

July 30, 2015

## **Supporting Statement for Paperwork Reduction Act Submissions**

**OMB Control Number: 1660 - 0083**

**Title: Application for Community Disaster Loan (CDL) Program**

**Form Number(s): FEMA Form 090-0-1; FEMA Form 116-0-1; FEMA Form 085-0-1; FEMA Form 090-0-2**

### **General Instructions**

A Supporting Statement, including the text of the notice to the public required by 5 CFR 1320.5(a)(i)(iv) and its actual or estimated date of publication in the Federal Register, must accompany each request for approval of a collection of information. The Supporting Statement must be prepared in the format described below, and must contain the information specified in Section A below. If an item is not applicable, provide a brief explanation. When Item 17 or the OMB Form 83-I is checked “Yes”, Section B of the Supporting Statement must be completed. OMB reserves the right to require the submission of additional information with respect to any request for approval.

### **Specific Instructions**

#### **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. Provide a detailed description of the nature and source of the information to be collected.**

The CDL Program is authorized by Section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Pub. L. 93-288, as amended, 42 U.S.C. §§ 5121-5207 (the “Stafford Act”). The Stafford Act provides policies and procedures for local governments and State and Federal officials concerning the CDL program. FEMA regulations at 44 CFR, Part 206, Subpart K, implement the statute. The Assistant Administrator may make a CDL to any local government which has suffered a substantial loss of tax or other revenues as a result of a major disaster or emergency and which demonstrates a need for Federal financial assistance in order to perform its governmental functions.

In response to the series of devastating disasters in 2008, Congress passed the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009, Pub. L. 110-329. This Act provided an additional \$7,960,000,000 for “Disaster Relief” to remain available until expended, provided that, of the amount provided, up to \$98,150,000 may be transferred to the “Disaster Assistance Direct Loan Program Account” for the cost of direct loans as authorized under section 417 of the Stafford Act (42 U.S.C. 5184), of which up to \$4,200,000 is for administrative expenses to carry out the direct loan program. Further, it is required that such transfer may be made to subsidize gross obligations for the principal amount of direct loans not to exceed \$100,000,000 under section 417 of the Stafford Act.

**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. Provide a detailed description of: how the information will be shared, if applicable, and for what programmatic purpose.**

The Assistant Administrator of the Disaster Assistance Directorate may make a Community Disaster Loan to any local government which has suffered a substantial loss of tax and other revenues as a result of a major disaster or emergency. Local governments may indicate interest in acquiring a Community Disaster Loan by contacting their Governor’s Authorized Representative (GAR). The GAR submits a letter to FEMA requesting the Community Disaster Loan Program for their State.

FEMA works directly with each applicant during the evaluation process to ensure the regulatory compliance requirements are met and assists them in completing a loan package. Along with the completed forms, the applicant submits a Letter of Application developed by FEMA during the evaluation process indicating their request for assistance in the amount determined by the FEMA evaluator.

This package includes the following forms completed by the applicant:

**FEMA Form 090-0-1**, (Certification of Eligibility for Community Disaster Loans) - This form is used to certify the eligibility of a governmental organization to receive funds from a Community Disaster Loan.

**FEMA Form 116-0-1**, (Promissory Note) - This form is used to document the terms, conditions, amount and interest associated with a Community Disaster Loan.

**FEMA Form 090-0-2**, (Application for Community Disaster Loan) – This form is used for the applicant to apply for a loan under the Community Disaster Loan (CDL) Program.

**FEMA Form 085-0-1**, (Local Government Resolution - Collateral Security) - This form is used to pledge collateral security to the Federal Emergency Management Agency (FEMA) on the Promissory Note for a Community Disaster Loan. Collateral security is required if the State is prohibited from co-signing the promissory note.

Along with these forms, the applicant submits an **Annual Financial Report** (AFR) indicating the overall financial status of the community which is used to determine funding eligibility by FEMA. This report is part of a list of documents provided by the assigned analyst to the applicant. The AFR is submitted directly to the analyst for calculation purposes.

