

Department of Transportation
SUPPORTING STATEMENT
Title XI Obligation Guarantees – 46 CFR Part 298

INTRODUCTION

This is to request the Office of Management and Budget's (OMB) three-year approval clearance for the information collection entitled, Title XI Obligation Guarantees – 46 CFR Part 298, OMB # 2133-0018, which is currently due to expire on January 31, 2018.

Part A. Justification

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

Under 46 USC Ch. 537, the Maritime Administration (MARAD) is authorized to execute a full faith and credit guarantee by the United States of debt obligations issued to finance or refinance the construction or reconstruction of vessels and for shipyard modernization and improvement projects. It states in section 53708 that prior to execution of this guarantee, the Secretary of Transportation must, among other things, make determinations of economic soundness of the project and the financial and operating capability of the applicant. The information collected is necessary to evaluate an applicant's project and capabilities, make the required determinations, and administer any agreements executed upon approval of loan guarantees.

As part of the Reserve Fund and Financial Agreement executed as part of the award of a loan guarantee, recipients are required to submit financial information on a semi-annual basis in accordance with 46 CFR 298.13. This financial information is covered under MARAD information collection "Uniform Financial Reporting Requirements, OMB No. 2133-0005," Form MA-172, and therefore need not be accounted for under the subject collection 2133-0018.

The loan guarantee program is one of MARAD's primary means of achieving the Department of Transportation's strategic goal set under the 2014-2018 Strategic Plan. This program is instrumental in achieving Economic Competitiveness in the Maritime Industry by encouraging economic growth and trade, and increases the capability of the transportation system to meet national defense needs.

2. How, by whom, and for what purpose is the information used.

The information provided is used by individual offices within MARAD to evaluate each applicant within that office's sphere of responsibility. To simplify collection and processing, two separate forms are in use: the MA-163 for ship financing projects; and the MA- 163A shipyard modernization projects. Some of the information on each form is specific to that type of project while some of the information is required for all projects. The burden associated with each form is equal. Failure to receive the

required information would hinder MARAD's ability to evaluate and act upon applications. This would result in certain projects not being consummated which might otherwise be undertaken. This would have an adverse impact on the United States maritime industry. Such a result would not be acceptable since the promotion, development and maintenance of the maritime industry is the stated policy of 46 U.S.C. Ch. 501.

3. Extent of automated information collection.

The collection of information for loan guarantee application material is available on the internet via MARAD's website. Application submission requires three fully executed paper copies of application documents and supporting schedules. Additional copies of the paper based applications and related supporting documents may be delivered by electronic digital media such as a disc or flash drive. The current application process presents the least burden compared to use of electronic application submission. The cost of establishing and maintaining electronic data systems for the application information submission and required security protections exceeds the benefits to be derived.

The application review involves multiple MARAD offices with divergent responsibilities. The collection information process relied on provides the most efficient means to disseminate information to these units and expedite responses.

4. Efforts to identify duplication.

Except for audited financial statements, there is no similar data available from any other source that can be used, or modified for use, by MARAD.

5. Efforts to minimize the burden on small businesses.

The information collected is not expected to have other than a minimal impact upon small business as the applicants generally exceed the Small Business Administration's criteria for small business.

6. Impact of less frequent collection of information.

The Information Collection through the application process is essential in determining program benefit qualification. The consequence to the Federal program or policy activities if the statements were not collected would be MARAD's inability to properly administer the program or develop more burdensome approaches to acquire necessary information.

7. Special circumstances.

With regard to the above, MARAD requires the submission of up to 10 copies of the initial application. Additional copies are required in order that different offices within

MARAD may provide simultaneous and timely analyses of the application.

8. Compliance with 5 CFR 1320.8: If applicable, provide a copy and identify the date and page number of publication in the 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.

Prior to submission of a loan guarantee application, applicants are encouraged to meet with MARAD staff to discuss information to be included in the application. At these meetings agency officials obtain information on the applicant's views on the availability of data, frequency of collection, and the clarity of instructions. MARAD staff members also communicate with respondents regarding the basis and reporting consistency of the information submitted. Revisions to the requirements are routinely discussed with maritime industry officials outside MARAD.

MARAD published a 60-day Federal Register notice on September 1, 2017 (82 FR 41675) indicating comments were due on October 31, 2017. No comments were received. In addition, a 30-day Federal Register notice was published on December 5, 2017 (82 FR 57522) indicating comments must be submitted on or before January 4, 2018.

9. Payment or gifts to respondents.

No payments or gifts are provided to respondents.

