

2016
SUPPORTING STATEMENT
0572-0146

Special Evaluation Assistance for Rural Communities and Households Program

A. JUSTIFICATION

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

The Food, Conservation and Energy Act of 2008, Public Law 110-234 (Farm Bill) amended Section 306(a)(2) of the Consolidated Farm and Rural Development Act (CONACT) (7 U.S.C. 1926 (a)(2)). The amendment created a grant program to make Special Evaluation Assistance for Rural Communities and Households (SEARCH) Program grants. Under this authority, the Secretary may make grants available for no more than four percent of the total allocation for water and waste disposal activities.

Under the SEARCH program, the Secretary may make predevelopment and planning grants to public bodies, organizations operated on a not-for-profit basis, or Indian tribes on Federal and State reservations and other federally recognized Indian tribes. The grant recipients may use the grant funds for feasibility studies, design assistance, and technical assistance necessary for application development. Eligible entities must be financially distressed and in rural areas with populations of 2,500 or fewer inhabitants. Monies must be used for water and waste disposal projects as authorized in Sections 306(a)(1), 306(a)(2) and 306(a)(24) of the CONACT.

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.

Organizations applying for SEARCH grants must submit an application which includes an application form, various other forms and certifications, and supplemental information. The Rural Utility Service (RUS) will use the information collected from applicants, borrowers, and consultants to determine applicant eligibility, project feasibility, and the applicant's ability to meet the grant and regulatory requirements.

Failure to collect proper information could result in improper determinations of eligibility, improper use of funds, or hindrances in making grants authorized by the SEARCH program.

The following information/forms are collected and accounted for under this collection package:

Audits Based on Federal Assistance

Borrowers must submit audited financial statements annually in accordance with 2 CFR 200 and other governing regulations. 2 CFR 200 has been recently updated by the COFAR to provide updated guidance on modified reporting standards, which are being codified in the appropriate prevailing instructions and guidance.

Certifications for Contracts, Grants, and Loans (Regarding Lobbying):

Applicants must identify and report any known lobbying activity.

Certification regarding prohibited tying arrangements.

Applicants that provide electric service must provide the Agency a certification that they will not require users of a water or waste facility financed under this part to accept electric service as a condition of receiving assistance.

Management Reports

All borrowers must furnish management reports that will provide management a means of evaluating prior decisions and serve as a basis for planning future operations and financial strategies. This requirement is necessary to help assure that the facility will be properly managed and to protect the financial interest of the Government.

Narrative - Agreement for Engineering Services Agreements for Professional Services

Applicants must contract for the professional services rendered from an engineer, attorney, bond counsel, accountant, auditor, appraiser, or financial advisor. Contracts or other forms of agreement for services necessary for project planning and development are subject to RUS concurrence. Applicants must submit a narrative of the services to RUS for review and concurrence to ensure the needed services will be available at a reasonable cost.

Project Narrative

Applicants will provide a project narrative detailing the project to be financed with the SEARCH grant funds. The narrative will also provide details on the activities or tasks to be accomplished, objectives, timetables for task completion, and anticipated results.

Relationship or Association with RUS Employees

Applicants must identify and report any known relationship or association with a RUS employee such as close personal association, immediate family, close relatives, or business associates.

Supporting Documentation

Applicants must provide documentation of legal organization and authority to borrow funds, construct, operate, manage the facility, etc. The documentation may include articles of incorporation, certificate of incorporation and good standing, bylaws, rules,

and organizational minutes. Applicants also must provide financial information such as financial statements, audits, or existing debt instruments. This information is necessary for RUS to determine an organization's legal existence, authority to perform certain functions, and financial capacity to borrow funds.

The following information/forms are collected and accounted for under other collection packages:

AD 1047, Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions.” (cleared under 0505-0027)

USDA regulations published at 7 CFR Part 3017 implement the government-wide debarment and suspension system for USDA's non-procurement transactions. Applicants for SEARCH grants are required to provide certification under these regulations. Form AD-1047 may also be used to obtain the required certification.

AD 1048, Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Transaction. (cleared under 0505-0027)

Form AD-1048 will be signed by applicant's suppliers, auditors, contractors, etc., and retained by applicant in their files.

