

2017
SUPPORTING STATEMENT
OMB Control No. 0572-0138
7 CFR 1783, Revolving Fund Program

A. JUSTIFICATION

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

This package is being submitted under a regular clearance as a request for extension of a currently approved collection. There was a program adjustment to account for a decrease in the estimated number of applicants for the program (from 5 to 4), and an increase in the estimated number of grants awarded (from 2 to 3) and the changes in respondent numbers resulted in a total increase of 5 burden hours from 374 to 379. On May 13, 2002, the Farm Security and Rural Investment Act of 2002 (Farm Bill) was signed into law as Public Law 107-171. Section 6002 of the Farm Bill amended the Consolidated Farm and Rural Development Act (CONACT), by adding a grant program to establish a revolving loan fund (RFP). The Secretary may make grants to qualified private, non-profit entities to establish a revolving loan fund. The loans will be made to eligible entities to finance predevelopment costs of water or wastewater projects, or short-term small capital projects not part of the regular operation and maintenance of current water and wastewater systems.

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 information required in this collection is utilized by the Rural Development State offices and Rural Utilities Service (RUS) Water and Environmental program National Office staff to determine eligibility for the grant program and monitor performance of ongoing grants. Nonprofit organizations applying for the Revolving Fund Program grant(s) must submit an application, which includes an application form, narrative proposal (work plan), various other forms, certifications, and supplemental information. The Rural Development State Offices and the RUS National Office staff will use the information collected 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 grant(s) authorized by the Revolving Fund Program.

FORMS APPROVED WITH THIS PACKAGE:

Form - RD-400-1, "Equal Opportunity Agreement" (Form approved under 0575-0018).

This certification prohibits federal contractors and federally-assisted construction contractors and subcontractors, who do over \$10,000 in Government business in one

year, from discriminating in employment decisions on the basis of race, color, religion, sex, or national origin. The certification also requires Government contractors to take affirmative action to insure equal opportunity is provided in all aspects of their employment.

Form - RD-400-4, “Assurance Agreement” (Form approved under 0575-0018).

This certification assures RUS the recipient is in compliance with and will continue to comply with Title VI of the Civil Rights Act of 1964. In accordance with that Act and the program specific regulations, the recipient agrees that any program or activity for which the recipient receives Federal financial assistance, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination.

Form AD-1048 - Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Transaction (OMB 0505-0027)

The form will be signed by applicant’s suppliers, auditors, contractors, etc., and retained by applicant in their files.

Written - Work Plan Narrative

Applicants will provide a written work plan that will demonstrate the feasibility of the Intermediary’s lending program to meet the objectives of the Revolving Fund Program. The work plan will document the Intermediary's ability to administer and service the revolving fund; document the Intermediary's ability to commit financial resources under the control of the Intermediary to the establishment of the revolving fund; demonstrate a need for loan funds; include specific loan purposes for lending the revolving funds; and provide a set of goals, strategies, and anticipated outcomes for the Intermediary's program.

Written - Budget Justification

The budget justification demonstrates how the funds will be spent and provides details for proposed expenditures, calculations of costs, and explanations of unusual lines in the budget. It discusses how the budget supports the proposed project activities and explains how each budget item is essential to achieving project objectives. RUS uses this information to evaluate the cost effectiveness of the project and the adequacy of funding to carry out the activities of the project. The information will also be used to evaluate a grant recipient’s request for payments.

Written - Balance Sheets and Financial Statement (Latest Financial Information)

Applicants will provide a pro forma balance sheet at start-up and projected balance sheets for at least 3 additional years; financial statements for the last 3 years, or from inception of the operations of the Intermediary if less than 3 years; and projected cash flow and earnings statements for at least 3 years supported by a list of assumptions showing the basis for the projections. The projected earnings statement and balance sheet must include one set of projections that shows the revolving fund only and a separate set of projections that show the proposed Intermediary organization's total operations. RUS

uses this information to assess the financial capabilities and to help determine if the applicant is financially viable to complete the proposed work plan.