**Letter of Application** – A local government letter is submitted through the GAR if there is a need for financial assistance in order to perform its governmental functions. The GAR submits a letter on behalf of those applicants within that state to FEMA so the applicant may be evaluated for eligibility. The letter is prepared by the analyst upon completion of the analysis and provided to the applicant to print in their letterhead. This letter accompanies the loan application packet submitted to State, then FEMA Region and ultimately FEMA Headquarters. We estimate gathering of information by the analyst plus applicant printing of letter in their letterhead should take no more than 1 hour.

**Standard Form 1199A**, A Direct Deposit Sign Up form –provided by Health and Human Services on their website: [1199A Direct Deposit Form](http://www.dpm.psc.gov/grant_recipient/grantee_forms.aspx?explorer.event=true) ([http://www.dpm.psc.gov/grant\\_recipient/grantee\\_forms.aspx?explorer.event=true](http://www.dpm.psc.gov/grant_recipient/grantee_forms.aspx?explorer.event=true)) is used to establish the account at a financial institution to which CDL funds will be transferred. The program office uses this form to create direct deposit accounts for eligible applicants to receive loan funds. The burden for this form is not calculated in this collection activity, however is captured by the U.S. Department of Treasury under OMB Control# 1510-0007.

**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.**

This information collection does not include electronic or web-based capabilities for submission. While electronic versions of the forms are available to fill out, a hard copy must be printed, signed and submitted. Once FEMA receives the collection, the information is scanned and stored electronically on a FEMA server. However, this information is never made available over the World Wide Web.

In order to provide faster service to applicants in terms of filling out the collection, electronic versions of the forms are provided to each applicant by FEMA representatives. These electronic versions are stored internally for DHS at:

[http://on.fema.net/employee\\_tools/forms/Pages/fema\\_forms.aspx](http://on.fema.net/employee_tools/forms/Pages/fema_forms.aspx) and may not be downloaded by the applicants. A signed hard copy of each form in the collection is required to verify the financial condition of the local government, 0% of the collection is submitted electronically.

**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.**

This information is not collected in any form, and therefore is not duplicated elsewhere.

**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.**

This information collection does not have an impact on small businesses or other small entities.

**6. Describe the consequence to Federal/FEMA program or policy activities if the collection of information is not conducted, or is conducted less frequently as well as any technical or legal obstacles to reducing burden.**

Failure to conduct this information collection will result in FEMA's inability to implement the mandates of the Stafford Act concerning the CDL program and FEMA regulations 44 CFR, Part 206, Subpart K. Furthermore, the scope and magnitude of the 2008 disasters makes collecting this information vital for affected communities.

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

**(a) Requiring respondents to report information to the agency 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.**

**(c) Requiring respondents to submit more than an original and two copies of any document.**

**(d) Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years.**

**(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.**

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

**(g) That includes 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.**

**(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.**

This information collection is conducted in a manner consistent with the guidelines in 5 CFR 1320.5(d)(2).

#### **8. Federal Register Notice:**

**a. Provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

A 60-day Federal Register Notice inviting public comments was published on April 10, 2015, 80 FR 19336. No comments were received. See attached copy of the published notice included in this package.

A 30-day Federal Register Notice inviting public comments was published on June 29, 2015, 80 FR 37002. No comments were received. See attached copy of the published notice included in this package.

**b. 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, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.**

During the provision of loans after Hurricane Katrina and subsequent disasters, FEMA has worked with five (5) GARs to utilize these forms in order to administer over 150 loans providing over \$1.2 billion in loans. When the loan disbursements are approved and the loans reviewed for cancellation, FEMA confers with the GAR and other State

Representatives. There have been no complaints with the process or the forms required to implement it. Each GAR and State Representative was satisfied with the process and results.

**c. Describe consultations with representatives of those from whom information is to be obtained or those who must compile records. Consultation should occur at least once every three years, even if the collection of information activities is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.**

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

FEMA does not provide payments or gifts to respondents in exchange for a benefit sought.