AD 1049, Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - for Grantees Other Than Individuals. (cleared under 0505-0027)

USDA regulations published at 7 CFR Part 3017 implement the Drug-Free Workplace Act of 1988, which requires that grant recipients agree that they will maintain a drug-free workplace. Applicants are required to provide certification under these regulations. Form AD-1049 may also be used to obtain the required certification.

AD 3030, Representations Regarding Felony Conviction and Tax Delinquent Status for Corporate Applicants. (cleared under 0505-0025)

Established in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2012, at the time of application all corporate applicants must read, answer three questions, and certify as to whether the entity or any agents acting on its behalf have been convicted of a felony with the preceding 24 months and/or the organization is currently delinquent on federal taxes.

AD 3031, Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants. (cleared under 0505-0025)

Set forth in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2012, prior to funding commitment all corporate applicants must sign a certification declaring that they neither have an open conviction against the corporation or an agent acting on its behalf within the last 24 months, and that the entity is not in Federal tax delinquent status.

RD 400-1, “Equal Opportunity Agreement” and RD 400-4, “Assurance Agreement.” (cleared under 0575-0018)

Applicants read and sign these forms to assure RUS that they agree to and will comply with Title VI of the Civil Rights Act of 1964, and the Equal Opportunity Clause under Executive Order 11246 of September 24, 1965.

RD 442-3, Balance Sheet and RD 442-7, Operating Budget. (cleared under 0575-0015)

Applicants use the forms to state their current financial standing, project income and expense items, and a complete cash flow through the first full year of operations after they use the award proceeds. These projections are necessary in determining their current financial standing and need for grant proceeds.

RD 1942-8, Resolution of Members or Stockholders. (cleared under 0575-0015)

Nonprofit applicants prepare this form to indicate that the governing body has the authority to enter into a grant of a particular amount with RUS.

RD 1942-18, Partial Pay Estimate. (cleared under 0575-0042)

This form is used as a medium for the applicant to request grant funds for work related to the award.

RD 1942-46, Letter of Intent to Meet Conditions. (cleared under 0575-0015)

Applicants must certify on this form that they intend to meet the items set forth in the Letter of Conditions within the timeframe established therein. If such conditions are not met within said timeframe than the Agency retains the right to reconsider the terms offered.

RUS Bulletin 1780-12, Grant Agreement (cleared under 0572-0121)

The Grant Agreement sets forth the terms and conditions under which the applicant receives a RUS grant. Applicants and RUS must execute the document before RUS disburses grant funds.

SF- 424, Application for Federal Assistance. (cleared under 4040-0004)

Applicants use this form as a required cover sheet for applications submitted for SEARCH grants. The application is an official form required for all Federal grants and requests basic information about the applicant and the proposed project.

SF-424A, Budget Information--Non-Construction Programs. (cleared under 4040-0006)

Applicants project costs and expenses for the grant project. The form also provides information on matching funds. This form is submitted as part of the pre-application and if the project is selected, as part of the formal application.

SF-424B, Assurances--Non-construction Programs. (cleared under 4040-0007)

Applicants read and sign this form to indicate the organization's intent to comply with the laws, regulations, and policies to which a grant is subject

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 and responses, and the basis for the decision for adopting this means of collection.

The RUS is committed to meeting the requirements of the E-Government Act, which requires Government agencies in general to provide the public the option of submitting information or transacting business electronically to the maximum extent possible. The forms for this program are available as electronic forms on Grants.gov and the Service Center eForms site (<http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home>). Applicants may find the forms needed for this program, complete them online, store them in electronic format, and print them for submission with the application package. Additionally, the RUS released RD Apply, an electronic application intake system, on September 28, 2015. The system is being expanded to have the capacity to accept SEARCH applications.

4. Describe efforts to identify duplication.

RUS has reviewed all financial assistance programs it administers to determine which programs may be similar in intent and purpose. If applicants or borrowers are applying to or participating in more than one RUS program simultaneously, the Agency would make every effort to accommodate the requests within the same set of applications and processing forms. If applicants are applying for or receiving a loan or other financial assistance from another Federal agency, RUS would use the forms and documents furnished the other agency as much as possible.

