

October, 2017
SUPPORTING STATEMENT
(0572-0139)

7 CFR 1776, Household Water Well System Grant Program

A. Justification

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

This package is being submitted under a regular clearance as an extension of a currently approved collection. There have been no changes in the information collection requirements, however, agency adjustments were made resulting in a burden decrease of 6 hours. The Rural Utilities Service (RUS), an agency of the United States Department of Agriculture, requests OMB clearance of the reporting requirements relating to 7 CFR Part 1776, Household Water Well System (HWWS) Grant Program. This regulation is used to administer grants made to private non-profit organizations under the HWWS program. The Agency is authorized to make the grants under Section 306E of the Consolidated Farm and Rural Development Act (CONACT) 7 U.S.C. 1926e.

The RUS is authorized to make grants to qualified private non-profit organizations which will use the funds to establish lending programs for household water wells. The grant recipients will establish a revolving loan fund lending program to provide water well loans to individuals who own or will own private wells in rural areas. The individual loan recipients may use the funds to construct, refurbish, and service their household well systems for an existing home. Borrower eligibility, the interest rate (one percent), term (20 years), and maximum loan amount (\$11,000) are all established within 7 CFR 1776.

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 purpose of the HWWS Grant Program is to provide funds to private non-profit organizations to assist them in establishing loan programs from which individuals may borrow money for household water well systems. Applicants must show that the project will provide technical and financial assistance to eligible individuals to remedy household well problems. Based on the previous three year history, Fiscal Years 2014 through 2016, RUS expects to receive and fund on average seven applications annually. Generally, unless there is an ineligible applicant, all applications are funded, but at a reduced dollar amount.

Applicants will provide information to be collected as part of the application process through certain documentation, certifications, and completed forms. Failure to collect proper information could result in improper determinations of eligibility, improper use of funds, or hindrances in making grants authorized by the CONACT. The applicant submits

an application package, consisting of an application form, narrative proposal (work plan), various other forms, certifications, and supplemental information. The RUS and State Offices staff use the information collected to determine applicant eligibility, project feasibility, and the applicant's ability to meet the grant and regulatory requirements. The reporting burden is described as follows:

ITEMS CLEARED WITH THIS PACKAGE
(in order of appearance on Form 36)

Initial Application/Application Processing:

Written assurance- Identify Relationship with Rural Development Employee(s)

Applicants are required to identify any known relationship or association with an agency employee so appropriate steps may be taken regarding the review of the application package and subsequent grant servicing where a known relationship exists.

Written - Organizational Documents - Evidence of Legal Authority and Existence

Applicants must provide satisfactory documentation that an organization is legally recognized under state and federal law as a private non-profit organization. The documentation must show that the organization has the authority to enter into a grant agreement with RUS and to perform the activities proposed under the grant application. Satisfactory documentation includes, but is not limited to, certificates from the Secretary of State, charters, bylaws or articles of incorporation, or copies of state statutes or laws establishing the organization. The agency uses this information to determine if the applicant has proper authority to enter into a binding agreement to use grant funds.

Written - List of Directors and Officers

Applicants must submit a certified, current list of directors and officers with their respective terms. The agency uses the information to verify the legal authority and leadership of the organizations.

Written - Evidence of Tax Exempt Status

To be eligible to receive a grant under this program, the applicant must be a private non-profit organization with a 501(c)(3) tax-exempt status, designated by the Internal Revenue Service. RUS uses this information to ensure the applicant meets the eligibility criteria mandated by law.

Written - Work Plan (Project Proposal, Scope of Work, and Budget Justification)

Applicants should outline the project in sufficient detail to provide an understanding of the loan program to be operated. The proposal should include a project summary, needs assessment, project goals and objectives outline, budget justification, and scope of work. The work plan will demonstrate the feasibility of the lending program to meet the objectives of the HWWS grant program. It will also break down the uses and sources of funds, and outline how the funds will be spent. The agency uses this information to

evaluate the cost effectiveness of the project, the adequacy of funding to carry out the activities of the project, and evaluate a grant recipient's progress.

Written - Statement of Experience

The applicant must provide a written narrative describing its demonstrated competency and experience in the groundwater industry. This information is used to determine the applicant's capacity to successfully deliver a revolving loan fund.

Written- Pro-forma Balance Sheets and Financial Statements

Applicants will provide a pro-forma balance sheet for at least 3 additional years. If the revolving loan fund is new, the balance sheet will project out three years beyond inception. The projected balance sheet must include one set of projections that are for the revolving fund and a separate set for the organization's total operations. The agency uses this information to assess the financial capabilities and determine if the applicant is financially viable to complete the proposed work plan.

