

**Supporting Statement for Paperwork Reduction Act Submission
State Community Development Block Grant (CDBG) Program
OMB Number: 2506-0085**

A. Justification

1. Why is the information necessary?

- The Housing and Community Development Act of 1974, as amended (HCDA), requires grant recipients that receive CDBG funding to retain records necessary to document compliance with statutory and regulatory requirements on an on-going basis.

24 CFR 570.490 Record-keeping Requirements provides:

“(a) State records.

- (1) The State shall establish and maintain such records as may be necessary to facilitate review and audit by HUD of the State's administration of CDBG funds under §570.493. The content of records maintained by the State shall be as jointly agreed upon by HUD and the States and sufficient to enable HUD to make the determinations described at §570.493. For Fair Housing and Equal Opportunity (FHEO) purposes, and as applicable, such records shall include documentation related to the State's AFH, as described in 24 CFR part 5, subpart A (§5.168). The records shall also permit audit of the States in accordance with 2 CFR 200, subpart F.
 - (2) The state shall keep records to document its funding decisions reached under the method of distribution described in 24 CFR 91.320(j)(1), including all the criteria used to select applications from local governments for funding and the relative importance of the criteria (if applicable), regardless of the organizational level at which final funding decisions are made, so that they can be reviewed by HUD, the Inspector General, the Government Accountability Office, and citizens pursuant to the requirements of §570.490(c).
 - (3) Integrated Disbursement and Information System (IDIS). The state shall make entries into IDIS in a form prescribed by HUD to accurately capture the state's accomplishment and funding data, including program income, for each program year. It is recommended that the state enter IDIS data on a quarterly basis and it is required to be entered annually.
- (b) Unit of general local government's record. The State shall establish recordkeeping requirements for units of general local government receiving CDBG funds that are sufficient to facilitate reviews and audits of such units of general local government under §§570.492 and 570.493. For FHEO purposes, and as applicable, such records shall include documentation related to the State's AFH as described in 24 CFR part 5, subpart A (§5.168).”

Additional information regarding the content of the records referenced in 24 CFR 570.490(a)(1) is found in *Appendix I Model Record-keeping Requirements* of the [Guide to National Objectives and Eligible Activities for State CDBG Programs](#).

Additional information on the content of reporting in the *Integrated Disbursement and Information System*, see the [IDIS Online for State CDBG Grantees, Training Manual](#).

- Section 104(e)(2) of the HCDA requires HUD to conduct an annual review to determine whether states have distributed funds to units of general local government in a timely manner.

24 CFR 570.494 Timely distribution of funds by states, provides:

- “(a) States are encouraged to adopt and achieve a goal of obligating and announcing 95 percent of funds to units of general local government within 12 months of the state signing its grant agreement with HUD.
- (b) HUD will review each state to determine if the state has distributed CDBG funds in a timely manner. The state's distribution of CDBG funds is timely if:
 - (1) All of the state's annual grant (excluding state administration) has been obligated and announced to units of general local government within 15 months of the state signing its grant agreement with HUD; and
 - (2) Recaptured funds and program income received by the state are expeditiously obligated and announced to units of general local government.
- (c) HUD may collect necessary information from states to determine whether CDBG funds have been distributed in a timely manner.”

[CPD Notice 16-08](#) provides further guidance on this requirement.

- Section 916 of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended, required the states of Arizona, California, New Mexico, and Texas to each set aside a certain amount of CDBG funding to carry out activities designed to meet the needs of the residents of colonias. For each year, HUD is required to establish a percentage (not to exceed 10 percent) that must be set aside for this purpose after consultation with representatives of the interests of the residents of colonias.

HUD Form 40108 will allow HUD to ensure compliance with all of these requirements. The form is being updated in this release with a new format including a new signature block. The list of awards will also now be required to reduce reconciliation errors.

2. What information is to be collected?

- The Integrated Disbursement and Information System (IDIS) is an online system for reporting on the use of CDBG funds pursuant to 24 CFR 570.490(a)(3). 50 State CDBG grantees will submit information through IDIS, this system is used to demonstrate compliance and access Treasury draw requests. The IDIS fields are available in the [attached manual](#).
- HUD Form 40108 is submitted by 50 State CDBG grantees annually to demonstrate compliance with 24 CFR 570.494(b)(1).

- The required colonias consultation, pursuant to Section 916 of the National Affordable Housing Act, occurs annually between HUD, representatives of the four US-Mexico border states, and approximately 50 other representatives of the interests of the residents. A questionnaire is shared to assess needs in the colonias, and then conference calls are arranged. The primary objective is to set the percentage of the set-aside, with a statutory limitation of up to 10 percent.

