

SUPPORTING STATEMENT FOR
OMB CONTROL NUMBER 0584-0067
7 CFR PART 235 - STATE ADMINISTRATIVE EXPENSE (SAE) FUNDS

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A. JUSTIFICATION

A1. Circumstances that make the collection of information necessary.

Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

This is a revision of a currently approved collection. The authority for this collection is provided for in Sections 7 and 10 of the Child Nutrition Act of 1966, 80 Stat. 888, 889, as amended (42 U.S.C. 1776, 1779). The title of Section 7 is STATE ADMINISTRATIVE EXPENSES and the title of Section 10 is REGULATIONS. As required, the Food and Nutrition Service (FNS) issued regulations in 7 CFR Part 235, which prescribes the methods for making payments of funds to State agencies to use for administrative expenses incurred in supervising and giving technical assistance in connection with activities undertaken by them under the National School Lunch Program (NSLP) (7 CFR part 210), the Special Milk Program (SMP) (7 CFR part 215), the School Breakfast Program (SBP) (7 CFR part 220), the Child and Adult Care Food Program (CACFP) (7 CFR part 226) and the Food Distribution Program (FDP) (7 CFR part 250). This information collection is required to administer these Programs in accordance with the Act. All of the reporting and recordkeeping requirements associated with this collection are currently approved by the Office of Management and Budget and are in force.

A2. Purpose and Use of the Information.

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 this collection is stated in the PART 235—STATE ADMINISTRATIVE EXPENSE FUNDS regulations (7 CFR 235.1) which implements “the methods for making payments of funds to State agencies for use for administrative expenses incurred in supervising and giving technical assistance in connection with activities undertaken by them under the National School Lunch Program (7 CFR part 210), the Special Milk Program (7 CFR part 215), the School Breakfast Program (7 CFR part 220), the Child and Adult Care Food Program (7 CFR part 226) and the Food Distribution Program (7 CFR part 250).” FNS uses this information solely to determine the amount of SAE funding that each agency receives.

The collection of this information is mandatory since the Federal regulations in 7 CFR Part 235 SAE Funds require the collection of information associated with this collection.

The respondents for reporting information and for maintaining the records consist of the State educational agencies and alternate State Agencies that have agreements with the Food and Nutrition Service (FNS) for the administration of the NSLP, SBP, SMP, CACFP, or some combination thereof. Some States have more than one State agency administering these Programs; therefore, the number of respondents is greater than the number of States (plus the District of Columbia, Guam, Puerto Rico, and Virgin Islands).

This information collection covers reporting (a SAE Plan and information on SFAs participating in the NSLP) and recordkeeping requirements (accounting records and expenditure records of

SAE funds). These requirements are described in detail below.

State Administrative Expense (SAE) Plan

7 CFR 235.5(b)(1) states that “Each State agency shall submit, subject to FNS approval, an initial State Administrative Expense plan based upon guidance provided by FNS.” 7 CFR 235.5(c) states that “A State agency may amend its plan at any time to reflect changes in funding or activities, except that, if such changes are substantive, the State agency shall amend its plan in accordance with guidance provided by FNS.” 7 CFR 235.5(b)(5) states that “State agencies shall implement their approved plans (as amended). FNS collects any updates to the plan and shall monitor State agency implementation through management evaluations, State agency reports submitted under this part, audits, and through other available means.”

Information Reported on SFAs Participating in the NSLP or CSP

7 CFR 235.7(b) states that “Each State agency shall also submit an annual report containing the number of School Food Authorities (SFAs) under agreement with the State agency that participate in the National School Lunch or Commodity School Programs.” This data is necessary to perform the formula allocation of SAE funds. The number of SFAs that meet the definition of “large” SFA is also collected. There is no form associated with reporting this information to FNS. Instead, the information submitted to FNS for the previous SAE formula allocation is updated as needed by the SAs.

Financial Status Report

7 CFR 235.7(b) states that “Each State agency shall submit to FNS a quarterly Financial Status

Report (FNS-777) on the use of State administrative expense funds provided for each fiscal year.” The final report for each fiscal year serves as the basis for closing out that fiscal year’s Letter-of-Credit. State Distributing Agencies (SDAs) receiving their SAE funds by U.S. Treasury Check submit one final report on SAE funds usage at the end of each fiscal year. State agencies report financial data electronically via the Food Program Reporting System (FPRS) and screen prints are included as Attachment A. The OMB Disclosure Statement (public burden statement) can be found in Attachment F. This statement is located on the home screen where the respondents can read it before they access FNS-777. FNS-777 and its associated reporting burden is approved under OMB# 0584-0594 Food Programs Reporting System (FPRS), expiration date 9/30/2019. Screenshots of this form are included in this ICR for reference purposes only. While the reporting burden is not included in the burden for this information collection, the recordkeeping burden associated with FNS-777 is included in this information collection.

