

2015 SUPPORTING STATEMENT

7 CFR PART 4280-E, RURAL BUSINESS DEVELOPMENT GRANTS (OMB No. 0570-NEW)

A. Justification

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

Agricultural Act of 2014, Public Law 113-79 (2014 Farm Bill) (7 USC 1932(c)), authorizes the Rural Business Development Grant (RBDG) program to facilitate the development of small and emerging private businesses, industries, and related employment as well as identifying and analyzing business opportunities, establishing business support centers, and providing training, technical assistance, and planning for improving the economy in rural communities.

7 CFR 4280, Subpart E is a Rural Business-Cooperative Service (RBS) regulation which covers the administration of this program, including eligibility requirements and evaluation criteria to make funding selection decisions. While this is a new requirement, the programs involved are not new and already have Paperwork Reduction Act packages assigned to them. OMB No. 0570-0024, Rural Business Opportunity Grants and OMB No. 0570-0022, Rural Business Enterprise Grants and Television Demonstration Grants.

The reporting burden to be cleared with this request includes the submission of documentation to support selection priority points such as evidence of experience, commitment by other funding sources, evidence of loans that are needed, commitment by business of jobs created or saved, and evidence that the proposed project is covered by a plan; and reporting requirements after grant approval.

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.

The various forms and narrative requirements contained within this regulation are collected from applicants who are public bodies and private nonprofit organizations, and Indian Tribes. This information is for determining such factors as: (1) eligibility; (2) the specific purposes for which grant funds will be utilized; (3) timeframes or dates by which actions surrounding the use of funds will be accomplished; (4) who will be carrying out the purposes for which the grant is made; (5) project priority; (6) applicants' experience in administering a rural economic development program; (7) employment improvement; and (8) mitigation of economic distress of a community through the creation or salvation of jobs or emergency situations. This information is collected in the process of developing the full application and is gathered in the RBS field offices.

Grant selection priority points will be provided for applicants based on evidence of experience, commitment by small businesses, commitment by other funding sources, commitment by business of jobs created or saved, and evidence that the proposed project is covered by a plan.

The average funding for this program in the past 3 fiscal years was \$30.6 million. A summary of the reporting burden to be cleared with this request is described as follows:

REPORTING REQUIREMENTS – NO FORMS

Request for Appeal

This is a letter from the grantee requesting a review of any adverse decision made by RBS, which affects the grantee.

Estimate 130 responses for a total of 65 burden hours.

Intergovernmental Consultations

This consultation is required in accordance with Executive Order 12372.

Estimate 540 responses for a total of 1,080 burden hours.

Organizational Documents

Copies of organizational documents, such as Articles of Incorporation, Bylaws, and certificates of good standing, are part of the grant application. They are needed so RBS can be sure the applicant is a legal entity with authority to make commitments and perform the activities called for under the proposed grant. They also indicate who is officially in control of the applicant organization.

Estimate 920 responses for a total of 920 burden hours.

Scope of Work

The scope of work will be prepared by the applicant and will be used for applications involving a purpose other than a construction project. It will explain the proposed use of grant funds, timeframes for actions, key personnel to be utilized, use of other than RBDG grant funds, etc., and will be used to monitor what is accomplished by the grantee.

Estimate 920 responses for a total of 36,800 burden hours.

Evidence of Commitment by Small Business

The applicant must provide evidence that a small business development will occur by startup or expansion as a result of the activities to be carried out under the grant. This evidence must be in the form of a written commitment by the small business, with details on its startup or expansion plans.

Estimate 920 responses for a total of 920 burden hours.

Evidence of Experience

The applicant must provide evidence of at least 5 years of successful experience in the type of activity proposed in the application. Evidence of successful experience must be in writing and may be (1) a description of experience supplied and certified by the applicant, or (2) a letter of support from appropriate local elected officials explaining the applicant's experience.

Estimate 920 responses for a total of 920 burden hours.

Financial Information

This part of the application helps RBS to ensure that an applicant has the financial stability to remain in operation and supplement the grant funds as necessary to accomplish the grant purposes.

Estimate 920 responses for a total of 460 burden hours.

Evidence of Commitment by Other Funding Sources

The applicant may provide evidence that a substantial commitment of funds from non-Federal sources will be available for the project. An authorized representative of the source organization of the non-Federal funds must provide written evidence that the funds available will be used for the proposed project.