3. Is the information submitted electronically? If not, why?

- Yes, the information collected pursuant to 24 CFR 570.490(a)(3) is submitted electronically in web-based forms.
- The information collected pursuant to 24 CFR 570.494(b)(1) is submitted on a doc or pdf format form, which may be submitted electronically via email. Certain data limitations, as well as limited IT development funding, prevent this from being reported in the IDIS system.
- The colonias consultation includes a questionnaire that is delivered and submitted via email.

4. Is this information collected elsewhere?

No, this information is not collected elsewhere.

Certain reporting elements, specifically regarding the annual Performance and Evaluation Report were included on previous versions of this approval number 2506-0085, which are now excluded here and approved under a separate control number, 2506-0117.

5. Does the collection of information impact small businesses or other small entities (item 5 of OMB form 83-i)? Describe any methods used to minimize burden.

No, this collection does not impact small business because it is submitted by State agencies.

6. Why can't the information be collected less frequently – or not at all?

The minimum reporting frequency for measures is annual. In practical terms, data are typically entered when activities are being funded, when submitting vouchers to initiate Treasury draws of grant funds, and when reporting completion accomplishments.

If this information is not collected annually, HUD will not be able to comply with the statutory requirement in the HCDA that it annually review State CDBG grantees to ensure that they are disbursing funds in a timely manner. The information being collected is the minimum necessary to comply with the statute and achieve its stated purposes and objective.

7. Explain any special circumstances requiring:

There are no special circumstances that would cause this information collection to be conducted in a manner that would impose one or more of the additional requirements listed here:

- Response more than quarterly (not applicable);
- Response in fewer than 30 days (not applicable);
- More than an original and two copies of any document (not applicable);
- Retain records for more than three years (other than health, medical, government contract, grant-in-aid, or tax records) (not applicable);

- Statistical surveys not designed to produce results than can be generalized to the universe of study (not applicable);
- Statistical data classification not been approved by OMB (not applicable);
- A pledge of confidentiality that is not supported by 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 (not applicable); or
- Respondents to submit proprietary trade secret, or other confidential information (not applicable).

8. Date and page number of the *Federal Register* notice (provide a copy) soliciting comments and public input.

Summarize any public comments and describe response to comments. Describe all efforts to consult with persons outside the agency to obtain their input. The *Federal Register* notice was published on Friday, June 16, 2017, page 27715. Zero public comments were received by the August 15th deadline. The current collection approval submission is primarily a renewal of a previously approved collection, therefore minimal feedback was anticipated.

9. Explain any payments or gifts to respondents, other than remuneration of contractors or grantees.

No payment or gifts are provided to any respondents for any information.

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

The information submitted by respondents may generally be made public, and will not include any sensitive information. Additionally, to access the IDIS system, the user must agree to the Terms of Service which include the following statement: “Users have no reasonable expectation of privacy regarding any communications or data transiting or stored on this information system. At any time, the government may for any lawful government purpose monitor, record, intercept, audit, and search and seize any communication or data transiting or stored on this information system. Use of this system indicates consent to monitoring and recording.”

11. Justify any questions of a sensitive nature, such as sexual, religious beliefs, and other matters that are commonly considered private.

The information collection request does not include any sensitive questions.

12. Estimate public burden:

- Number of respondents,
- Frequency of response (*if a respondent provides multiple documents at one time, consider that a single response*),
- Average total responses annually
- Average annual hour burden.

Read the complete instructions on the form 83i. **Explain how the burden was estimated.** Generally estimates should not include burden hours for customary and usual business practices;

- if this collection uses more than one form, provide **separate estimates for each form** and aggregate the hour burdens in item 13 of OMB Form 83i; and
- 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.

Information Collection	Number of Respondents	Frequency of Response	Responses per Annum	Burden Hours Per Response	Annual Burden Hours	Hourly Cost per Response	Annual Cost
<ul style="list-style-type: none"> • Record-keeping: State Local Government <i>24 CFR 570.490</i> 	50.00 3,500.00	1.00 1.00	50.00 3,500.00	126.00 26.13	6,300.00 91,455.00	\$34.58 \$34.58	\$217,854.00 \$3,162,513.90
<ul style="list-style-type: none"> • Timely Distribution, HUD Form 40108 <i>24 CFR 570.494</i> 	50.00	1.00	50.00	2.60	130.00	\$34.58	\$4,495.40
<ul style="list-style-type: none"> • Colonias Consultation <i>Sec. 916 of NAHA</i> 	54.00	1.00	54.00	4.00	216.00	\$34.58	\$7,469.28
TOTAL					98,101.00		\$3,392,332.58

Description of estimation methodology (Record-keeping):