Written- Prior year Audit or Financial Statements

The prior fiscal year's audit or financial statements is be required to determine adequate capacity for initial startup costs and applicant contributions.

Written- Pro-forma Income Statement and Cash Flow

Applicants will provide pro-forma 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 must include one set of projections that for the revolving fund and a separate set for the organization's total operations. RUS uses this information to assess the financial capabilities and determine if the applicant is financially viable to complete the proposed work plan.

Post Application

Written - Audit

Before an award can be considered complete, the applicant must provide audited financial statements for the period covered in the award. An annual audit under the Single Audit Act is required if a grantee expends \$750,000 or more in Federal financial assistance per fiscal year. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended, including interim financing. All audits are to be performed in accordance with 2 CFR Part 200, as adopted by USDA through 2 CFR Part 400. The audit must be prepared by an independent licensed Certified Public Accountant, or a State or Federal auditor if allowed by State law, and must be submitted within 9 months of your fiscal year end. If the grantee expends less than \$750,000 in Federal financial assistance per fiscal year it may submit financial statements in lieu of an audit, which include at a minimum a balance sheet and an income and expense statement. RUS uses this information to ensure that monies were used in accordance with established statutes and guidelines.

Written - Project Performance Report

Grant recipients must submit a quarterly narrative project progress report summarizing progress and including 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. The project performance report meets the requirements of 7 CFR part 1776, subpart B and 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. RUS uses this information to monitor performance and ensure schedules are met, projected work is accomplished, and objectives are achieved. In the event that a project completion date is extended, the application may continue to submit additional requests. For this reason, Form 36 lists both “Initial” and “Extension” line items.

Written - Request for Written Approval of Work Plan Changes

The grantee agrees in the Grant Agreement to obtain written approval from the Agency before making any significant changes in forms, security policy, or the work plan. Only one extension may be made for up to 12 months. If the recipient pursues this extension they agree to the continuance of the established servicing requirements.

Written - Grant Agreement

The Grant Agreement is the official legal instrument between RUS and the HWWS grant recipient. The Grant Agreement outlines the terms and conditions under which the applicant receives a HWWS grant and sets forth the remedial authorities available for nonperformance. Applicants and RUS must execute the document before the Agency disburses grant funds.

ITEMS CLEARED IN OTHER PACKAGES

(in order of appearance on Form 36)

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 are required to disclose debarment and suspension information under 7 CFR 3017.335. Form AD-1047 may be used to obtain the required certification.

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

Following the same guidance set forth related to Form AD-1047, Form AD-1048 will be signed by applicant’s suppliers, auditors, contractors, etc. The documents are retained by applicant in their files and a copy presented to RUS.

AD 1049, “Drug-Free Workplace Requirements” (Cleared under 0505-0027)

In accordance with 7 CFR 3021.230 applicants must identify the organization's known workplaces by including the actual address of buildings (or parts of buildings) or other sites where work under the award takes place. Applicants are required to comply with

the requirements for drug-free workplace and provide certification under these regulations. Form AD-1049 may be used to obtain the required certification.

RD-400-1, “Equal Opportunity Agreement” (Cleared 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.

RD-400-4, “Assurance Agreement” (Cleared 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 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.

SF-LLL, “Disclosure of Lobbying Activities” (Cleared under 4040-0013)

For grants over \$100,000, applicants must certify that no federal appropriated funds will be paid to any lobbying entity 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, grant, loan, and any covered federal action.

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

Grant recipients submit SF 270 for disbursement of grant funds and Agency approval of the disbursement. The use of this form complies with OMB Circular A-110 and 2 CFR 200. Requests for disbursement are submitted no more frequent than monthly. In the event that a project completion date is extended, the application may continue to submit additional requests. For this reason, Form 36 lists both “Initial” and “Extension” line items.

SF- 424, “Application for Federal Assistance” (Cleared under 4040-0004)

Applicants use this official form as a required cover sheet for applications submitted for the HWWS grants. The application provides basic information about the applicant, such as name, address, employer identification number, DUNS number, etc., and the proposed project. The form is required for all federal grants and is submitted as part of the application. In the event that the award amount varies from the requested amount, a new copy of this form is executed. Thus, Form 36 lists “Initial” and “Revised” line items.

SF-424A, “Budget Information--Non-Construction Programs” (Cleared under 4040-0006)

Applicants project costs and expenses for the grant project and provide information on matching funds. This form is submitted as part of the application. In the event that the

award amount varies from the requested amount, a new copy of this form is executed. Thus, Form 36 lists “Initial” and “Revised” line items.