Written - Legal Authority and Responsibility

The applicant must submit certified copies of organization documents and a certified list of directors and officers as evidence of the applicant's legal existence and authority for the proposed project. The organizational documents can be charters, bylaws, or articles of incorporation. RUS uses the information to determine if the applicant has the proper authority to enter into a binding agreement to use grant funds.

Written - Evidence of Tax Exempt Status

To be eligible to receive a grant under this program the applicant must be a non-profit organization that has been granted tax-exempt status by the Internal Revenue Service (IRS) of the United States. RUS uses this information to ensure that the applicant meets the eligibility criteria mandated by law.

Form AD 1047 - Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions (OMB 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 TAT and SWM grants are required to provide certification under these regulations.

Form-AD 1049 - Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - for Grantees Other Than Individuals (OMB 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.

Written - Grant Agreement

The Grant Agreement is the official grant instrument between RUS and the Revolving Fund grant recipient. It outlines the terms and conditions of the grants, including each party's obligations and remedial authorities available for nonperformance.

Written - Project Performance Report

As part of the grant agreement signed by the recipient, a narrative progress report is required to be submitted on a quarterly basis to ensure that government funds are being used for the approved purposes set forth in the work plan submitted by the grant recipient to the Agency. The project performance report summarizes the project's progress for the quarter and includes information needed to support expenditures claimed for the quarter. The last quarterly report may serve as the final report and must be submitted within 90 days of the project end date. RUS uses this information to monitor performance, ensure schedules are met, projected work is accomplished, and objectives are achieved. The project performance report meets the requirements of 7 CFR Part 3019, the USDA implementation of OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations."

Written - Audit

Grant recipients must comply with the audit requirements of OMB Circular A-133, “Audits of State, Local Governments, and Non-Profit Organizations.” Generally, they must submit an audit report after project completion. However, the requirements for submitting an audit report under OMB Circular A-133 are based on the total amount of Federal financial assistance expended during a grant recipient’s fiscal year from all Federal Sources. Grant recipients that expend \$500,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year. Those that expend less than \$500,000 in Federal awards may be exempt from audit requirements for that year. RUS will review the information and determine if a grant recipient must submit an audit in accordance with the requirements of the Water and Waste Disposal program and OMB Circular A-133.

Written - Financial Statements

Grant recipients that expend less than \$500,000 in a year in Federal awards may be able to submit their financial statement in lieu of an audit report after project completion. RUS will review the information and determine if a grant recipient must submit an audit in accordance with the requirements of the Water and Waste Disposal program and OMB Circular A-133.

Written - Statement of Compliance

To assure compliance with Title VI of the Civil Rights Act of 1964, the applicant must provide a narrative of how they plan to notify eligible entities of the availability of the service being provided.

Written - Evidence of Financial Management System

Applicant must provide evidence that a financial management system is in place or proposed. RUS uses the information to determine if the applicant will be able to adequately account for federal funds expended.

Written - Documentation of Assistance Provided to Rural Development Employees

Borrowers must sign a form that indicates whether or not they provided assistance to any Rural Development employees. The purpose of this form is to ensure high standards of honesty, integrity, and impartiality is maintained by Rural Development employees.

FORMS APPROVED UNDER OTHER PACKAGES:

Common Form - SF- 424, “Application for Federal Assistance” (Common Form approved under 4040-0004).

Applicants use this common form as a required cover sheet for applications submitted for the Revolving Fund Program grants. The application is an official form required for all Federal grants and requests basic information about the applicant and the proposed project. This common form is submitted as part of the application.

Form - SF-424A, “Budget Information--Non-Construction Programs” (Approved 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 application.

Form - SF-424B, “Assurances--Non-construction Programs” (Approved 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. This form is submitted as part of the application.

Form - SF 270, “Request for Advance or Reimbursement” (Approved under 4040-0012).

Grant recipients will submit SF 270 for disbursement of grant funds. RUS uses it to approve the disbursement. The use of this form complies with OMB Circular A-110.

Form - SF 425, “Federal Financial Report” (Approved under 4040-0014).

Grant recipients must report the status of grant funds on SF-425 on a quarterly basis. The use of this form complies with OMB circular A-110. The project performance report summarizes the project’s progress for the quarter and supports expenditures claimed.

Form - SF-LLL, “Disclosure of Lobbying Activities” (Approved under 4040-0013).

