**SUPPORTING STATEMENT FOR**

**OMB CONTROL NUMBER 0584-0067**

**7 CFR PART 235 - STATE ADMINISTRATIVE EXPENSE (SAE) FUNDS**

**Susan Weeks, Program Analyst**

**Food and Nutrition Service, USDA**

**Special Nutrition Programs**

**Child Nutrition Programs**

**3101 Park Center Drive**

**Alexandria, VA 22302**

**PH: 703-305-1506**

**Susan.Weeks@fns.usda.gov**

**Table of Contents**

[A1. Circumstances that make the collection of information necessary. 2](#_Toc441523722)

[A2. Purpose and Use of the Information. 3](#_Toc441523723)

[A3. Use of the Information Technology and Burden Reduction. 7](#_Toc441523724)

[A4. Efforts to Identify Duplication. 8](#_Toc441523725)

[A5. Impacts on Small Businesses or Other Small Entities. 9](#_Toc441523726)

[A6. Consequences of Collecting the Information Less Frequently. 9](#_Toc441523727)

[A7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5. 10](#_Toc441523728)

[A8. Comments to the Federal Register Notice and Efforts for Consultation. 11](#_Toc441523729)

[A9. Explain Any Decision to Provide Any Payment or Gift to Respondents. 12](#_Toc441523730)

[A10. Assurances of Confidentiality Provided to Respondents. 12](#_Toc441523731)

[A11. Justification for Any Questions of a Sensitive Nature. 12](#_Toc441523732)

[A12. Estimates of the Hour Burden of the Collection of Information. 13](#_Toc441523733)

[A13. Estimate of Other Total Annual Cost Burden. 15](#_Toc441523734)

[A14. Provide Estimates of Annualized Cost to the Federal Government. 15](#_Toc441523735)

[A15. Explanation of Program Changes or Adjustments. 16](#_Toc441523736)

[A16. Plans for Tabulation, and Publication and Project Time Schedule. 17](#_Toc441523737)

[A17. Displaying the OMB Approval Expiration Date. 17](#_Toc441523738)

[A18. Exceptions to the Certification Statement Identified in Item 19. 17](#_Toc441523739)

**Attachments**

1. FNS-74 Federal-State Agreement
2. FNS-777 Financial Status Report
3. FNS-525 State Administrative Expense Funds Reallocation Report
4. Public Comment and FNS Response
5. Burden Chart
6. Burden Narrative
7. **JUSTIFICATION**

**Terms of Clearance:**

When the renewal of this collection was approved in May 2013, the Office of Management and Budget (OMB) issued terms of clearance for the approval. These terms stated that the renewal was approved with the understanding that an information collection request (ICR) for the Food Programs Reporting System (FPRS) would be submitted in 2013. An ICR containing FNS-777 Financial Status Report (one of the forms approved under OMB control # 0584-0067 CFR Part 235 – State Administrative Expense (SAE) Funds) was submitted to OMB on July 10, 2013. OMB approved the collection under OMB control # 0584-0594 on June 9, 2014.

# A1. 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.**

This is a revision of a currently approved collection. The authority for this collection is provided for in Sections 7 and 10 of the Child Nutrition Act of 1966, 80 Stat. 888, 889, as amended (42 U.S.C. 1776, 1779). The title of Section 7 is STATE ADMINISTRATIVE EXPENSES and the title of Section 10 is REGULATIONS. As required, the Food and Nutrition Service (FNS) issued regulations in 7 CFR Part 235, which prescribes the methods for making payments of funds to State agencies to use for administrative expenses incurred in supervising and giving technical assistance in connection with activities undertaken by them under the National School Lunch Program (NSLP) (7 CFR part 210), the Special Milk Program (SMP) (7 CFR part 215), the School Breakfast Program (SBP) (7 CFR part 220), the Child and Adult Care Food Program (CACFP) (7 CFR part 226) and the Food Distribution Program (FDP) (7 CFR part 250). This information collection is required to administer these Programs in accordance with the Act. All of the reporting and recordkeeping requirements associated with this collection are currently approved by the Office of Management and Budget and are in force.