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

A Privacy Threshold Analysis (PTA) was completed by FEMA and adjudicated by the DHS Privacy Office on December 9, 2014.

This collection is covered by an existing Privacy Impact Assessment (PIA), DHS/FEMA 013 – Grant Management Programs, approved by DHS on July 14, 2009. The existing System of Record Notice (SORN) is DHS/FEMA-009 - Hazard Mitigation Disaster Public Assistance and Disaster Loan Programs published in the Federal Register on March 24, 2014 at 79 FR 16015.

There are no assurances of confidentiality provided to the respondents for this information collection.

**11. Provide additional justification for any question of a sensitive nature (such as sexual behavior and attitudes, religious beliefs and other matters that are commonly considered private). This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information,**

**the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**

There are no questions of sensitive nature related to this Program or collection.

**12. Provide estimates of the hour burden of the collection of information. The statement should:**

**a. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated for each collection instrument (separately list each instrument and describe information as requested). Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desired. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**

The number of potential respondents is 50 based upon a likely average loan amount below \$2 million and a ceiling authority of \$5 million. Applicants must only respond one time. Burden hours were estimated based upon historical experience dating back a decade or more as well as recent experience implementing the program in 2014.

It is anticipated that 50 respondents will complete **FEMA Form 090-0-1**, Certification of Eligibility for Community Disaster Loans. Each respondent will only complete the form once and each response will require 2.5 hours (150 minutes) of burden time to complete the form and acquire the appropriate signatures. The total annual hour burden is  $50 \times 2.5$  hours = 125 annual hours.

It is anticipated that 50 respondents will complete **FEMA Form 116-0-1**, Promissory Note. Each respondent will only complete the form once and each response will require 4.0 hours of burden time to complete the form and acquire the appropriate signatures. The total annual hour burden is  $50 \times 4.0$  hours = 200 annual hours.

It is anticipated that 50 respondents will complete **FEMA Form 085-0-1**, Local Government Resolution - Collateral Security. Each respondent will only complete the form once and each response will require 10.0 hours of burden time to complete the form and acquire the appropriate signatures. The total annual hour burden is  $50 \times 10.0$  hours = 500 annual hours.

It is anticipated that 50 respondents will complete **FEMA Form 090-0-2**, Application for Community Disaster Loan. Each respondent will only complete the form once and each

response will require 1.0 hours of burden time to complete the form and acquire the appropriate signatures. The total annual hour burden is 50 x 1.0 hours = 50 annual hours.

It is anticipated that 50 respondents will complete the **Annual Financial Report**. Each respondent will only complete the report once and each response will require 1.0 hour of burden time to complete the report and acquire the appropriate signatures. The total annual hour burden is 50 x 1.0 hours = 50 annual hours.

It is anticipated that 50 respondents will submit a Local government letter (**Letter of Application**) through the GAR. Each respondent will only complete the request once and each response will require 1.0 hour of burden time to complete the letter and acquire the appropriate signatures. The total annual hour burden is 50 x 1.0 hours = 50.0 annual hours.

**b. If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.**

**c. Provide an estimate of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. NOTE: The wage-rate category for each respondent must be multiplied by 1.4 and this total should be entered in the cell for “Avg. Hourly Wage Rate”. The cost to the respondents of contracting out or paying outside parties for information collection activities should not be included here. Instead this cost should be included in Item 13.**

Estimated Annualized Burden Hours and Costs								
Type of Respondent	Form Name / Form Number	No. of Respondents	No. of Responses per Respondent	Total No. of Responses	Avg. Burden per Response (in hours)	Total Annual Burden (in hours)	Avg. Hourly Wage Rate	Total Annual Respondent Cost
State, Local or Tribal Government	Certification Of Eligibility For Community Disaster Loans / FEMA Form 090-0-1	50	1	50	2.5 hours (150 mins.)	125	\$64.34	\$8,042.50
State, Local or Tribal Government	Promissory Note / FEMA Form 116-0-1	50	1	50	4 hours	200	\$64.34	\$12,868.00



