

**SUPPORTING STATEMENT
U.S. Department of Commerce
Economic Development Administration
Revolving Loan Fund Reporting and Compliance Requirements
OMB Control No. 0610-0095**

A. JUSTIFICATION

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

The EDA Revolving Loan Fund (RLF) Program, authorized under section 209 of the Public Works and Economic Development Act of 1965, as amended (42 U.S.C. 3149), has been a part of EDA investment programs since the establishment of the RLF Program in 1975. The purpose of the RLF Program is to provide regions with a flexible and continuing source of capital, to be used with other economic development tools, for creating and retaining jobs and inducing private investment that will contribute to long-term economic stability and growth. EDA provides RLF grants to eligible recipients, which include State and local governments, Indian tribes, and non-profit organizations, to operate a lending program that offers loans with flexible repayment terms, primarily to small businesses in distressed communities that are unable to obtain traditional bank financing. These loans enable small businesses to expand and lead to new employment opportunities that pay competitive wages and benefits.

A unique feature of the RLF Program is that EDA must monitor RLF grants in perpetuity because, absent statutory authority providing otherwise, the Federal interest in an RLF never expires. EDA regulations currently require RLF recipients to submit a financial report to EDA on a semi-annual basis for each RLF (13 CFR 307.14(a)), which is currently submitted via Form ED-209, Revolving Loan Fund Financial Report. In addition, RLF recipients must also submit on a semi-annual basis a completed Form ED-209I, RLF Income and Expense Statement, if either of the following conditions apply: RLF administrative expenses for the reporting period exceeded \$100,000, or RLF administrative expenses for the reporting period exceeded 50 percent of RLF income earned during the reporting period (13 CFR 307.14(c)).

EDA is revising its regulations implementing the RLF Program through a final rule published in the Federal Register on December 1, 2017, “Revolving Loan Fund Program Changes and General Updates to Public Works and Economic Development Act Regulations” (82 FR 57034). The revised regulations update RLF Program requirements to reflect best practices within financial institutions and to strengthen EDA’s efforts to evaluate, monitor, and improve RLF performance by moving to a risk-based approach to assess individual RLFs. The measures EDA plans to use to assess performance under the new risk-based approach were published in a notice in the Federal Register on December 1, 2017, “Implementation of Revolving Loan Fund Risk Analysis System” (82 FR 56942).

In the transition to a risk-based approach, EDA has revised the RLF regulations to eliminate the requirement that RLF recipients submit Form ED-209I. The revised RLF regulations instead

encourage RLF recipients to keep administrative expenses to a minimum in order to maintain and grow the capital base of RLFs, in part by incorporating the percentage of RLF income used for administrative expenses as a performance measure in the new risk-based approach. Because of this change, EDA has determined that it is no longer necessary for RLF recipients to submit income and expense statements through Form ED-209I. In addition, EDA is revising Form ED-209 to reflect the new regulations and to ensure that the Form collects only the data necessary, including individual loan detail, to oversee the RLF Program under the new risk-based approach. As such, the revised Form ED-209 is shorter and easier to complete. The revised regulations will allow those RLF recipients that earn a high rating under the new risk-based monitoring approach to be placed on an annual reporting cycle, while RLF recipients receiving lower ratings will be required to maintain semi-annual reporting.

This Supporting Statement clarifies the Supporting Statement previously submitted on or around November 2, 2017, relating to this information collection.

2. Indicate how, by whom, and for what purpose the information is to be used.

The information will be used by EDA personnel to assess RLF recipient performance, manage risk, and evaluate the RLF Program, thereby fulfilling EDA's fiduciary responsibility to oversee its RLF portfolio. The individuals who will use the information include EDA's National RLF Coordinator and the RLF Administrators who work in EDA's six regional offices and who together oversee the RLF Program.

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.

All information is collected electronically through EDA-provided fillable PDF forms.

4. Describe efforts to identify duplication.

EDA reviews existing information collections to ensure that there is no duplication. The information requested is unique to the RLF Program and is not collected elsewhere.

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

The information collection does not involve small businesses. As discussed above, only eligible entities, which include State and local governments, Indian tribes, and non-profit organizations, are eligible to be awarded a grant to establish an RLF. For-profit businesses are not eligible to receive such an award.

The information collection may include some small entities, namely those RLF recipients that are non-profit organizations. In order to minimize burden on such entities, EDA limits the information requested to that which is unique to the RLF Program, not collected elsewhere, and necessary for oversight of RLF recipients.

6. Describe the consequences to the Federal program or policy activities if the collection is not conducted or is conducted less frequently.

EDA requires this information to fulfill its fiduciary responsibility to oversee its RLF Program by monitoring the on-going use of the funds in each revolving loan fund to ensure they continue to be used for appropriate purposes.

7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.

There are no special circumstances that would require the information collection to be conducted in a manner inconsistent with OMB guidelines.

8. Provide a copy of the PRA Federal Register notice that solicited public comments on the information collection prior to this submission. Summarize the public comments received in response to that notice and describe the actions taken by the Agency in response to those comments. Describe the 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.

EDA solicited feedback on the proposed extension of the information collection via the Federal Register. A copy of the 60-day PRA Federal Register notice that was published on August 25, 2017 (82 FR 40553), is attached. No public comments were received.

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

No gifts or payments are made to any respondent, other than disbursements of grant funds made by EDA to grantees under the authorized RLF Program.

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

There is no assurance of confidentiality provided to respondents regarding information collected through Form ED-209. To the extent that information provided by respondents is not exempt from disclosure under FOIA, such information is not confidential.

11. Provide additional justification for any question of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

No question of a sensitive nature is asked and no information of a sensitive nature is collected.

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

EDA estimates the respondent hour burden of the collection of information to be 1.5 hours per ED-209, times 866 responses, for a total of 1299 hours per year.

The reduction in burden associated with the revised Form ED-209 and eliminated Form ED-209I is not a distinct “deregulatory action” for the purposes of Executive Order 13771, “Reducing Regulation and Controlling Regulatory Costs.” The revised Form ED-209 and eliminated Form ED-209I are one piece of EDA’s transition to a risk-based approach to monitor and manage the RLF Program. As such, the reduction in burden stemming from the shortened and simplified Form ED-209 and eliminated Form ED-209I are already accounted for as part of the broader “deregulatory action” made pursuant to the recently published final rule that revised the regulations governing the RLF Program.

13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (excluding the value of the burden hours in Question 12 above).

There are no special equipment or maintenance costs associated with this collection of information. Respondents have established reporting relationships with the agency and do not bear the cost of photocopying and mailing forms, as all form filings are electronic.

14. Provide estimates of annualized costs to the Federal government.

The estimated annual cost to the Federal government is \$101,539 to collect and review an estimated 866 responses. The estimate is based on an estimated 1.8 hours per response at \$67.00 per hour. This hourly wage is drawn from the average total compensation of Federal Government employees with a Bachelor’s Degree in 2015, the most recent year for which data is available, from the Congressional Budget Office Report *Comparing the Compensation of Federal and Private-Sector Employees, 2011 to 2015*, published in April 2017.

15. Explain the reasons for any program changes or adjustments.

No program changes or adjustments are reported.

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

Information collected from respondents will only be published in aggregate form as part of EDA’s annual report, GPRA reporting, EDA’s Balanced Scorecard, progress reports to the DOC and/or its OIG, or other summary reports.

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

EDA is not seeking approval to not display the expiration date of OMB approval for the information collections.

18. Explain each exception to the certification statement.

There are no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

EDA does not employ statistical methods to collect data using these forms.