10. Assurance of confidentiality.

Under the existing regulation governing the loan guarantee program, the applicant is provided information relating to confidential treatment of the material supplied to MARAD. Confidentiality of the submitted information is currently provided for in 46 CFR 298.3(d) and 5 U.S.C. 552. As the information, itself is voluntary, the applicant is not required to provide the information unless the applicant desires to participate in the loan guarantee program.

11. Justification for collection of sensitive information: 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.

Not applicable. There are no questions of a sensitive nature as described above.

12. Estimate of burden hours for information requested.

It is estimated that approximately ten respondents will require approximately 150 hours each to complete an application for loan guarantees:

<u>Number of Respondents</u>	<u>Responses Per Respondent</u>	<u>Total Responses Annually</u>	<u>Hours Per Response</u>	<u>Total Hours Annually</u>
<i>Form MA-163 Application for Ship Financing Guarantees</i>	8	1	150	1200
<i>Form MA-163A, Request for Shipyard Financing Guarantees</i>	2	1	150	300
Total:	10	x	1 = 10 x	150 minutes = 1500 hours

A determination of the estimated number of hours required per response was made after consultation with a few of the Title XI respondents. The number of hours required per response is the same for both forms (MA-163 and MA-163A).

<i>CODE</i>	<i>TITLE</i>	<i>Number of Employees</i>	<i>Estimated (Mean)* Hourly Wage</i>	<i>Project Time</i>	<i>Cost per Response</i>
11-1011	Chief Executives	1	\$93.44	20.00	\$1,867
13-2011	Accountants and Auditors	1	\$38.80	45.00	\$1,746
15-2041	Statisticians	2	\$40.94	45.00	\$3,685
23-1011	Lawyers	2	\$67.25	20.00	\$2,690
43-9061	Office Clerks, General	1	\$15.87	10.00	\$159
43-9190	Miscellaneous Office and Administrative Support Workers	1	\$27.83	10.00	\$278
<i>Total</i>				<u>150.00</u>	<u>\$10,425.</u>

Estimated Labor Cost \$10,425.

Estimated Burden per Response \$15,425

Number of Responses Expected 10

Total Burden \$154,250

*The estimated burden for respondents is: $\$154,250 \times 1.4$ (benefits) = $\$215,950$.
 Source: Bureau of Labor Statistics (BLS), May 2016 National Occupational Employment and Wage Estimates (https://www.bls.gov/oes/current/oes_nat.htm#43-0000).

13. Estimate of total annual costs to respondents.

- (a) The estimated annual cost burden cost for respondents is \$50,000; (\$5,000 application fee per respondent times 10).
- (b) Total Operation and Maintenance and Purchase of Services Estimate: There are no operational and maintenance and/or purchase of service costs associated with this information collection.

14. Estimate of cost to the Federal Government.

The total annual cost to the Federal Government for processing the collection is estimated as \$830,329.50

It is estimated that 15 employees in various areas of the Maritime Administration spend an average of 65 hours of their time collecting and assimilating information submitted with each application. Therefore, given an average GS-14 step 5 salary of \$60.83 per hour for each of the employee's times 1.4 for benefits, the cost to the Government is estimated as follows:

Number of Employees	Estimated Hourly Wage	Project Time	Cost per Response	Number of Responses	Total Labor Cost
15	60.83	65	59,309.25	10	\$593,092.50
					\$830,329.
			Benefits - 1.4 times Labor Cost:	5	
			Total		\$830,329.5

*Hourly wage was taken from the 2017 Locality pay for Washington-Baltimore-Arlington, DC-MD-VA-WV-PA: <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2017/general-schedule/>.

15. Explanation of program changes or adjustments reported in items 13 or 14 of OMB Form 83-1.

There were no reported program changes or adjustments reported in items 13 and 14 of OMB Form 83-1.

16. Publication of results of data collection. .

All information supplied in part I of the application will be released for public information purposes. All information supplied in parts II through V will be subject to the following:

If the application, including the attachments thereto, contains information the applicant considers to be trade secrets or commercial or financial information and privileged or confidential, or otherwise exempt from disclosure under the freedom of information act (FOIA), 5 U.S.C. 552, the applicant shall assert a claim of exemption at the time of application. The same requirement shall apply to any amendment to the application.

17. Approval for not displaying the expiration date of OMB approval.

Not applicable. MARAD is not seeking such an approval.

18. Exceptions to certification statements.

Not applicable. There are no exceptions to the certificate statement.