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. This form is submitted as part of the application.

SF 425, “Federal Financial Report” (Cleared 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 2 CFR 200, OMB Circular A-110, and an OMB policy statement Financial Reporting for Grants and Cooperative Agreements: Federal Financial Report, published in the Federal Register on August 13, 2008. (The form replaces the SF-269, Financial Status Report.) This form is submitted in coordination with the Project Performance narrative. 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, ensuring schedules are met, projected work is accomplished, and objectives are achieved. In the event that a project completion date is extended, the application may continue to submit additional requests. For this reason, Form 36 lists both “Initial” and “Extension” line items.

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.

The Agency is committed to complying with 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 Agency accepts applications electronically through the Federal Government portal at <http://www.grants.gov> for Agency processing. Grant applications can also be submitted in paper format. If an applicant chooses to submit an application via paper they may still complete the forms online, store them in an electronic format, and print them for submission to the Agency.

Forms for applications submitted in paper format are available electronically at several locations on the World Wide Web: (1) <https://forms.sc.egov.usda.gov>; (2) <https://www.grants.gov/web/grants/forms.html>, which is the Grants.gov Forms Repository; and, (3) www.whitehouse.gov/omb/grants_forms.

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 HWWS grants. There will be no duplication in the collection of information required. If applicants are applying for other programs where similar information is required, the agency would make every effort to use that same information.

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 term “small entity” has the same meaning as the term “small business,” “small organization,” and “small governmental jurisdiction” in accordance with 5 U.S.C. §601(6). The Small Business Administration (SBA) has established a Table of Small Business Size Standards that matches to the industries described in the North American Industry Classification System (NAICS). Of the seven respondents during the application phase, approximately five (or 80 percent) are small entities, independently owned and operated and not dominant in their field. The information to be collected is the minimum RUS needs to approve the grants and monitor performance. No unique methods will be used to minimize the burden to small entities.

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 and meet the requirements of the program regulations established by law for departmental regulations and OMB circulars. Much of the information is collected when applicants file for grants or when the grants are closed. Information is collected when needed or required by departmental regulations, statutes, and OMB circulars. Information cannot be collected less frequently and still meet the requirements of the programs. Failure to collect proper information could result in improper determinations of eligibility, improper use of funds, or create hindrances in activities related to the awarding of grants.

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.
- c. Requiring more than an original and two copies.
There are no such requirements for more than an original and two copies.
- d. Requiring respondents to retain records for more than three years.

There are no such requirements for respondents to retain records for more than 3 years.

e. 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.

No pledge of confidentiality is required.

h. Requiring submission of proprietary trade secrets.

There are 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.

As required by 5 CFR 1320.8(d), a Notice to request comments was published on July 18, 2017, at 82 FR 32786. The agency received one public comment of a general nature and that did not pertain to the information collection.

In July 2017, RUS contacted the following individuals outside the Agency to obtain their views on the paperwork burden imposed by this regulation:

California Rural Water Association (CRWA), Liliya Slabosnitskiy, Resource Development Assistant II, (916) 553-4900. CRWA learned about the program through a USDA staff member. Ms. Slabosnitskiy found the documents through the USDA website and thought the forms were very easily accessible. She felt that the level of information collected was reasonable, however, did not find the eligibility instructions or record keeping easy to understand. Ms. Slabosnitskiy stated that the project did not meet its objectives and that the organization could have used more assistance through "providing report feedback and funding for initiating the program."

Rural Community Assistance Corporation (RCAC), Juanita Hallstrom, Assistant Director of Lending and Housing, (916) 447-9832, extension 1065. RCAC found out about the program through a past recipient. They located the forms through Grants.gov and found

them easily accessible. Further, Ms. Hallstrom noted that the level of information collected, and processing and servicing requirements were reasonable and easy to understand. She also stated that they successfully met their objectives declaring that “RCAC has successfully deployed funds to many household families.”

Water Systems Council d/b/a Water Well Trust (WWT), Margaret Martens, Executive Director, (202) 625-4383. WWT found the program information through a Google search. Ms. Martens used the forms posted on USDA’s website, which she felt were easily accessible. She stated that she thinks the level of information was reasonable and that the processing and servicing requirements were easy to understand. Ms. Martens declared that WWT exceeded its goal of helping 19 households through financing 24 awards. She noted that there is significant demand for investments of this nature. Finally, Ms. Martens stated that she has enjoyed working with RUS staff.

