

2018 SUPPORTING STATEMENT

7 CFR 3570-B, “Community Facilities Grant Program” OMB No. 0575-0173

Justification

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

Community Programs, a division of the Rural Housing Service (RHS), hereinafter referred to as Agency, is part of the United States Department of Agriculture’s Rural Development mission area. The Agency is authorized by Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926), as amended, to make grants to public agencies, nonprofit corporations, and Indian tribes to develop essential community facilities and services for public use in rural areas. The Community Facilities Grant (CFG) regulation provides policies and responsibilities, including the collection and use of information necessary to effectively implement this program.

Rural Development provides grant funds through the Community Facilities program to finance many types of projects varying in size and complexity, from large general hospitals to small fire trucks. These facilities include schools, libraries, child care, hospitals, clinics, assisted-living facilities, fire and rescue stations, police stations, community centers, public buildings, and transportation. The facilities financed are designed to promote the development of rural communities by providing the infrastructure necessary to attract residents and rural jobs. Through its Community Programs, the Department of Agriculture is striving to ensure that such facilities are readily available to all rural communities.

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 information will be collected by Rural Development field offices from applicant/borrowers and consultants. This information is used to determine applicant/borrower eligibility, project feasibility, and to ensure borrowers operate on a sound basis and use loan and grant funds for authorized purposes.

Reporting Requirements - Forms Approved with This Docket

Form RD 3570-3, “Community Facilities Grant Agreement.”

This form is used as an agreement to be executed by the Agency and the grantee upon receipt of grant funds. The document sets forth the rights and responsibilities of both parties. The grantee is asked to carefully review the requirements and have the appropriate approval official execute the agreement. This form requires the grantee to also complete Standard Form SF 425 and Forms RD 400-1 and 400-4. Government-wide, there is no existing grant agreement that may be used for this purpose.

Form RD 400-1, “Equal Opportunity Agreement”

All grantees are required to meet Executive Order No. 11246 regarding equal employment opportunities. Form is completed by the grantee when construction work is subject to the provisions of the Civil Rights compliance requirements that contractors cannot discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

Form RD 400-4, “Assurance Agreement”

Applicants are required to execute this form concerning compliance with the Civil Rights Act of 1964. The form is completed by the applicant and used to confirm that recipients of Rural Development grant assistance have been reminded of their obligation to comply with all provisions of the Civil Rights Act of 1964 and regulations of Rural Development.

REPORTING REQUIREMENTS – NO FORMS**Lease/Management Agreement**

2 CFR 200 as adopted by USDA through 2 CFR part 400 have use and disposition requirements for all Federal grant programs that require the grantee to meet certain provisions. Where the right of use or control of the facility/real property not owned by the applicant/grantee is essential to the successful operation of the facility during the term of the grant, such right will be evidenced by written agreements or leases between the owner of the property and the applicant/grantee, to protect the interest of the Government’s investment and ensure services will continue. Also, contracts for services, such as management, operation, and maintenance, will be evidenced by a management agreement to ensure essential community facility services will continue to be available to the entire public.

Liens on real property

In accordance with 2 CFR 200 as adopted by USDA through 2 CFR part 400, and RD Instructions 3570-B and 1942-A, the Agency is required to be secured by the best position practicable to protect the Government’s interest during the term of the grant. Security may include assignments, liens on real property, and equipment, etc.

Statement on Ability to Obtain Credit Elsewhere

Applicants must certify in writing that they are unable to finance the proposed project from their own resources or through commercial sources at reasonable rates and terms. The Consolidated Farm and Rural Development Act, as amended through the Federal Agriculture Improvement and Reform Act of 1996, requires the credit elsewhere statement.

Interim Financing

The grantee is expected to finance the construction phase of the project through commercial sources when financing can be arranged at reasonable rates and terms in accordance with RD Instruction 1942-A.

Financial Feasibility Report

In accordance with RD Instruction 1942-A, all applicants will provide a financial feasibility report prepared by a qualified firm or individual demonstrating economic feasibility and that the grant request is the minimum amount necessary for project feasibility.

Audits/Financial Statements

Annual audits are required from all borrowers with gross incomes over \$100,000. The audits help Rural Development determine if the operations are sound and the intended services are being provided to the public. Often Rural Development can use the audits to predict developing financial problems and suggest corrective steps before the problems become serious.

REPORTING REQUIREMENTS – FORMS APPROVED UNDER OTHER OMB NUMBERS

Several standard forms, agreements, and reports that have been previously cleared under other burden packages are required. The information contained in these documents is required to properly evaluate eligibility, creditworthiness, project feasibility, and to ensure prudent loan making and servicing.

Form SF 425 “Federal Financial Report” (OMB No. 4040-0014)

In accordance with 2 CFR 200 as adopted by USDA in 2 CFR part 400, and RD Instructions 1942-A and 3570-B, Standard Form 425, “Federal Financial Report,” and a project performance activity report are required of all grantees on a quarterly basis. We have approval to collect this information under OMB Control number 4040-0014.

Form SF 424 - “Application for Federal Assistance” (OMB No. 4040-0004)

This is the standard application required to be executed for all Federal grant programs. We have approval to collect this information under OMB Control number 4040-0004.

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.