Estimate 540 responses for a total of 270 burden hours.

Budget

For technical assistance projects, the applicant must provide a written scope of work which includes a budget with a breakdown of salaries fringe benefits, consultant costs, indirect costs, and other appropriate direct costs for the project.

Estimate 450 responses for a total of 900 burden hours.

Brief Narrative on Selection Priorities

Applicants are asked to provide a brief narrative which would include items such as: proposed service to be provided/projects to be funded, data on economic conditions, data on who the grantee will serve, and the grantee's experience in providing the proposed service, need for a revolving fund, grantees financial ability to administer a revolving loan fund, and other funds available to leverage funds made available by this program. This information will be used by RBS to determine the priority score of the proposed project.

Estimate 920 responses for a total of 3,680 burden hours.

Commitment by Business of Jobs Created and Supported

The number of jobs to be created and/or supported by the proposed project must be evidenced in writing from the business to be assisted.

Estimate 920 responses for a total of 920 burden hours.

Evidence Project is Covered by a Plan

The applicant may provide evidence that the proposed project is consistent with economic development plans for the area. Appropriate plan references and copies of appropriate sections of the plan, as well as plan adoption by appropriate governmental officials, should be provided.

Estimate 920 responses for a total of 920 burden hours.

Appraisal Report

Appraisal reports will be supplied to determine the fair market value of land being purchased with grant funds.

Estimate 72 responses for a total of 288 burden hours.

Project Performance Report

Applicants are required to submit project performance reports in accordance with 2 CFR 200. These reports are necessary to monitor the appropriate use of the grant funds. The project performance report shall include, but need not be limited to:

1. a comparison of actual accomplishments to objectives established for that period;
2. reasons why established objectives were not met;
3. problems, delays, or adverse conditions which will materially affect attainment of planned project objectives, prevent the meeting of time schedules or objectives, or preclude the attainment of project work elements during established time periods. This disclosure shall be accompanied by a statement of the action taken or contemplated to resolve the situation.
4. objectives established for the next reporting period; or
5. status of compliance with any special conditions on the use of grant funds.

Estimate 1,800 responses for a total of 3,600 burden hours.

Evidence of Fidelity Bond Insurance

Fidelity bonds are required for an amount equal to the greatest amount of funds on hand by the grantee. This is to assure that if funds are somehow lost, stolen, misappropriated, etc., that the actual loss to the grantee will be mitigated, and that purposes of the grant will continue.

Estimate 450 responses for a total of 450 burden hours.

Audit Report

The audit requirements only apply to the year(s) in which grant funds are expended. Grantees expending \$750,000 or more of Federal assistance per year must submit an audit in accordance with the requirements of 2 CFR 200.

Estimate 25 responses for a total of 150 burden hours.

Plan to Provide Financial Assistance to Third Parties

The plan to provide financial assistance to third parties from a revolving fund established, in part, with RBDG grant funds will provide RBS with information regarding the project to be financed, sources of all non-RBDG funds, amount of technical assistance, purpose of loans/grants, number of jobs to be created or saved with each project, project priority, length of time for completion of each project, and other relevant information. This information will be used to ensure that loans made as a direct result of grant funds are being utilized in accordance with RBS regulations, include EEO laws, environmental regulations and will help ensure that the objectives and purpose of the grant program are met.

Estimate 130 responses for a total of 2,080 burden hours.

REPORTING REQUIREMENTS – FORMS

AD-1049 “Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I – For Grantees Other Than Individuals”

This form will be executed by the applicant no later than grant closings to certify that the Drug-Free Workplace requirements will be met. The use of this form complies with 2 CFR 200 and 2 CFR 400.

Estimate 450 responses for a total of 113 burden hours.

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

This form certifies that the applicant is not presently debarred, suspended, or voluntarily excluded from covered transactions by any Federal department or agency.

Estimate 450 responses for a total of 113 burden hours.

Form AD-1048, “Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions”

This form certifies that lower tier participants are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation by any Federal department or agency.

Estimate 450 responses for a total of 113 burden hours.

Standard Form LLL, “Disclosure of Lobbying Activities”

All applicants are required to complete this form, regardless of their involvement in lobbying activities.

