the proposed project directly supports the objective. The applicant will fill out Attachment A for each such objective.

Scoring the Plan. To enable the Agency to score the Plan, the applicant must provide documentation that addresses each of the following five areas:

- The Plan was developed through the collaboration of multiple stakeholders in the service area of the plan, including the participation of combinations of stakeholders;
- The Plan demonstrates an understanding of the applicable region's assets that could support the Plan;
- Whether or not the Plan includes monetary or non-monetary contributions from Federal agencies other than the U.S. Department of Agriculture
- Whether or not the Plan includes monetary or non-monetary contributions from one or more philanthropic organizations
- The Plan contains clear objectives and the ability to establish measurable performance measures and to track progress towards meeting the Plan's objectives

Agency Coordination (Block V). To help ensure coordination among the programs included in this subpart, each application must contain the following, as applicable:

- Identify the program area(s) (i.e., Community Facilities, Water and Waste, Rural Business and Cooperative Development) from which funds are being sought.
- If the applicant is submitting in the same fiscal year more than one application for Section 6025 reserved funding, identify in each application the other application(s) by providing:
 - The name(s) of the project(s);
 - The program area(s) for which funds are being sought; and
 - The date that each application was submitted to the Agency.
- If the applicant has previously submitted one or more applications for funding under this subpart, the applicant must provide, using Attachment B, in the current application the following information for each previous application:
 - The date the application was submitted;
 - The name of the project;
 - The program area(s) from which funds were sought; and
 - If the project was selected for funding, the specific program(s) that provided the funding; the date and amount of the award; and whether any

portion of the funding came from the funds reserved under this subpart.

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. Also describe any consideration of using information technology to reduce burden.

The Section 6025 program relies on the underlying programs' methods for program administration. Thus, to the extent the underlying programs use collection techniques other than the submittal of written material, this program will follow suit.

With regard to the underlying programs, Rural Development has considered the use of improved information technology to reduce the burden on the applicants. The information involved is unique to each particular case. Automating the written narrative portion of the application would assist the applicant and Rural Development because most of this could be completed on a computer. The Agency's plan envisions a system capable of electronically receiving from participating lenders, the data elements contained in the forms associated with the notice of funding availability. However, Rural Development does not anticipate electronic submission of the application package by the applicants because, at this point in time, the Agency is not satisfied that the security protocols properly protect an applicant's proprietary information.

4. Describe efforts to identify duplication.

Rural Development anticipates that the application material submitted for the underlying program will be able to provide information to determine project eligibility. If similar information is found to be available from another Federal agency, every effort is made to utilize that information as is or in an appropriately modified form for this program.

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

Eligible projects for the Section 6025 reserved funds will be the same as those for the underlying programs and the distribution of businesses applying for the reserved funds are anticipated to be the same as found in the underlying programs. Of the estimated 374 applicants, approximately 30 percent are estimated to be small businesses. The information collection required places little or nominal burden on all entities, including these small businesses.

6. Describe the consequences 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.

Application information is only collected once. If this information is not collected, the Agency would not be able to give proper preference to projects seeking reserved funds as required by the authorizing statute.

7. Explain any special circumstances that would cause the collection of information to be

conducted in a manner:

- a. Requiring respondents to report information to the Agency more often than quarterly. There are no information collection requirements that require respondents to report more often than quarterly.
 - b. Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it. There are no information collection requirements that require less than 30 days response from the lender.
 - c. Requiring respondents to submit more than an original and two copies of any document. There are no information requirements that require more than an original and two copies.
 - d. Requiring respondents to retain records for more than 3 years. There are no such requirements.
 - e. Not using statistical sampling. There are no such requirements.
 - f. Requiring use of statistical data classification that has not be reviewed and approved by Office of Management and Budget (OMB). No such requirements exist.
 - g. Requiring a pledge of confidentiality that is not supported by authority 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 secrets or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permissible by law. Because of the technical nature of the applications, some proprietary/confidential trade information is reviewed by the Agency's contractor, the National Renewable Energy Laboratory (NREL). The information is sent directly to NREL by Agency personnel. When their review is complete, the technical information is returned to the Agency.
8. Comments on Agency's notice in the Federal Register and efforts to consult with persons outside the Agency to obtain their views on the availability of data, frequency of collection, the clarity of the instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.
- (a) Federal Register Notices. A Federal Register notice requesting public comments on this information collection has not yet been published. A notice is being prepared and this information collection request will be revised, if appropriate, based on comments received on the notice.
 - (b) Consultation with persons outside the agency. RBS has consulted with the Economic Development Agency (EDA) and the U.S. Environmental Protection Agency in the

development of this rule. RBS specifically requested EDA to consider the application form and the amount of time an applicant might need to respond to that portion of the application associated with providing information on the project and the strategic economic and community development plan. EDA estimated that the amount of effort for those section might range from 4 hours (if an electronic version of the Plan is available) to 8 hours (if the applicant has to work from a hard copy of the Plan).