For grants over \$100,000, applicant must certify that no Federal appropriated funds will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant or Federal loan and the extension, continuation, renewal amendment, or modification of any Federal contract, grant or loan.

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.

RUS is committed to meeting the requirements of 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 Agency makes the forms related to the application process available on the RUS and Rural Development website. Grant applications for this program can be submitted either by U.S. Mail or electronically via Grants.gov

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.

RUS collects information only from applicants who are applying for or are receiving Revolving Fund Program grants. There is no duplication in the collection of information required and the information required is applicant or borrower specific and not available from other sources. If applicants are applying for other programs where similar

information is required, the Agency would make every effort to use that information which is the same.

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.

The information to be collected is the minimum that RUS needs to approve the grants and monitor performance. Only the minimum information necessary will be required to carry out the authorized programs. This program is geared to large organizations that are nationally based and typically no small businesses apply for this program. For this collection, none of the respondents are small businesses.

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.

The information collected under these programs is the minimum necessary to conform to the requirements of the program regulations established by law. Much of the information is collected when applicants file for grants or when the grants are closed. Information is collected only when needed or required by departmental regulations and OMB circulars. Information cannot be collected less frequently and 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 cause an information collection to be conducted in a manner:

- a. **Requiring respondents to report information more than quarterly.** There are no information requirements for reporting more than quarterly.
- b. **Requiring written responses in less than 30 days.** There are no information requirements for written responses in less than 30 days other than the requirement that grant recipients notify RUS immediately of developments that have a significant impact on the grant-supported activities or that might materially impair the ability to meet the objectives of the grant.
- c. **Requiring more than an original and two copies.** There are no requirements for more than an original and two copies.
- d. **Requiring respondents to retain records for more than 3 years.** There are no such requirements.
- 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.** This collection is not a survey.

f. Requiring use of statistical sampling which has not been reviewed and approved by OMB. This collection does not employ statistical sampling.

g. Requiring 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. No pledge of confidentiality is required.

h. Requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law. There is no requirement for submission of trade secrets.

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

Rural Utilities Service published a notice and request for comments in the Federal Register on May 20, 2016, at 81 FR 31909. An email comment was received with a general comment concerning program.

RUS remains committed to pursuing reductions in burdens placed on grantees. RUS maintains a website containing general information, details about the Revolving Fund Program, and a directory of staff. RUS State Office and National Headquarters staff are available to assist Revolving Fund Program applicants, grantees, and other parties with questions concerning the program. Consultations take place on an individual basis, by telephone, e-mail, and by regular mail, and all comments or suggestions on forms, procedures, applications, etc. are carefully considered. The agency contacted the following three respondents in 2016 to discuss the information collection and their contact information and comments are provided as follows:

Ms. Desire Tibbs
Rural Community Assistance Corporation
3120 Freeboard Drive, Suite 201
West Sacramento, CA 95691
Tel: (916) 447-9832; Ex. 1063

Ms. Tibbs explained that she was responsible for completing applications and submitting financial reports as required. She stated the application package is not a burden to complete. She explained that the RD staff was always available for questions and the instructions are clear, and the application guide is also available to follow. As far as time required, she indicated that being able to submit documents electronically has assisted us

in being able to submit reports in a timely fashion. Ms. Tibbs currently did not have any suggestions currently on how to improve the process.

Ms. Claudette Atwood
National Rural Water Association
2915 South 13th Street
Duncan, OK 73533
Tel: (580) 252-0629

In June 2016 the agency interviewed Ms. Atwood who stated that the application process and required documentation is not burdensome. She stated that the RD staff has been extremely helpful in the application process. She felt the time required to complete the applications was fairly typical and confirmed that the agency's estimate was accurate.

Ms. Joanna Moore, Accountant
Communities Unlimited
3 East Colt Square Drive
Fayetteville, AR 72703
Tel: (479) 443-2700

Joanna Moore was contacted in June 2016 and believed the paperwork required for the application was not burdensome. Also, she indicated that the RD Staff has been great with answering any questions to help in this process. Also, she felt that the time estimates required to complete applications were typical. Record keeping and disbursement forms are minimal and not time consuming to prepare.