Information needed is specific to each applicant, many of whom may be small organizations not equipped for high technology information gathering. The Agency has many requirements that involve certifications from the borrower as well as other parties involved in the project. The Agency could not comply with legislative mandates without these certifications. All of the public use are available in a fillable and printable format on the Internet but are not available for electronic submission at this time.

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.

The Agency has reviewed all grant programs it administers to determine which programs may be similar in intent and purpose. If there were simultaneous participation in more than one Agency grant and/or loan program, the Agency would make every effort to accommodate the requests within the same set of applications and processing forms. This effort is presently facilitated by assignment of management of these programs to the same program area of responsibility. If an applicant is applying for or receiving a loan and/or grant from another Federal agency, forms and documents furnished by the other agency would be utilized to the extent possible.

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.

Information to be collected is in a format designed to minimize the paperwork burden on small businesses and other small entities. The information collected is the minimum needed by the Agency to approve grants and monitor borrower performance. The agency estimates out of 1,272 respondents, 0% are small business as this is only for public bodies and non-profit organizations.

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 this program is considered to be the minimum necessary to conform to the requirements of the program regulations established by law. Information is collected only when needed, and we believe no reduction of collection is possible. Failure to collect proper information could result in improper determinations of eligibility, improper use of funds, and/or unsound loans.

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 collection requirements for reporting on more than a quarterly basis.

b. Requiring written responses in less than 30 days.

There are no specific information collections requiring a response in less than 30 days.

c. Requiring more than an original and two copies.

There are no specific information collection requirements for submitting more than an original and two copies.

- d. Requiring respondents to retain records for more than 3 years.

Grantees are not required to retain records for more than 3 years, except in cases where there are unresolved audit findings.

- e. Not utilizing statistical sampling.

There are no such requirements.

- f. Requiring use of statistical sampling which has not been reviewed and approved by OMB.

No such requirements exist.

- g. Requiring a pledge of confidentiality.

There are no such requirements.

- h. Requiring submission of proprietary trade secrets.

There are no such requirements.

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 February 2, 2018 [Vol. 83 No. 23, page number 4896]. No comments were received related to the publication of the Notice.

Telephone interviews were conducted with the following:

- (1) City of Jasper, Jasper, Arkansas, Jan Larson, Mayor, street department equipment.
- (2) City of Crescent City, Crescent City, California, Eric Taylor, Director for Community Development, fire equipment.
- (3) Ford City Borough, Ford City, Pennsylvania, Michael Greenlee, Chief of Police, police car.

The City of Jasper indicated the required information in the application materials was not always clear but the RD staff did a good job assisting them to complete their application. Reporting requirements after grant award are very reasonable. City of Crescent City and Ford City Borough both indicated the process was very easy, the amount of paperwork is reasonable and staff is excellent to work with. All grantees were appreciative of the assistance provided and commented that our program is critical to their communities' ability to provide and maintain essential community services.

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

No such decisions or payments were made.

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 was provided. The information collected under the provisions of this program is not considered to be of a confidential nature. Organizations, such as nonprofit entities and public bodies from which the information is collected, ordinarily are required to make their activities available for public scrutiny.

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, such as sexual behavior, religious beliefs, or other matters commonly considered private.

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

This submission is for 1,272 respondents with 7,049 responses and 16,462 hours. See attached spreadsheet.

The cost of the regulations as a burden to the public was computed on the basis of \$19.76 per hour for executing the grant agreement and attachments, completing the SF 424, "Application for Federal Assistance", and all necessary written documentation for a complete application. A cost basis of \$39.51 per hour was used for preparing the financial feasibility report, audits and financial statements.

The dollar amounts used for the wage grade come from mean wages from the Bureau of Labor Statistics, May 2017 National Occupational Employment and Wage Estimates United States (http://www.bls.gov/oes/current/oes_nat.htm). Mean wages by occupation for the following classes: Financial Specialist 13-2000 and Bookkeeping Accounting & Auditing Clerks 43-3031. An additional 31% was added to account for employee benefits.

The total cost to the public is \$764,230.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information.

There are no start-up costs involved.

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

The annual cost, which includes benefits, travel, communication, supplies, etc., for RHS to develop and administer this program is \$775,331. These costs are based on a GS-12/5 Loan Specialist in each State spending 15 percent of his/her time on this program, and two GS-13/5 Loan Specialist in the National Office spending 8 percent of his/her time (amounts based on the 2018 OPM base salary).

	No. of People	Grade and Salary	Time	Cost
National Office Loan Specialist	2	13/5 - \$109,900	.08	\$17,584
State Office Loan Specialist	48	12/5 - \$92,421	.15	\$665,431

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

There is an increase of 3,139 responses and 9,480 hours annual burden since the last submission. This is due to the Agency accounting for RD forms 400-1, 400-4, and the "Audits/financial statements" written reporting requirement. There was also an increase of 350 in the number of respondents based on the past three fiscal years of application volume.

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

Rural Development has no plans to publish the information collected under the provisions of the 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.

These forms are used in other Rural Development information collections; therefore, it is not practical to include an OMB expiration date because of the different expiration dates for each collection. RD is seeking approval to not display the OMB expiration date on these forms.

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

There are no exceptions requested.

19. How is this information collection related to the Service Center Initiative (SCI)? Will the information collection be part of the one-stop shopping concept?

This information is not related to, and will have no impact on, the Service Center Initiative. The information collection under this regulation is case specific.