# A2. Purpose and Use of the Information.

**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 purpose of this collection is stated in the PART 235—STATE ADMINISTRATIVE EXPENSE FUNDS regulations (*7 CFR 235.1*) which implements “the methods for making payments of funds to State agencies for use for administrative expenses incurred in supervising and giving technical assistance in connection with activities undertaken by them under the National School Lunch Program (7 CFR part 210), the Special Milk Program (7 CFR part 215), the School Breakfast Program (7 CFR part 220), the Child and Adult Care Food Program (7 CFR part 226) and the Food Distribution Program (7 CFR part 250).”

The collection of this information is mandatory since the Federal regulations in 7 CFR Part 235 SAE Funds require the collection of information associated with this collection.

The respondents for reporting information consist of the State educational agencies, alternate State Agencies, and State distributing agencies that have executed Federal-State Agreements (form FNS-74) with the Food and Nutrition Service (FNS) for the administration of the NSLP, SBP, SMP, CACFP, FDP, or some combination thereof. Some States have more than one State agency administering these Programs; therefore, the number of respondents is greater than the number of States (plus the District of Columbia, Guam, Puerto Rico, and Virgin Islands).

This information collection covers both reporting (Federal-State Agreement, information reported on SFAs participating in the NSLP or CSP, the SAE Plan, and the SAE Funds Reallocation Report), and recordkeeping (Federal-State Agreements, accounting records and records of the expenditures of funds collected through the Financial Status Report) requirements. These requirements are described in further detail below.

**Federal-State Agreement (FNS-74)**

7 CFR 235.3(b) states that “Each State agency desiring to receive payments under this part shall enter into a written agreement (FNS-74) with the Department for the administration of the child nutrition programs in accordance with the applicable requirements of this part, 7 CFR parts 210, 215, 220, 225, 226, 245, 15, 15a, 15b and 2 CFR parts 200, 400, 415, 416, 417, 418, and 421.” Each agreement shall cover the operation of the Program during the period specified therein and may be extended at the option of the Department. The agreement specifies the legislative and regulatory authority, Civil Rights nondiscrimination compliance, and general terms and conditions for the administration of the Programs. 7 CFR Part 250.12(a) establishes that the agreement between the Department and State distributing agencies administering the Food Distribution Program is permanent, with amendments as needed.

Revisions to FNS-74 are also proposed as part of this renewal. The revisions update language especially in the section on Civil Rights and also incorporated the existing amendment into the agreement. The revised FNS-74 form was included with the Federal Register Notice and the final version is included as Attachment A.

**Information Reported on SFAs Participating in the NSLP or CSP**

7 CFR 235.7(b) states that “Each State agency shall also submit an annual report containing information on School Food Authorities (SFAs) under agreement with the State agency to participate in the National School Lunch or Commodity School Programs.” This data is necessary to perform the formula allocation of SAE funds since FNS reports do not collect the number of SFAs. The number of SFAs that meet the definition of “large” SFA is also collected. There is no form associated with reporting this information to FNS. Instead, the information submitted to FNS for the previous SAE formula allocation is updated by the SAs and sent to FNS via email.

**State Administrative Expense (SAE) Plan**

7 CFR 235.5(b)(1) states that “Each State agency shall submit, subject to FNS approval, an initial State Administrative Expense plan based upon guidance provided by FNS.” 7 CFR 235.5(c) states that “A State agency may amend its plan at any time to reflect changes in funding or activities, except that, if such changes are substantive, the State agency shall amend its plan in accordance with guidance provided by FNS.” 7 CFR 235.5(b)(5) states that “State agencies shall implement their approved plans (as amended). FNS shall monitor State agency implementation of the plans through management evaluations, State agency reports submitted under this part, audits, and through other available means.”

**Financial Status Report (FNS-777)**

7 CFR 235.7(b) states that “Each State agency shall submit to FNS a quarterly Financial Status Report (FNS-777) on the use of State administrative expense funds provided for each fiscal year.” The final report for each fiscal year serves as the basis for closing out that fiscal year’s Letter-of-Credit. State Distributing Agencies (SDAs) receiving their SAE funds by U.S. Treasury Check submit one final report on SAE funds usage at the end of each fiscal year. Since the previous renewal of this collection in May 2013, this form and its associated reporting burden was transferred into OMB Control # 0584-0594 Food Programs Reporting System (FPRS) (expiration date June 30, 2017), so FNS is now removing this reporting burden from this collection. However, the recordkeeping burden under 7 CFR 235.7(a) and 235.11(a) is still maintained in this collection. The FPRS screen prints of FNS-777 are included as Attachment B.