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

Information to be collected is in a format designed to minimize the paperwork burden on small businesses and other small entities. The information collected is the minimum needed by the Agency to approve loans and monitor borrower performance. Certain eligible respondents may be considered small businesses according to the U. S. Small Business Administration Table of Small Business Size Standards under the categories of Water Supply Systems (221310) and Sewage Treatment Facilities (221320).

6. 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 collected under these programs is the minimum necessary to conform to the requirements of the program regulations established by law. Information is collected when needed and cannot be collected less frequently to meet the requirements of the programs. Failure to collect proper information could result in improper determinations of eligibility or improper use of funds.

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

- a. Requiring respondents to report information more than quarterly. There are no information collection 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 for written responses in less than 30 days. However, in cases where a borrower's income or financial situation has declined, the borrower should provide RUS information as soon as possible. RUS cannot provide the borrower program benefits until it receives documentation to support the borrower's request.
- c. Requiring more than an original and two copies. There are no specific requirements.
- d. Requiring respondents to retain records for more than 3 years. There are no requirements to retain records more than 3 years unless there is an exception of the type outlined in the USDA uniform assistance regulations or OMB uniform administration requirements for grants.
- e. That is not designed to produce valid and reliable results that can be generalized to the universe of study. There are no such requirements.
- f. Requiring use of statistical sampling which has not been reviewed and approved by OMB. There are no such requirements.
- g. Requiring a pledge of confidentiality. There are no such requirements.
- h. Requiring submission of proprietary trade secrets. There are no such requirements.

8. Describe efforts to consult with persons outside the Agency to obtain their views on 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.

As required by 5 CFR 1320.9(d), a sixty (60) day Notice to request public comments was published in the *Federal Register* on June 8, 2016 at 81 FR 36864. No comments were received.

In May, 2016, RUS contacted the following individuals outside the Agency to obtain their views on the paperwork burden imposed by this regulation:

Ed Truelove
Town Administrator, Town of Neodesha
1307 N. 8th
Neodesha, KS 66757
Phone: (620) 325-2828, Extension 204

The City of Neodesha's (City) water system has several weaknesses, including inadequate pressure, multiple dead end lines, un-metered water loss, and ongoing issues with their water storage facilities. The City received a SEARCH grant of \$30,000 on March 24, 2016. Mr. Truelove stated that the forms were supplied by the local field specialist. The City had no "difficulty with the level of information needed for the application." All of the information was easy to understand, interpret, and satisfy. The Preliminary Engineering Report is anticipated for completion in July. A full capital improvement project is anticipated.

Heidi Vogt
Assistant Treasurer/Clerk, Royalton Fire District #1
PO Box 204, 55 North Street
South Royalton, VT 05068
Phone: (802) 763-8974

Royalton Fire District #1's (District) Water System receives its water principally from Lake John, which is impounded by Lake John Dam. Since 2006 there have been issues suggesting the Dam is compromised. The FD must preliminarily design, using the SEARCH grant, the reconstruction of the dam, storm-water improvements, replacement of the spillway pipe, a new pre-cast overflow storage tank, and a new raw water transmission main. The District received a \$22,000 grant in May 9, 2015. Ms. Vogt felt that the level of information collected was reasonable, and that the requirements were easy to understand, interpret, and satisfy. A full capital project is anticipated in the near future.

Roger Jones
Town of Rich Creek
140 North & Spruce Streets
Rich Creek, VA 24147
Phone: (540) 726-3260

The Town of Rich Creek (Town) supplies potable water to 848 residents. Water storage concerns continue to be an issue for the Town. The SEARCH grant is being used to evaluate the water system, restructure pressure zones for optimal efficiency, and select the best location for a new storage tank. The Town received a \$30,000 grant on April 27, 2015. Mr. Jones obtained most of the required forms and certifications from our website. Mr. Jones felt that the level of information collected was reasonable, and that the requirements were easy to understand, interpret, and satisfy. While the evaluation is not complete, a full capital improvements project is anticipated to be submitted for RUS financing.