SAE Funds Reallocation Report

7 CFR 235.5(d) states that “Annually, between March 1 and May 1 on a date specified by FNS, of each year, each State agency shall submit to FNS a State Administrative Expense Funds Reallocation Report (FNS-525) on the use of SAE funds.” This report will be used to reallocate SAE funds. Refer to Attachment B for this report.

Recordkeeping Requirements

7 CFR 235.7(a) states that “Each State agency shall keep records on the expenditure of State administrative expense funds. Such records shall conform with the applicable State plan for use

of State administrative expense funds. The State agency shall make such records available, upon a reasonable request, to FNS, or the U.S. Comptroller General and shall maintain current accounting records of State administrative expense funds which shall adequately identify fund authorizations, obligations, unobligated balances, assets, liabilities, outlays and income. The records may be kept in their original form or on microfilm, and shall be retained for a period of three years after the date of the submission of the final Financial Status Report, subject to the exceptions noted.” “Records for nonexpendable property acquired with State Administrative Expense Funds shall be retained for three years after its final disposition.”

Subsection 7(f) of the Child Nutrition Act requires FNS to pay SAE funds “only to States that agree to maintain a level of funding out of State revenues, for administrative costs in connection with programs under this Act and the National School Lunch Act, not less than the amount expended or obligated in Fiscal Year 1977.” 7 CFR 235.11(a) states that “State agencies shall follow the provisions specified in identifying and documenting expenditures of funds from State revenues to meet the State funding requirement.”

Revisions

FNS is updating the reporting and recordkeeping requirements for this information collection. For this revision, one less State agency is maintaining SAE records, therefore the recordkeeping burden reflects this reduction. In addition, the burden listed for the FNS-74 Federal-State Agreement is being removed as this agreement is considered permanent and was incorrectly listed as an annual requirement. Based on historical data we do not expect any revisions, new agreements, or any State to retract its agreement. If FNS finds that this is no longer the case, we

will seek approval to add this requirement back into this collection.

A3. Use of the Information Technology and Burden Reduction.

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. Also, describe any consideration of using information technology to reduce burden.

FNS is committed to complying with the E-Government Act, 2002 to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes. All State agencies that receive State Administrative Expense funds submit financial data to FNS electronically via the Food Programs Reporting System (FPRS) at (<https://fprs.fns.usda.gov>). Additionally, FNS uses electronic transfer of funds to allow State Agencies to withdraw funds. There is a small amount of non-electronic submissions that are sent via email or flash drive or facsimile, such as the submission of amendments to a SAE plan. Out of the 3,291 responses for this collection, FNS estimates that none will be submitted electronically.

A4. Efforts to Identify Duplication.

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 Question 2.

There is no similar information collection available. Every effort has been made to avoid duplication. FNS has reviewed USDA reporting requirements and state administrative agency requirements. FNS solely administers and monitors SAE funds.

A5. Impacts on Small Businesses or Other Small Entities.

If the collection of information impacts small businesses or other small entities (item 5 of OMB Form 83-I), describe any methods used to minimize burden.

Information being requested or required has been held to the minimum required for the intended use. State agencies are not considered small entities as state populations exceed the 50,000 threshold for a small government jurisdiction; therefore, they do not meet the definition of “small entity” in the Regulatory Flexibility Act. None of respondents are small entities.

A6. Consequences of Collecting the Information Less Frequently.

Describe the consequence to Federal program or policy activities if the collection is not conducted, or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

This is an ongoing mandatory information collection that is required under the statute. The information is collected for the purpose of administering an ongoing program. Information is collected quarterly and annually as SAE funds are appropriated and made available to SAs on a fiscal year basis. If the information is not collected or is collected less frequently, FNS would not be able to properly fund State agencies to administer these Programs and would not be able

to monitor funding.

A7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5.

Explain any special circumstances that would cause an information collection to be conducted in a manner:

- **Requiring respondents to report information to the agency more often than quarterly;**
- **Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **Requiring respondents to submit more than an original and two copies of any document;**
- **Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
- **In connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **Requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
- **That includes a pledge of confidentiality that is not supported by authority established in 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; or**
- **Requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to**

protect the information's confidentiality to the extent permitted by law.

There are no special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.5.

A8. Comments to the Federal Register Notice and Efforts for Consultation.

If applicable, provide a copy and identify the date and page number of publication in the Federal 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.

A 60-day notice was published on March 18, 2019 in the Federal Register, Vol. 84, No. 52, pp. 9748 - 9749. The comment period ended on May 17, 2019. Two comments were received in response to the agency's notice (Attachments C.1 and C.2). One comment was unrelated to this information collection and dealt with eliminating animals on farms due to flatulence. FNS did not reply to this comment because it was irrelevant and no contact information was provided. The other comment suggested revising the FNS-525 and not having this report included in the Food Programs Reporting System (FPRS). FNS concurs with this comment and will delay incorporating the form into FPRS until a review of the form and the data collected via this form is completed. The FNS response is in Attachment C.3.