Estimate 450 responses for a total of 72 burden hours.

SF-424 “Application for Federal Assistance” (Common Form)

This form will be utilized for applications for the program. Applicants for RBDG grants are requested to provide detailed information for RBS to use in determining eligibility and priority for available funds. The information will be utilized by RBS to determine that applicants meet the eligibility criteria mandated by law and have the capability and resources to carry out the proposed projects.

The application and related information will be used by RBS to approve RBDG grants. The applicants are asked to provide a minimum amount of additional information with their applications.

Estimate 920 responses for a total of 1,840 burden hours.

SF-270 “Request for Advance or Reimbursement”

This form will be submitted by the grantee and used by RBS to disburse grant funds. The use of this form complies with 2 CFR 200.

Estimate 5,400 responses for a total of 5,400 burden hours.

REPORTING REQUIREMENTS – FORMS APPROVED UNDER OTHER OMB NUMBERS

Form RD 400-1, “Equal Opportunity Agreement” OMB No. (0575-0018)

All applicants and recipients are required to complete this form to comply with Equal Opportunity requirements.

Estimate 450 responses for a total of 113 burden hours.

Form RD 1940-20, “Request for Environmental Information” OMB No. (0575-0094)

The applicant is required to submit RD-1940-20 to inform the Agency of any environmental impacts that could affect the proposed project.

Estimate 450 responses for a total of 2,700 burden hours.

Form RD 1942-46, “Letter of Intent to Meet Conditions” OMB No. (0575-0015)

The applicant signs this form to certify that it understands all of the conditions discussed in the Letter of Conditions and provides a deadline date to meet all of the conditions.

Estimate 450 responses for a total of 450 burden hours.

SF-425 “Federal Financial Report” OMB No. (0348-0061)

This form will be used by RBS to monitor quarterly the financial status of the grantee. The use of this form complies with 2 CFR 200.

Estimate 1,644 responses for a total of 2,466 burden hours.

Form RD 1951-4, “Report of IRP/RDLF Lending Activity” OMB No. (0570-0015)

The grantee will submit this form on a quarterly basis until all funds have been loaned out and then submitted semiannually thereafter. RBS will use this form to monitor the operation of the revolving loan fund.

Estimate 300 responses for a total of 300 burden hours.

Form RD 400-4, “Assurance Agreement” OMB No. (0575-0018)

All applicants and recipients are required to complete this form to comply with Civil Rights acts and laws.

Estimate 450 responses for a total of 113 burden hours.

RECORDKEEPING REQUIREMENTS

Financial Records

Grantees must maintain financial management systems and retain financial records in accordance with standards prescribed in 2 CFR 200, as appropriate, in accordance with terms and conditions of the grant. Grantee records must include an accurate accounting and must document how these funds are used.

Estimate 450 responses for a total of 1,350 burden hours.

Property Records

Grantees must maintain property records in accordance with standards prescribed in 2 CFR 200, as appropriate, in accordance with terms and conditions of the grant.

Estimate 450 responses for a total of 1,350 burden hours.

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.

There is no electronic collection of information required by the RBDG regulation at this time. Applicants are able to apply through Grants.Gov. However, the Agency strongly encourages a non-electronic submission of application packages to the State Office as backup. This means that applicants can get forms from the Web site and complete them, but a hard copy is also requested to be sent to the State Office.

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 reviewed all grant programs it administers to determine which programs may be similar in intent and purpose. If there was a simultaneous participation in more than one Agency grant program, the Agency would make every effort to accommodate the requests within the same set of applications and processing forms. This effort is presently facilitated by assignment of management of these programs to the same program area of responsibility. If a grantee is applying for or receiving a grant from another Federal Agency, the forms and documents furnished the other Agency would be utilized to the extent possible.

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.

As stated in Item 4, if similar information is available within RBS or another Agency, every effort would be made to utilize that information as is, or in an appropriately modified form for this program.

The information to be collected is in a format to minimize the paperwork burden on small businesses and other small entities. The information collected is the minimum needed by the Agency to approved grants and monitor the grantee performance. All the businesses impacted are non-profit and do not fall under the small business designation.

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.

