

National Endowment for the Arts Application for Indemnification Supporting Statement

A. Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

This form is used by organizations applying to the Federal Council on the Arts and the Humanities (through the National Endowment for the Arts) for indemnification of eligible arts and artifacts, borrowed from abroad for exhibition in the United States, or sent from the United States for exhibition abroad. The indemnity agreement is backed by the full faith and credit of the United States. In the event of loss or damage to an indemnified object the Federal Council certifies the validity of the claim and requests payment from Congress. The Arts and Artifacts Indemnity Act (P.L. 94-158) requires such an application and specifies information which must be supplied. This statutory requirement is implemented by regulation at 45 C.F.R. 1160.4. (Copies of the statute and regulations are included in the Supplementary Documents.)

- 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.**

Applicants are non-profit entities, usually museums that organize traveling exhibitions. Applications are reviewed by the Indemnity Advisory Panel and the Federal Council on the Arts and the Humanities to determine whether to issue a Certificate of Indemnity. Applications are necessary in making that decision.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

Information about Indemnity, including how to apply for coverage, is available on the Arts Endowment's website. The website provides a direct link to the application package on Grants.gov. Applicants are asked to submit their application packages electronically through Grants.gov.

The National Endowment for the Arts has been working over the past years to assure a smooth transition to electronic applications through Grants.gov and continues to explore ways to refine our information technology systems for the benefit of applicants, grantees, and staff.

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

This information is not reported through any other sources. Applicants apply for a single, specific exhibition to be indemnified.

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

Museums that organize international exhibitions are not small entities.

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 application for indemnity is a one-time submission which an applicant makes prior to an exhibition. It could not be made less frequently.

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

- 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 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.

None.

8. 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.

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.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

A copy of the notice in the Federal Register is available in the Supplementary Documents. No comments were received. The members of the Advisory Panel and the Federal Council (available in the Supplementary Documents) are consulted bi-annually, to obtain their views and incorporate their recommendations for changes in the application and instructions.

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

Not applicable.

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.

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. 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.

This application does not contain questions of a sensitive nature such as matters concerning sexual behavior and attitudes, religious beliefs, and other matters commonly considered private.

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

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**
- **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.**
- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 13.**

An estimated 40 respondents per year complete this form. It is estimated that respondents spend an average of 44 hours and forty minutes completing this form, and twenty minutes completing the SF-424. The application for indemnification is a one-time submission. No additional form is required. Although the costs to respondents vary depending upon the complexity of the exhibition, i.e., the number of objects in the exhibition, the number of lenders, and the number of exhibition sites, it is estimated that the average cost to respondents is \$2,097. This estimated cost includes staff time, charges for telephone, fax, and copying, and other support services. The cost burden and COLA for this information collection was based on average salaries for curators and registrars (the positions of applicants who generally will be completing the Indemnity Application) from art museums.

13. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

- **The cost estimate 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. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing**

the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

- If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collections services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.
- Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

None.

14. Provide estimates of annualized costs to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

The estimated cost of this Program to the Government is \$213,234 annually, which includes two staff salaries, staff travel, printing and mailing of written material, and, infrequently, the need to pay for the services of an insurance adjustor.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the ICR.

The increase in the estimated cost of this program to the Federal government is due to a staff salary increases.

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

There are no plans to publish collections of information for statistical use.

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.

Not applicable.

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

Not applicable.