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

No payments or gifts were provided to respondents, including no remuneration of contractors or grantees.

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 was provided to respondents for the information required. When necessary, the Agency will process any and all requests for release of records and information in accordance with the Privacy Act of 1974. However, in some instances, the information collected under the provisions of this program is not considered to be of a confidential nature. For example, organizations, such as not-for-profit entities and public bodies from which information is collected, are ordinarily required to make their activities available for public scrutiny.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior or 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.

The average annual number of applicants seeking Section 6025 funding is estimated to be 374 applicants. The average annual number of applicants receiving Section 6025 funding is estimated to be 318 awardees. Table 1 presents the estimated number of applicants and awardees by program.

Table 1. Estimated Number of Applicants and Awardees

| Program | Number of Applicants per Year | Number of Awardees per Year |
|---|-------------------------------|-----------------------------|
| Community Facilities Grants | 101 | 73 |
| Community Facilities Loans | 45 | 46 |
| Community Facilities Guaranteed Loans | 5 | 3 |
| Water and Waste Disposal Loans and Grants | 78 | 68 |
| Water and Waste Disposal Guaranteed Loans | 1 | 1 |
| Business and Industry Guaranteed Loans | 54 | 49 |
| Rural Business Development Grants | 90 | 78 |
| Total | 374 | 318 |

The estimated annual burden of this information collection is 3,348 hours. The cost to the public for applying for and receiving Section 6025 reserved funding is estimated to be \$107,123, of which \$76,595 is associated with applying for the funds and \$30,528 is associated with awardees submitting information on measures, outcomes, and other metrics to the Agency. In making the cost estimates, an average cost (\$32 per hour) per applicant was estimated based on the individual underlying programs' cost per hour per respondent, which vary program to program, and those values were based on the most recent burden packages for each underlying program.

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

There are no capital and start-up costs or operations and maintenance costs associated with this collection.

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

The annual cost to the Federal Government to review and score the applications is estimated to be about \$215,424 per fiscal year (see attached spreadsheet). The 2015 OPM general schedule and step 5 for all GS levels was used for calculation purposes. Most of the review work is completed by State Loan Specialists GS-11 at \$34.60/hr. & GS-12 at \$41.48/hr.; State Program Directors GS-13 at \$49.32/hr., with Loan Technicians and clerks GS-7 at \$23.38/hr. & GS-8 at \$25.90/hr. doing most of the computer data entry and typing. Due to rounding average rate was determined to be \$35/hr. x 36.25% benefits = \$12.68 round to \$13 = \$48/hr.

The 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.

| | Number | Hours per item | Rate | Cost |
|--|--------|----------------|------|-----------|
| Review and Score Section 6025 Applications | 374 | 12 | \$48 | \$215,424 |

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

This is a new collection. In addition, there are no changes to the underlying programs.

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

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

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.

The application form for Section 6025 reserved funding will be submitted with the application material for the applicable underlying program. Because there are multiple underlying programs with different expiration dates, it is not practical to include an OMB expiration date on this form. The public would have no way of knowing which burden package/expiration date applied to their particular program. RD is seeking approval to not display the OMB expiration date on this form.

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

There are no exceptions to the certification.

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?

The SCI calls for changes to improve services to the United States Department of Agriculture (USDA) customers. One aspect is providing one stop service for greater customer convenience in accessing USDA programs, including access to required forms.

ATTACHMENT A - DERIVATION OF SECTION 6025 APPLICANTS AND AWARDEES

Underlying Program Data on Applicants and Awardees

Table A-1 presents basic underlying program applicant information.

Table A-1. Underlying Program Applicant Information

| Program | Number of Underlying Program Applicants | Source |
|---|--|---|
| Community Facilities Grants | 1,085 | Calculated by dividing the estimated number of awardees by past success rate. |
| Community Facilities Direct Loans | 496 | Calculated by dividing the estimated number of awardees by past success rate. |
| Community Facilities Guaranteed Loans | 54 | PRA package for CF guaranteed loans |
| Water and Waste Disposal Loans and Grants | 829 | PRA Package for 7 CFR 1780 (OMB No. 0572-0121) |
| Water and Waste Disposal Guaranteed Loans | 15 | PRA Package for 7 CFR 1779 (OMB No. 0572-0122) |
| Business and Industry Guaranteed Loans | 600 | PRA package for B&I proposed rule |
| Rural Business Development Grants | 234 | See Note 1 below |
| Program | Number of Underlying Program Awardees | Source |
| Community Facilities Grants | 804 | Average number of awardees over FY11, FY12, and FY13 |
| Community Facilities Direct Loans | 496 | Average number of awardees over FY11, FY12, and FY13 |
| Community Facilities Guaranteed Loans | 32 | PRA package for CF guaranteed loans |
| Water and Waste Disposal Loans and Grants | 707 | PRA Package for 7 CFR 1780 (OMB No. 0572-0121) |
| Water and Waste Disposal Guaranteed Loans | 10 | PRA Package for 7 CFR 1779 (OMB No. 0572-0122) |
| Business and Industry Guaranteed Loans | 550 | PRA package for B&I proposed rule |
| Rural Business Development Grants | 715 | See Note 1 below |