**SAE Funds Reallocation Report (FNS-525)**

7 CFR 235.5(d) states that “Annually, between March 1 and May 1 on a date specified by FNS, of each year, each State agency shall submit to FNS a State Administrative Expense Funds Reallocation Report (FNS-525) on the use of SAE funds.” This report is Attachment C.

**Recordkeeping Requirements**

7 CFR 235.7(a) states that “Each State agency shall keep records on the expenditure of State administrative expense funds. Such records shall conform with the applicable State plan for use of State administrative expense funds. The State agency shall make such records available, upon a reasonable request, to FNS, OIG, or the U.S. Comptroller General and shall maintain current accounting records of State administrative expense funds which shall adequately identify fund authorizations, obligations, unobligated balances, assets, liabilities, outlays and income. The records may be kept in their original form or on microfilm, and shall be retained for a period of three years after the date of the submission of the final Financial Status Report, subject to the exceptions noted.” “Records for nonexpendable property acquired with State Administrative Expense Funds shall be retained for three years after its final disposition.”

Subsection 7(f) of the Child Nutrition Act requires FNS to pay SAE funds “only to States that agree to maintain a level of funding out of State revenues, for administrative costs in connection with programs under this Act and the National School Lunch Act, not less than the amount expended or obligated in Fiscal Year 1977.” 7 CFR 235.11(a) states that “State agencies shall follow the provisions specified in identifying and documenting expenditures of funds from State revenues to meet the State funding requirement.”

# A3. Use of the Information Technology and Burden Reduction.

**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.**

FNS is committed to complying with the E-Government Act, 2002 to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes. All State agencies that receive State Administrative Expense funds submit data to FNS electronically via the Food Programs Reporting System (FPRS) at (<https://fprs.fns.usda.gov>) using the FNS-777 Financial Status Report (covered under 0584-0594). Additionally, FNS uses electronic transfer of funds to allow State Agencies to withdraw funds. There is a small amount of non-electronic submissions that are sent via email or flash drive or facsimile, such as the submission of amendments to a SAE plan or an amended signed Federal-State Agreement (FNS-74). FNS estimates that upon OMB approval of this revision to the collection that none of the information will be collected electronically.

# A4. Efforts to Identify Duplication.

**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 Question 2.**

There is no similar information collection available. Every effort has been made to avoid duplication. FNS has reviewed USDA reporting requirements and state administrative agency requirements. FNS solely administers and monitors SAE funds.

# A5. Impacts on Small Businesses or Other Small Entities.

**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.**

Information being requested or required has been held to the minimum required for the intended use. State agencies are not considered small entities as state populations exceed the 50,000 threshold for a small government jurisdiction; therefore, they do not meet the definition of ‘‘small entity’’ in the Regulatory Flexibility Act. None of respondents are small entities.

# A6. Consequences of Collecting the Information Less Frequently.

**Describe the consequence 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.**

The information is collected for the purpose of administering an ongoing program. Information is collected quarterly and annually since SAE funds are appropriated and made available to SAs on a fiscal year basis. The Federal-State Agreement for NSLP, SBP, SMP, CACFP, and FDP authorizes apportionment of funds on a fiscal year basis. If the information is not collected or is collected less frequently, FNS would not be able to properly fund State agencies to administer these Programs and would not be able to monitor funding.

# A7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5.

**Explain any special circumstances that would cause an information collection to be conducted in a manner that is inconsistent with 5 CFR 1320.5:**

* **Requiring respondents to report informa­tion to the agency more often than quarterly;**
* **Requiring respondents to prepare a writ­ten response to a collection of infor­ma­tion in fewer than 30 days after receipt of it;**
* **Requiring respondents to submit more than an original and two copies of any docu­ment;**
* **Requiring respondents to retain re­cords, other than health, medical, governm­ent contract, grant-in-aid, or tax records for more than three years;**
* **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;**
* **Requiring the use of a statis­tical data classi­fication that has not been re­vie­wed and approved by OMB;**
* **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; or**
* **Requiring respondents to submit propri­etary trade secret, or other confidential information unless the agency can demon­strate that it has instituted procedures to protect the information's confidentiality to the extent permit­ted by law.**

There are no other special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.5.