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

Payments or gifts are not 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 respondents.

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.

This collection does not contain questions of a sensitive nature.

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

There was a program adjustment to account for an increase in burden hours from 374 to 376 due to a reduction in the estimate of applicants from 5 to 4 and an increase in the number of grantees for this program from 2 to 3. The attached spreadsheet provides a

detailed breakdown of the official, approved burden of each individual form’s burden hours that is accounted for in this collection package. RUS estimates the cost to respondents to comply with this information is \$18,688. The cost calculation is based on the estimate of 4 organizations submitting applications of which 3 will receive a grant. The individuals responsible for providing the requested information are a director and a clerical/administrative staff member, with the director contributing 70 percent of the time and the clerical/administrative staff providing 30 percent of the time required to gather, prepare and submit the required information. Response time per respondent is 94 hours (376 total burden hours divided by 4). The wage rates for wage categories are selected from the Department of Labor, Bureau of Labor Statistics, May 2015 National Occupational Employment and Wage Estimates located at http://www.bls.gov/oes/current/oes_nat.htm. The director category is General and Operations Managers (Occupational Code 11-1021) at \$46.36 per hour. The clerical/administrative category is Loan Interviewers and Clerks (Occupational Code 43-4131) at \$17.33 per hour. Data provided by the Bureau of Labor Statistics indicates that employer cost for employee benefits in the private sector was 31.8% of wages. See; Bureau of Labor Statistics Employer Costs for Employee Compensation – June 2016, <http://www.bls.gov/news.release/ecec.t01.htm>. After calculating employer cost for employee benefits, the total wage rate for director is \$61.10 per hour and for clerical/administrative, total hourly cost plus benefits is \$22.84. Total annualized cost to respondents for this information collection is \$18,688, as calculated in the following table:

Job Category	Hours per respondent	Total Annual responses	Hourly Wage/Benefit	Cost
Manager/Director	66	4	\$61.10	\$16,130.40
Clerical/Admin	28	4	\$22.84	\$ 2,558.08
Total	94			\$18,688.48

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

- a. Total capital and start-up cost component (annualized over its expected useful life). There are no capital and start-up cost components involved with this collection.
- b. Total operation and maintenance and purchase of services component. There are no costs associated with this category.

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

The estimated annualized cost to the Federal Government is \$9,069. Wage rates used to calculate Federal cost were found at the Office of Personnel Management, 2016 General Schedule Tables at https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2016/DCB_h.pdf. Calculations are based on the salary of \$50.04

per hour for a Loan Specialist (GS13/Step5). With the addition of cost of benefits¹, the total hourly cost is \$68.18.

The cost to the Federal Government is estimated as follows:

Application phase analysis: (10 hours X 4 applicants X \$50.04) + 36.25% benefits =	\$2,727
First Administrative phase: (5 hours X 3 applicants X \$50.04) + 36.25% benefits =	\$1,023
Second Administrative phase: (3 hours X 3 applicants X \$50.04) + 36.25% benefits =	\$ 614
Servicing per quarter: (4 quarters X 4 hours X 3 borrowers X \$50.04) + 36.25% benefits =	\$3,273
End of grant period: (5 hours X 3 borrowers X \$50.04) + 36.25% benefits =	\$1,023
Closeout: (2 hours X 3 borrowers X \$50.04) + 36.25% benefits =	\$ 409
Total estimated cost to the Federal Government is:	<u>\$9,069</u>

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

This renewal submission reflects an increase of 2 burden hours. There was a decrease from 5 to 4 in the overall number of applications received annually; and burden for the SF 424 is now accounted for as an RCF. However, there was an increase from 2 to 3 in the number of program awardees and the adjustment resulted in a net increase of 2 hours and 6 responses.

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

There are no plans for 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.

None requested.

18. Explain each exception to the certification statement identified in item 19 on OMB 83-1.

None requested.

19. Collection of Information Employing Statistical Methods.

This collection does not employ statistical methods.

¹ Cost of benefits as a percentage of total hourly compensation for Federal Government employees has been calculated by multiplying 36.25% by the hourly OPM wage rate in accordance with OMB Memorandum M-08 13.