State, Local or Tribal Government	Local Government Resolution - Collateral Security / FEMA Form 085-0-1	50	1	50	10 hours	500	\$64.34	\$32,170.00
State, Local or Tribal Government	Application for Community Disaster Loan / FEMA Form 090-0-2	50	1	50	1 hour	50	\$64.34	\$3,217.00
State, Local or Tribal Government	Annual Financial Report	50	1	50	1 hour	50	\$43.81	\$2,190.50
State, Local or Tribal Government	Letter of Application	50	1	50	1 hour	50	\$64.34	\$3,217.00
<b>Total</b>		<b>50</b>		<b>300</b>		<b>975</b>		<b>\$61,705.00</b>

- Note: The "Avg. Hourly Wage Rate" for each respondent includes a 1.4 multiplier to reflect a fully-loaded wage rate.

According to the U.S. Department of Labor, Bureau of Labor Statistics website ([www.bls.gov](http://www.bls.gov)) the median wage rate category for local government management occupation is estimated to be \$64.34 per hour including the 1.4 wage rate multiplier, therefore, the estimated burden hour cost to respondents' local government financial management occupation is estimated to be \$59,514.50 annually.

According to the U.S. Department of Labor, Bureau of Labor Statistics website ([www.bls.gov](http://www.bls.gov)) the median wage rate category for local government accountants/auditors occupations is estimated to be 43.81 per hour (1.4 increase included), therefore, the estimated burden hour cost to respondents local government's management accountants/auditors occupation is estimated to be \$2,190.50 annually.

Note: 1.4 percent was added to account for benefits paid by the employer; the total average burden hour cost to respondents is \$61,705.00.

**13. Provide an estimate of the total annual cost burden to respondents or record-keepers resulting from the collection of information. The cost of purchasing or**

contracting out information collection services should be a part of this cost burden estimate. (Do not include the cost of any hour burden shown in Items 12 and 14.)

The cost estimates should be split into two components:

a. Operation and Maintenance and purchase of services component. These estimates should take into account cost associated with generating, maintaining, and disclosing or providing information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred.

b. Capital and Start-up-Cost should include, among other items, preparations for collecting information such as purchasing computers and software, monitoring sampling, drilling and testing equipment, and record storage facilities.

There are no record keeping, capital, start-up or maintenance costs associated with this information.

14. Provide estimates of annualized cost to the federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing and support staff), and any other expense that would have been incurred without this collection of information. You may also aggregate cost estimates for Items 12, 13, and 14 in a single table.

Annual Cost to the Federal Government	
Item	Cost (\$)
Contract Costs - Contractors (Fluor, NISTAC, and ERPMC) are utilized to analyze financial data to determine eligibility per the Regulations. They are paid from Task Orders associated with Community Disaster Loan funds allocated in the Law.	\$1,000,000
Staff Salaries* [1 of GS-12, step 01 FEMA employees spending approximately 10% of time annually dedicated to reviewing and processing this data collection. [ $\$76,378 \times 10\% \times 1.4 = 10,692.92$ ]	\$10,692.92
Facilities [cost for renting, overhead, etc. for data collection activity]	
Computer Hardware and Software [cost of equipment annual lifecycle]	
Equipment Maintenance [cost of annual maintenance/service agreements for equipment]	
Travel	
<b>Total</b>	<b>\$ 1,010,692.92</b>

\* Note: The "Salary Rate" includes a 1.4 multiplier to reflect a fully-loaded wage rate.

Estimated annual cost to the Federal government totals \$1,010,692.92 allocated between FEMA staff spending approximately 10% of their time involved in collection-related activities for ( $\$76,378 \times 10\% \times 1.4 = \$10,692.92$ ) and contractor expenses (\$1,000,000 at \$20,000 per week). Contract funding comes from a congressional appropriation which has averaged \$1,000,000 to administer 50 loans. FEMA staff oversight of contractor

activities is directly related to the collection and included in the estimated cost to the Federal Government. The assumption being 50 loans, 25 weeks' worth of work, and one (1) loan completed by a single contractor per week and one (1) FEMA staff member overseeing operations per week. In total, it will take 25 weeks' worth of contractors to complete with FEMA oversight lasting approximately 5 weeks.