# A8. Comments to the Federal Register Notice and Efforts for Consultation.

**If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency’s notice, required by 5 CFR 1320.8(d), 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 notice was published on February 23, 2016 in the Federal Register, Vol. 81, No. 35, pp. 8898 - 8899. The comment period ended April 25, 2016. One comment was received in response to the agency’s notice. The commenter recommended adding language from the Department of Justice (DOJ). The civil rights division of FNS evaluated the recommended language and concluded that the substance of the DOJ language was already incorporated into the revisions made by the FNS civil rights division. The comment and FNS response is in Attachment D.

**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.**

FNS consults with its Regional Offices regarding any proposed changes as a result of legislative, regulatory or administrative changes. Regional offices are in contact with State agencies which provide feedback on FNS processes and procedures for this information collection.

# A9. Explain Any Decision to Provide Any Payment or Gift to Respondents.

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

No payment or gift was provided to respondents.

# A10. Assurances of Confidentiality Provided to Respondents.

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

The Department will comply with the Privacy Act of 1974. No confidential information is associated with this information collection.

# A11. Justification for Any Questions of a Sensitive Nature.

**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. 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 a sensitive nature included in this information collection.

# A12. Estimates of the Hour Burden of the Collection of Information.

**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:**

**Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. 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.**

This is a revision of a currently approved collection. The respondents for this collection consist of 84 State agencies (comprised of 51 State educational agencies in the District of Columbia, Guam, Puerto Rico, Virgin Islands and all 50 States except for Nevada, New Jersey, and Texas; 19 alternate State agencies in Arkansas, Colorado, Florida (2), Georgia, Illinois, Maine, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia; and 14 State distributing agencies in Colorado, Delaware, Kentucky, Louisiana, Nebraska, New Hampshire, New Mexico, New York, North Carolina, Pennsylvania, Rhode Island, Tennessee, Virginia, and West Virginia) that have executed agreements with FNS for the administration of the NSLP, SBP, SMP, CACFP, FDP, or some combination thereof. This revision will reduce 6,917 burden hours in the OMB information collection inventory. The following tables reflect the estimated burden associated with this information collection for each type of respondent for both reporting and recordkeeping:

**ESTIMATED ANNUAL BURDEN FOR 0584-0067, STATE AGENCY EXPENSE FUNDS – 7 CFR PART 235 – REVISION OF A CURRENTLY APPROVED COLLECTION**

|  |
| --- |
| **REPORTING** |
| **Regulation Citation** | **Description of Activities** | **Form Number** | **Estimated # of Respondents** | **Frequency of Response** | **Total Annual Responses**  | **Average Burden Hours per Response** | **Estimated Total Burden Hours**  |
| 235.3(b) | SA submits Federal-State Agreement | FNS-74 | 75 | 1 | 75 | 0.25 | 19 |
| 235.5(b)&(c) | SA submits SAE Plan and Amendments |   | 84 | 0.357 | 30 | 8 | 240 |
| 235.5(d) | SA submits SAE Funds Reallocation Report | FNS-525 | 84 | 1 | 84 | 3.67 | 306 |
| 235.7(b) | SA submits information reported on SFAs participating in NSLP or CSP |   | 56 | 1 | 56 | 1 | 56 |
|  | **Reporting Total** |   | **84** |   | **245** |   | **621** |

|  |
| --- |
| **RECORDKEEPING** |
| **Regulation Citation** | **Description of Activities** | **Form Number** | **Estimated # of Respondents** | **Frequency of Response** | **Total Annual Responses**  | **Average Burden Hours per Response** | **Estimated Total Burden Hours**  |
| 235.7(a) | The Federal-State Agreement must be kept for three years. | FNS-74 | 75 | 1 |  75 | 0.083 | 6 |
| 235.7(a) | SA maintains current accounting records of expenditure of SAE funds which adequately identify fund authorizations, obligations, unobligated balances, assets, liabilities, outlay, and income. (Includes funds carried over into subsequent FY.) | FNS-777 (allocated SAE funds) | 84 | 26 | 2,184 | 2 | 4,368 |
| FNS-777 (reallocated SAE funds) | 23 | 26 |  598 | 2 | 1,196 |
| FNS-777 (carryover SAE funds) | 67 | 1 |  67 | 2 | 134 |
| 235.9(c)&(d) | SA procurement procedures and property use and disposition |  | 84 | 1 |  84 | 3 | 252 |
| 235.11(a) | SA identifies and documents expenditures of funds from State revenues to meet the state funding requirement.  |  | 54 | 4 |  216 |  0.25 | 54 |
|  | **Recordkeeping Total** |   | **84** |   | **3,224** |   | **6,010** |