NOTE 1: Both the number of applicants and awardees were derived from the number of applications and the number of awardees associated with FY2008 for RBEG and with FY2007 for RBOG. These two years were selected because the amounts of awards made are the closest to the amount of funds being made available to RBDG and the split between RBEG-type projects and RBOG-type projects, where RBOG-type project funding cannot exceed 10 percent of the \$65 million in mandatory funding. This information is summarized below.

| Program | Section 6025 Funds (millions) | Fiscal Year | Awards Amount (millions) | Number of Applicants | Number of Awards | Average \$ per Award |
|----------------|--------------------------------------|--------------------|---------------------------------|-----------------------------|-------------------------|-----------------------------|
| RBEG | \$58.5 | 2008 | \$54.612 | 715 | 638 | \$85,599 |
| RBOG | \$6.5 | 2007 | \$6.9 | 234 | 107 | \$64,486 |

Calculation of Section 6025 Applicants

To calculate the number of underlying program applicants that would apply for Section 6025 reserved funds, the number of applicants for each program (except RBDG) was estimated using the following data/steps:

- (1) the number of applicants that are in an area covered by an Economic Development Administration (EDA) approved plan;
- (2) the percentage of applicants in an EDA-approved plan area versus all of the program’s applicants;
- (3) multiplying the number of estimated underlying program applicants by the percentage calculated under Step 2; and
- (4) multiplying the result from Step 3 by an estimate of how many such potential applicants would actually apply for Section 6025 reserved funds.

With regard to Step 4, it is likely that a small percentage of applicants with projects supporting eligible plans will actually apply for the Section 6025 reserved funds, especially in the early years. This is in part due to it being a new program and outreach will be needed to potential applicants. Also, it is uncertain as to how many will apply where funding under the regular program is sufficient such that applicants may not see the benefit of applying for the Section 6025 reserved funding. With these considerations in mind, we used the following percentages of Section 6025 eligible applicants would apply over the next three years:

| | Year 1 | Year 2 | Year 3 | 3-Year Average |
|--|--------|--------|--------|----------------|
| Percentage of Section 6025 Applicants Applying for Section 6025 Reserved Funds | 5% | 10% | 20% | 11.67% |

For RBDG, one additional adjustment was made to account for the difference in funding levels between the Section 6025 funds and the award levels. These adjustment factors are as follows

- RBEG: $0.942 = \$54.612 \text{ million} / \58.5 million
- RBOG: $1.0712 = \$6.9 \text{ million} / \6.5 million

Table A-2 presents these calculations.

ATTACHMENT A - DERIVATION OF SECTION 6025 APPLICANTS AND AWARDEES

Table A-2 – Calculation of Section 6025 Applicants

| Program | Number of Underlying Program Applicants – FY11 through FY13 (a) | Number of Underlying Program Applicants – FY11 through FY13 in an EDA-approved plan area (b) | Percentage of Underlying Program Applicants in an EDA-Approved Area (c) | Number of Estimated Applicants for the Underlying Program in an EDA-Approved Area (d) | Percentage of Applicants in an EDA-Approved Area that would actually apply for Section 6025 reserved funds (e) | Estimated Section 6025 Applicants (c) x (d) x (e) |
|---|--|---|--|--|---|--|
| Community Facilities Grants | 1,564 | 1,249 | 79.86 | 1,085 | 0.1167 | 101 |
| Community Facilities Direct Loans | 1,598 | 1,243 | 77.78 | 496 | 0.1167 | 45 |
| Community Facilities Guaranteed Loans | 69 | 54 | 78.26 | 54 | 0.1167 | 5 |
| Water and Waste Disposal Loans and Grants | 1,124 | 901 | 80.16 | 829 | 0.1167 | 78 |
| Water and Waste Disposal Guaranteed Loans | 17 | 13 | 76.47 | 15 | 0.1167 | 1 |
| Business and Industry Guaranteed Loans | 1,116 | 854 | 76.52 | 600 | 0.1167 | 54 |