WSOS Community Action (WSOS), Deb Martin, Community Development Director, (419) 334-5117. WSOS learned about the program through the Rural Community Assistance Partnership of which they are affiliated. Ms. Martin felt that the forms accessible through Grants.gov and stated that the “application was far easier than many others of its kind.” She stated she completed the work plan in less than the estimated time and suggested the estimate be decreased. She further stated that the processing and servicing requirements were easy to understand. Ms. Martin noted that they are working towards the completion of their project, but are “beginning to see the completion of our objectives.”

9. Explain any decision to provide any payment or gift to respondents, other than re-enumeration 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.

The information collected does not contain any questions of a sensitive nature.

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

Based on the number of awards made within the information collection period and the agency’s experience with the grant program, the agency estimates that the hour burden on respondents associated with this information collection to be 769.75 hours and the cost burden on respondents to be \$36,001.21, demonstrated in the table below:

| Regulation | Number of Respondents | Total Annual Responses | Total Man-Hours | Total Hourly Wage | Total Costs |
|------------|-----------------------|------------------------|-----------------|-------------------|-------------|
| 7 CFR 1776 | 7 | 146 | 769.75 | \$46.77 | \$36,001.21 |

As indicated above, RUS estimates a cost of \$36,001.21, or \$5,143.03 per project, for respondents to comply with this regulation. The cost is based on seven organizations filing an application and each receiving a grant. The primary individuals submitting a grant application or required report under this regulation would be a director or a professional financial operations staff member. The wage rate of \$36.09 per hour is based on the mean hourly rate provided for Occupation Code 13-0000 Business and Financial Operations Occupations taken from the Bureau of Labor Statistics (BLS) May 2016 National Industry-Specific Occupational Employment and Wage Estimates for Sector 22-Utilities (NAICS 221000) found at <https://www.bls.gov/oes/current/oes130000.htm>. Cost of total benefits of \$10.68 is added to the hourly rate for a total hourly wage of \$46.77.¹

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information for (a) capital and start-up costs and (b) operation, maintenance and purchase of services components.

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

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

The cost to the Federal Government is calculated based on the hourly wage of \$51.48 for a GS13/Step 5 Community Programs Specialist, which is as shown at https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/17Tables/html/DCB_h.aspx. Cost of benefits is calculated at \$18.66 for a total hourly wage of \$70.14.² The cost to the Federal Government to collect and evaluate the information in this collection is summarized in the following calculations:

| | |
|--|----------|
| Application phase analysis – 12 hours X 7 applicants X \$70.14 = | 5,891.76 |
| First Administrative phase – 6 hours X 7 applicants X \$70.14 = | 2,945.88 |

¹ Historical data provided by the BLS, Employer Cost for Employee Compensation Supplemental Tables Historical Date December 2006 – March 2017 is utilized to calculate cost of total benefits. Benefits as a percentage of total compensation for private sector trade, transportation, and utilities industry workers was 29.6% of total hourly compensation for March, 2017. See <https://www.bls.gov/ncs/ect/sp/ecsuhphst.pdf>, Page 91.

² The cost of benefits for Federal Employees is 36.25% of the hourly wage rate as provided in OMB Memorandum M-08-13.

| | |
|---|--------------------|
| Second Administrative phase – 3 hours X 7 applicants X \$70.14 = | 1,472.94 |
| Servicing per quarter (initial)– 3 qtrs X 3 hours X 7 borrowers X \$70.14 = | 4,418.82 |
| Servicing per quarter (extended)- 4 qtrs X 3 hours X 4 borrowers X \$70.14= | 3,366.72 |
| End of grant period – 6 hours X 7 borrowers X \$70.14 = | 2,945.88 |
| Closeout – 2 hours X 7 borrowers X \$70.14 = | <u>981.96</u> |
| Total estimated cost to the Federal Government under this package is: | <u>\$22,023.96</u> |

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

The number of borrowers has remained constant over the prior three fiscal years averaging 7.33 (rounded to seven). There have been no changes in the information collection requirements. Based on agency experience, there were minor agency adjustments in some grantees needing amended award amounts, having workplan changes, and submitting requests related to project duration extensions, resulting in an overall reduction of 6 hours. This submission has a total of 146 responses. In the previous submission the total responses were 168, but was entered incorrectly as 7 (number of respondents). This submission corrects this error reflecting an increase of 139 responses.

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

There are no plans for publication. 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 collection, explain the reasons that display would be inappropriate.

There are no forms cleared under this collection.

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

There are no exceptions requested.

19. Collection of Information Employing Statistical Methods.

This collection does not employ statistical methods.