|  |
| --- |
| **BURDEN SUMMARY (OMB #0584-0067)** |
|  | **Estimated # of Respondents** | **Frequency of Response** | **Total Annual Responses**  | **Average Burden Hours per Response** | **Estimated Total Burden Hours**  |
| **Reporting Total** | **84** |   |  **245** |   | **621** |
| **Recordkeeping Total** | **84** |   | **3,224** |   | **6,010** |
| **Total Burden** | **84** | **41.297** | **3,469** | **1.9115** | **6,631** |

1. **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories.**

The estimate of respondent cost is based on the burden estimates and utilizes the U.S. Department of Labor, Bureau of Labor Statistics, May 2015 National Occupational and Wage Statistics, Occupational Group (25-0000) (<http://www.bls.gov/oes/current/oes250000.htm>). The hourly mean wage (for education-related occupations) for functions performed by State agency staff is estimated at $25.48 per staff hour.

TOTAL COST TO PUBLIC = 6,631hours X $25.48 per hour = $168,958

# A13. Estimate of Other Total Annual Cost Burden.

**Provide estimates of the total annual cost burden to respondents or record keepers resulting from the collection of information (do not include the cost of any hour burden shown in questions 12 and 14). The cost estimates should be split into two components: (a) a total capital and start-up cost component annualized over its expected useful life; and (b) a total operation and maintenance and purchase of services component.**

There are no capital/no start-up or annual operation/maintenance costs for this collection of information.

# A14. Provide Estimates of Annualized Cost to the Federal Government.

**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.**

It is estimated that federal employees receiving an average General Schedule (GS) grade 12 step 6 wage based on the 2016 Washington DC-Northern Virginia locality area hourly wage rates take approximately 960 hours to analyze data received from State agencies:

$43.32 x 960 hours = $ 41,587.20 (estimated annualized cost to the Federal government).

# A15. Explanation of Program Changes or Adjustments.

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

This is a revision of a currently approved information collection. The current approved burden is 13,548 burden hours and 12,890 responses. FNS estimates that the revised burden for this collection will be 6,631 burden hours and 3,469 responses. Refer to the Burden Chart (Attachment E) and Burden Narrative (Attachment F) for specific details. This revision updates the number of State Agencies (decreased from 87 to 84) resulting in a decrease of 321 recordkeeping burden hours. The burden for maintaining accounting records was adjusted to reflect the average frequency of updating records using biweekly electronic system processing (previously overestimated at one hour twice weekly) and increasing the time per response to 2 hours resulting in a decrease of 5,564 recordkeeping hours. The burden of documenting expenditures of funds from State sources in any fiscal year for the administration of CNP was corrected to a frequency of quarterly and the time per response was reduced in half since it is already accounted for in the quarterly recordkeeping for the FNS-777; therefore, the burden for this recordkeeping requirement has been decreased by 856 hours. In addition, the reporting burden associated with form FNS-777 Financial Status Report was removed since this burden is associated with the information collection for the Food Program Reporting System (FPRS), OMB Control Number 0584-0594, expiration date June 30, 2017, resulting in a decrease of 174 reporting hours. A correction was made in the number of respondents to reflect all respondents and responses per respondent were corrected to continue to reflect the actual number of SAE plan amendments submitted annually; this correction did not affect the burden hours. The revisions resulted in a net decrease of 6,917 total burden hours and 9,421 responses.

# A16. Plans for Tabulation, and Publication and Project Time Schedule.

**For collections of information whose results are planned to be published, outline plans for tabulation and publication.**

There are no plans to tabulate or publish any information in connection with this information collection.

# A17. Displaying the OMB Approval Expiration Date.

**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 agency plans to display the expiration date for OMB approval of the information collection on all instruments.

# A18. Exceptions to the Certification Statement Identified in Item 19.

**Explain each exception to the certification statement identified in Item 19 "Certification for Paperwork Reduction Act."**

There are no exceptions to the certification statement.