ATTACHMENT A - DERIVATION OF SECTION 6025 APPLICANTS AND AWARDEES

Table A-2 - Calculation of Section 6025 Applicants (concluded)

| Rural Business Development Grants | Number of Underlying Program Applicants – FY11 through FY13 (a) | Number of Underlying Program Applicants – FY11 through FY13 in an EDA-approved plan area (b) | Percentage of Underlying Program Applicants in an EDA-Approved Area (c) | Number of Estimated Applicants for the Underlying Program in an EDA-Approved Area (d) | Funds Adjustment Factor (e) | Percentage of Applicants in an EDA-Approved Area that would actually apply for Section 6025 reserved funds (f) | Estimated Section 6025 Applicants (c) x (d) x (e) x (f) |
|--|--|---|--|--|--|---|--|
| RBEG | 365 | 287 | 78.63 | 234 | 0.942 | 0.1167 | 20 |
| RBOG | 1304 | 1015 | 77.84 | 715 | 1.0712 | 0.1167 | 70 |
| RBDG (RBEG plus RBOG) | | | | | | | 90 |

ATTACHMENT A - DERIVATION OF SECTION 6025 APPLICANTS AND AWARDEES

Calculation of Section 6025 Awardees

To calculate the number of underlying applicants that would be awarded Section 6025 reserved funds, the number of awardees for each program, except RBDG, was estimated by using the following data/steps:

- (1) the number of awardees that are in an area covered by an Economic Development Administration (EDA) approved plan;
- (2) the percentage of awardees in an EDA-approved plan area versus all of the program’s awardees;
- (3) multiplying the number of estimated underlying program awardees by the percentage calculated under Step 2; and
- (4) multiplying the result from Step 3 by an estimate of how many such potential awardees would have actually applied for Section 6025 reserved funds.

Table A-3 presents these calculations.

Table A-3 – Calculation of Section 6025 Awardees

| Program | Number of Underlying Program Awardees – FY11 through FY13 (a) | Number of Underlying Program Awardees – FY11 through FY13 in an EDA-approved plan area (b) | Percentage of Underlying Program Awardees in an EDA-Approved Area (c) | Number of Estimated Awardees for the Underlying Program in an EDA-Approved Area (d) | Percentage of Awardees in an EDA-Approved Area that would have actually applied for Section 6025 reserved funds (e) | Estimated Section 6025 Awardees (c) x (d) x (e) |
|---|--|---|--|--|--|--|
| Community Facilities Grants | 2,413 | 1,875 | 77.70 | 804 | 0.1167 | 73 |
| Community Facilities Direct Loans | 1,488 | 1,189 | 79.91 | 496 | 0.1167 | 46 |
| Community Facilities Guaranteed Loans | 164 | 132 | 80.49 | 32 | 0.1167 | 3 |
| Water and Waste Disposal Loans and Grants | 1,551 | 1,270 | 81.88 | 707 | 0.1167 | 68 |

ATTACHMENT A - DERIVATION OF SECTION 6025 APPLICANTS AND AWARDEES

| Program | Number of Underlying Program Awardees – FY11 through FY13 (a) | Number of Underlying Program Awardees – FY11 through FY13 in an EDA-approved plan area (b) | Percentage of Underlying Program Awardees in an EDA-Approved Area (c) | Number of Estimated Awardees for the Underlying Program in an EDA-Approved Area (d) | Percentage of Awardees in an EDA-Approved Area that would have actually applied for Section 6025 reserved funds (e) | Estimated Section 6025 Awardees (c) x (d) x (e) |
|---|--|---|--|--|--|--|
| Water and Waste Disposal Guaranteed Loans | 14 | 9 | 64.29 | 10 | 0.1167 | 1 |
| Business and Industry Guaranteed Loans | 990 | 763 | 77.07 | 550 | 0.1167 | 49 |

For RBDG, the amount of Section 6025 funding available for RBOG-related projects and for RBEG-related projects and the average size award in FY2007 for RBOG and in FY2008 for RBEG were used to estimate the number of Section awardees. These calculations are shown Table 4.

Table A-4 - Calculation of RBDG Awardees

| Project Funding | Section 6025 Funds (a) | Average Size Award (b) | Number of Awards (a) / (b) |
|------------------------|-----------------------------------|-----------------------------------|---------------------------------------|
| RBEG-type projects | \$5,850,000 | \$85,599 | 68 |
| RBOG-type projects | \$650,000 | \$64,486 | 10 |
| Total | \$6,500,000 | | 78 |

NOTE: Section 6025 funds are limited to no more than 10% of the program's total funds - \$6.5 million times 10 percent = \$6,500,000. RBOG-type projects are limited to no more than 10 percent of RBDG program funds. Thus, RBOG-type funding for Section 6025 reserved funding is equal to \$650,000, with the remainder available to RBEG-type projects.