Because of the differences between CDBG state grantees; their variations in population size and needs; the wide range of funding allocations; and the wide range of activities that may be assisted under the CDBG program, a determination was made to identify the average number of activities per year, per grantee, and use that as the basis for identifying recordkeeping and reporting burdens associated with this data collection. These particular burden hours per response are unchanged from the latest approved revision of 2506-0085 in 2016 (Reference Number 201604-2506-002)

Description of estimation methodology (Timely Distribution):

Filling out the HUD 40108 takes approximately 2.60 hours per submission. The revised form now also requires the signature of an authorized representative and an additional required table of awards made by the state from a particular annual grant. The prior approval of these burden hours in 2011 (Reference Number 201604-2506-002), made an estimate that the hours per response was 1.60, with 50 respondents and 80 annual burden hours. The addition of the signature line and the required table will add another 1.0 hour per response, thus resulting in 2.60 burden hours per response.

Description of estimation methodology (Colonias Consultation):

The required colonias consultation occurs annually between HUD, representatives of the four US-Mexico Border States, and approximately 50 other representatives of the

interests of the residents. A questionnaire is shared to gauge efforts in the colonias, and then conference calls are arranged. The primary objective is to set the percentage of the set-aside, with a statutory limitation of up to 10 percent. The conference calls generally last one hour, and the questionnaire can take an average of 3 hours to complete, thus 4 burden hours per response.

13. Estimate of the average, annual cost beyond the cost of hour burden shown in Items 12.

98,101 hours multiplied by \$34.58* = **\$3,392,332.58**

*Pay rate=GS-12, Step 1, 2017, Locality pay area of rest of U.S.

14. Estimate annualized costs to HUD of collecting the information, including processing the information.

Information Collection	Number of Respondents	Frequency of Response	Responses per Annum	Burden Hours Per Response	Annual Burden Hours	Hourly Cost per Response	Annual Cost
• Record-keeping: <i>24 CFR 570.490</i>	50.00	1.00	50.00	120.00	6,000.00	\$41.12	\$246,720.00
• Timely Distribution, HUD Form 40108 <i>24 CFR 570.494</i>	50.00	1.00	50.00	2.00	100.00	\$41.12	\$4,112.00
• Colonias Consultation <i>Sec. 916 of NAHA</i>	3.00	1.00	3.00	4.00	12.00	\$41.12	\$493.44
TOTAL					6,112.00		\$251,325.44

*Pay rate=GS-13, Step 1, 2017, Locality pay area of rest of U.S.

15. Explain any program changes or adjustments reported in items 13 and 14 of the OMB Form 83i. Also explain any other changes/revisions to the information collection.

ITEM 13 OMB FORM 83i: The annual reporting and recordkeeping hour burden has been reduced by 11,404 hours. Although hours were added for the timely distribution and colonias consultation elements, the net hours are less due to the removal of the Performance and Evaluation Reporting elements, which are now included on OMB control number 2506-0117.

ITEM 14 OMB FORM 83i: The annualized cost to respondents was not reported in the PRIOR approval. However, based on the same calculation above:

112,100 hours multiplied by \$34.58* = \$3,876,418 (Prior)

*Pay rate=GS-12, Step 1, 2017, Locality pay area of rest of U.S.

Therefore, the annualized cost to respondents associated with 2506-0085 is reduced by:
\$3,876,418 - \$3,478,609.68 = **\$397,808.32**

OTHER: The annualized cost to the Federal Government in *item 14* of the PRIOR information collection was **\$25,040**, which solely addressed the review of the Performance and Evaluation Report. The Performance and Evaluation Report is now included under OMB control number 2506-0117. The **\$251,326** estimate includes the hours dedicated to monitoring reviews of State grantee record-keeping and timely distribution which is a correction to the prior information collection's item 14. The present estimate also now includes the additional cost associated with colonias consultation.

16. If the information will be published, outline plans for tabulation and publication.

- IDIS Reporting includes a reporting module. Several reports are generated at the National level and published here:

<https://www.hudexchange.info/programs/cdbg/cdbg-reports-program-data-and-income-limits/>

- Timely Distribution compliance determinations were included in annual CPD Notices, such as CPD Notice 16-08:
<https://www.hudexchange.info/resource/5051/notice-cpd-16-08-timely-distribution-of-state-cdbg-funds/>.
- Information collected during the colonias consultation process is not published.

17. Explain any request to not display the expiration date.

N/A

18. Explain each exception to the certification statement identified in item 83i-19.

This includes, specifically, providing the required information to respondents:

- The OMB control number and expiration date;
- Why the information is being collected;
- Use of the information;
- Burden estimate;
- Nature of response (voluntary, required for a benefit, or mandatory);
- Nature and extent of confidentiality; and
- The requirement to display currently valid OMB control number.

Even if no forms are used to collect the information, respondents must be provided this information.

Be prepared to explain how this requirement is met.

N/A