If the collection of information was conducted less frequently, it could have an adverse effect on the Agency's ability to administer the grant program. RBS has to determine: a) the eligibility of applicants/projects; (b) whether applicable laws and regulations are complied with; and (c) the feasibility of the project. The Agency must have a way to determine that the grant funds are to be used by eligible applicants for authorized purposes.

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

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

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

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

There are no information requirements that require specific reporting in less than 30 days.

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

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.

The regulation 7 CFR 4280, Subpart E, requires that financial records, supporting documents, statistical records, and all other records pertinent to the grant shall be retained for a period of at least 3 years after the grant closing. The exception that records shall be retained beyond the 3-year period is if audit findings have not been resolved.

- e. Not utilizing statistical sampling.

There is no such requirement.

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

No such requirement exists.

- g. Requiring a pledge of confidentiality.

There is no such requirement.

- h. Requiring submission of proprietary trade secrets.

There is no such requirement.

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 record keeping, disclosure, reporting format (if any), and on data elements to be recorded, disclosed, or reported.

The 60 day notice requesting comments was embedded in the interim final rule published on March 25, 2015, [Vol. 80, No. 57, page numbers 15665-15673]. No comments were received relating to the information collection.

The information collection contained herein and the estimates of the associated public burden were discussed with the following potential respondents:

- (1) Charlie Fawcett
Fairmont Community Development Partnership
(304) 366-7600
- (2) Ethan Park
Vermont Housing and Conservation Board
(802) 828-3250
- (3) Lori Capouch
North Dakota Association of Rural Electric Cooperatives
(701) 667-6444

Topics discussed regarding the information collection include whether the amount of estimated burden was reasonable and accurate.

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.

No assurance of confidentiality is provided to applicants and grantees. Request for and release of records and informant are handled in accordance with the Privacy Act of 1974.

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 will be no collection of any information that would be considered sensitive in nature or commonly considered private.

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

An overall total of estimated burden time, respondents and responses is as follows:

Estimated number of respondents	920
Estimated number of responses	20,517
Estimated average man-hours per response	3.2 man-hours

Total man-hour burden

64,773 hours

(see attached spreadsheet for detailed breakout)

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

There are no startup costs involved.

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

The cost to the Federal Government to collect and evaluate this information is estimated to be \$3,550,181. The estimated wage of Federal employees compiling the information is \$54.81 per hour. The OPM 2014 Salary Table for the locality pay area of the Washington, DC area was used for the basic hour wage of a GS-5/Step 7, GS-12, and GS-13. The \$33.37 hourly wage rate has been calculated by averaging these three GS levels and multiplying 36.25% by the hourly OPM wage in accordance with OMB Memorandum M-08 13 for benefits and 28% for overhead for a total of \$54.81/hour. Calculations may not add as total figures are rounded. The cost to the Government is broken down as follows:

Activity	Number	No. of hours	Rate	Total
Review pre-application materials/eligibility determination	920	40	54.81	\$2,017,008
Process application/determine funding priority	450	40	54.81	\$986,580
Approve grant and obligate funds	450	8	54.81	\$197,316
Servicing/grant closing	450	8	54.81	\$197,316
Record Keeping	450	6	54.81	\$147,987
TOTAL				\$3,546,207

The reviews, processing, and servicing are typically completed by GS-12 specialists and GS-13 program directors. The GS-5/7 state technician typically does the data entry in the computer system. Staff time will vary with appropriation levels because the amount of available resources does affect how many applicants will apply and need evaluation for funding, and how many projects will need monitoring and servicing. This estimated cost is based on the average number of applications received and grants approved and serviced in Fiscal Years 2011, 2012, 2013 and 2014 for both the Rural Business Enterprise Grant Program (OMB No. 0570-0022) and the Rural Business Opportunity Grant Program (OMB No. 0570-0024).

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

This is a new collection combining both currently approved Rural Business Enterprise Grant Program (0570-0022) and the Rural Business Opportunity Grant Program (0570-0024) through rule making. All changes are program changes.

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

The information collected is not for the purpose of 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.

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. RBS 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 83-1.

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 Rural Development Program of USDA has 47 State Offices throughout the United States. Each State Office is staffed by employees from all three agencies of Rural Development, which are Rural Business-Cooperative Service, Rural Utilities Service, and the Rural Housing Service. The State Office is a center where an applicant can go to seek assistance and conveniently have all three agencies readily available to them.