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

RUS has not made any decisions to provide payments or gifts 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. Under the Freedom of Information Act, the public can request most data collected from respondents. The information collected under the provisions of these programs is not considered to be confidential. Organizations such as nonprofit entities and public bodies from which the information is collected ordinarily are required to make their activities available for public scrutiny.

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

See the attached spreadsheet for breakout. The collection is summarized as follows:

Number of Respondents	Total Annual Responses	Total Annual Hours
125	1,375	3,688

Director preparation time

125 responses @ \$62.37/hr. (includes 29.4% benefits of \$14.75) x 1475 hrs. \$ 91,995

Clerical time

125 responses @ \$22.47/hr. (includes 29.4% benefits of \$5.10) x 2213 hrs. \$ 49,726
Total \$141,721

RUS estimates a cost of \$141,721 for respondents to comply with this regulation. The cost is based on 125 organizations filing an application and 125 of them receiving a grant. For the purposes of this program, it is assumed that 40 percent of the dedicated time is completed by the Director and 60 percent is completed by clerical staff. RUS used a labor rate of \$48.20 per hour based (plus 29.4% benefits of \$14.17) on information from similar programs. Primary individuals for a grant respondent would normally be a director and a clerical staff member earning \$17.37 per hour (plus 29.4% benefits of \$5.10). Benefits as a percentage of total compensation for private trade, transportation, and utilities industry workers were 29.4% of total hourly compensation. See, <http://www.bls.gov/ncs/ect/sp/ecsuhst.pdf>, Page 91. The Department of Labor, Bureau of Labor Statistics, Standard Occupational Classification wage rates were considered in the cost estimates.¹

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

There are no capital and start-up costs or purchase of services components involved with this collection.

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

The Federal Government processes applications under SEARCH regulation 7 CFR part 1774. Beyond items reviewed under other OMB Control Numbers, RUS estimates that each of the grants issued under the SEARCH program requires approximately 24 hours for each review and that a total of 3,000 hours are required annually for review. National

¹Historical data provided by the Bureau of Labor Statistics, Employer Cost for Employee Compensation Supplemental Tables Historical Data December 2006 – September 2012 is utilized to calculate the total cost of benefits.

Office staff performs 1,200 hours (40 percent) of the total and field specialists perform approximately 1,800 hours (60 percent). Wage rates are \$42.08 and \$50.04 respectively based on the hourly wage rates for loan analysts (GS 12, Step 5) and for loan specialists (GS 13, Step 5) for the locality pay area of Washington-Baltimore-Northern Virginia. The estimated rate of cost of total benefits for civilian Federal Government employees is 36.25 percent ² for percentage of benefits as a portion of total hourly wage and was provided by the OMB Memoranda referenced in the footnote below. RUS estimates the cost to the Federal Government to administer the activities of this program to be \$185,010.00 per year.

The cost to the Federal Government is estimated as follows:

Wage Category	Hourly Wage and Benefits ²	Hours	Cost of Burden ³
National Office Loan Specialist GS 13, Step 5	\$62.18	1,200	\$81,816.00
Field Loan Specialist GS 12, Step 5	\$57.33	1,800	\$103,194.00
Cost to Federal Government			\$185,010.00

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

This is an extension of a previously approved information collection. There was an increase of 109 respondents from the previous collection of 16 respondents to 125 respondents for this collection.

The previous burden hour collection was 488 hours which increased by 2,200 burden hours for a total burden for this collection of 3,688. In addition to the increase in respondents, recent funding levels and obligation history reports show an increase in the total number of applications submitted under this program. Also, changes were needed for the forms used in calculations due to changes in enabling legislature and procedures.

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

² Cost of total benefits as a percentage of total hourly compensation for civilian Federal Government employees exceeds that of private sector employees. OMB Memoranda indicate that the total Federal civilian position full fringe benefit cost factor is 36.25% See OMB Memoranda M-08-13(March 11, 2008).

³ 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.

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

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

No such approval is requested.

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

There are no exceptions requested.

19. Collection of Information Employing Statistical Methods.

This collection does not employ statistical methods.