**15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I in a narrative form. Present the itemized changes in hour burden and cost burden according to program changes or adjustments in Table 5. Denote a program increase as a positive number, and a program decrease as a negative number.**

*A "Program increase" is an additional burden resulting from a federal government regulatory action or directive. (e.g., an increase in sample size or coverage, amount of information, reporting frequency, or expanded use of an existing form). This also includes previously in-use and unapproved information collections discovered during the ICB process, or during the fiscal year, which will be in use during the next fiscal year.*

*A "Program decrease", is a reduction in burden because of: (1) the discontinuation of an information collection; or (2) a change in an existing information collection by a Federal agency (e.g., the use of sampling (or smaller samples), a decrease in the amount of information requested (fewer questions), or a decrease in reporting frequency).*

*"Adjustment" denotes a change in burden hours due to factors over which the government has no control, such as population growth, or in factors which do not affect what information the government collects or changes in the methods used to estimate burden or correction of errors in burden estimates.*

Itemized Changes in Annual Burden Hours						
Data Collection Activity/Instrument	Program Change (hours currently on OMB Inventory)	Program Change (New)	Difference	Adjustment (hours currently on OMB Inventory)	Adjustment (New)	Difference
Certification of Eligibility For Community Disaster Loans / FEMA Form 090-0-1			0	125	125	0
Promissory Note / FEMA Form 116-0-1			0	200	200	0
Local Government Resolution - Collateral Security / FEMA Form 085-0-1			0	500	500	0
Application for Community Disaster Loan / FEMA Form 090-0-2			0	50	50	0
Annual Financial Report			0	50	50	0
Letter of Application			0	50	50	0
			0			0

**Explain:**

There are no changes to the annual hour burden previously reported and there has been no change to the information being collected.

Data Collection Activity/Instrument	Program Change (hours currently on OMB Inventory)	Program Change (New)	Difference	Adjustment (hours currently on OMB Inventory)	Adjustment (New)	Difference
Certification Of Eligibility For Community Disaster Loans / FEMA Form 090-0-1			\$ -	\$ 6,165.00	\$ 8,042.50	\$ 1,877.50
Promissory Note / FEMA Form 116-0-1			\$ -	\$ 9,864.00	\$ 12,868.00	\$ 3,004.00
Local Government Resolution - Collateral Security / FEMA Form 085-0-1			\$ -	\$ 24,660.00	\$ 32,170.00	\$ 7,510.00
Application for Community Disaster Loan / FEMA Form 090-0-2			\$ -	\$ 2,466.00	\$ 3,217.00	\$ 751.00
Annual Financial Report			\$ -	\$ 1,902.00	\$ 2,190.50	\$ 288.50
Letter of Application			\$ -	\$ 2,466.00	\$ 3,217.00	\$ 751.00
			\$ -			\$ -
<b>Total</b>	\$ -	\$ -	\$ -	\$ 47,523.00		\$ 14,182.00

**Explain:**

The government cost difference of \$14,182.00 is a wage increase from the previous approval. This is an increase in cost from the previous OMB Inventory based solely on new wage rates and not added burden. The previous submission had incorrect data and has now been adjusted to reflect accurate information.

**16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.**

FEMA does not intend to employ the use of statistics or the publication thereof for this information collection.

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

FEMA will display the expiration date for OMB approval of this information collection.

**18. Explain each exception to the certification statement identified in Item 19 “Certification for Paperwork Reduction Act Submissions,” of OMB Form 83-I.**

FEMA does not request an exception to the certification of this information collection.

## **B. Collections of Information Employing Statistical Methods.**

There is no statistical methodology involved in this collection.