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, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

FNS recently published the Child Nutrition Reducing Burden Study (OMB approved this study on April 6, 2018 under OMB# 0584-0613 Special Nutrition Programs Quick Response Surveys, which expires on February 28, 2021) where State agencies provided feedback on FNS processes and procedures for this information collection. The research team conducted online surveys of State directors to identify challenges that States face related to program administration and reporting requirements for school meals programs. Survey topics and work group meeting topics included program standards, reporting, reviews, procurement, USDA guidance, and research participation. Within each topic area, States were asked about specific operational or reporting requirements and asked to identify those requirements that require the most effort and/or are the most time-consuming.

The surveys were administered in April and May 2018. A total of 52 States responded to the survey, including agencies for the 50 States; Washington, DC; and Guam. Quantitative subgroup analyses were conducted according to State agency size. Open-ended question responses in the survey were analyzed using qualitative methodologies to identify recurrent themes. Overall, the census of State agencies allowed for a range of voices to be heard on the surveyed topics.

Included as part of the survey was 1.) Vonda Cooke (vcooke@pa.gov), Director of Child Nutrition Programs, Pennsylvania Department of Education 2.) Jo Dawson (Jo.Dawson@Alaska.gov), Child Nutrition Program Manager, Alaska Department of Education and Early Development and 3.) Robert Leshin (RLeshin@doe.mass.edu), Director of Child

Nutrition Programs, Massachusetts Department of Education.

This information is available to the public at:

<https://fns-prod.azureedge.net/sites/default/files/resource-files/CN-Reducing%20Burden.pdf>.

A9. Explain Any Decision to Provide Any Payment or Gift to Respondents.

Explain any decisions to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No payment or gift was provided to respondents.

A10. Assurances of Confidentiality Provided to Respondents.

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

The Department complies with the Privacy Act of 1974. No confidential information is associated with this information collection. This collection does not request any personally identifiable information, nor does it contain any forms that require a Privacy Act Statement

A11. Justification for Any Questions of a Sensitive Nature.

Provide additional justification for any questions of a sensitive nature, such as sexual behavior or 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.

There are no questions of a sensitive nature included in this information collection.

A12. Estimates of the Hour Burden of the Collection of Information.

Provide estimates of the hour burden of the collection of information. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated:

Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.

This is a revision of a currently approved collection. This information collection will have 83 respondents, 3,291 responses, and 6,551 burden hours. The respondents for this collection consist of 83 State agencies (comprised of 51 State educational agencies in the District of Columbia, Guam, Puerto Rico, Virgin Islands and all 50 States except for Nevada, New Jersey, and Texas; 18 alternate State agencies in Arkansas, Colorado, Florida (2), Georgia, Illinois, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia; and 14 State distributing agencies in Colorado, Delaware, Kentucky, Louisiana, Nebraska, New Hampshire, New Mexico, New York, North Carolina, Pennsylvania, Rhode Island, Tennessee, Virginia, and West Virginia) that have executed agreements with FNS for the administration of the NSLP, SBP, SMP, CACFP, FDP, or some combination thereof.

The following tables reflect the estimated burden associated with this information collection for each type of respondent for both reporting and recordkeeping:

**ESTIMATED ANNUAL BURDEN FOR 0584-0067, STATE AGENCY EXPENSE FUNDS
– 7 CFR PART 235 – REVISION OF A CURRENTLY APPROVED COLLECTION**

REPORTING							
Regulation Citation	Description of Activities	Form Number	Estimated # of Respondents	Frequency of Response	Total Annual Responses	Average Burden Hours per Response	Estimated Total Burden Hours
235.5(b)&(c)	SA submits Federal/State Agreements	FNS-74	0	1	0	0.25	0
235.5(b)&(c)	SA submits SAE Plan and Amendments		83	0.36	30	8	240
235.5(d)	SA submits SAE Funds Reallocation Report annually	FNS-525	23	1	23	12	276
			60	1	60	0.5	30
235.7(b)	SA submits information reported on SFAs participating in NSLP or CSP		56	1	56	1	56
Reporting Total			83		169		602

RECORDKEEPING							
Regulation Citation	Description of Activities	Form Number	Estimated # of Respondents	Frequency of Response	Total Annual Responses	Average Burden Hours per Response	Estimated Total Burden Hours
235.7(a)	SA maintains current accounting records of expenditure of SAE funds which adequately identify fund authorizations, obligations, unobligated balances, assets, liabilities, outlay, and income. (Includes funds carried over into subsequent FY.)	FNS-777	83	26	2,158	2	4,316
			23	26	598	2	1,196
			67	1	67	2	134
235.9(c)&(d)	SA procurement and property management standards procedures		83	1	83	3	249
235.11(a)	SA documents expenditures of funds from State sources in any fiscal year for the administration of CNP is not less than that expended or obligated for that fiscal year.	FNS-777	54	4	216	0.25	54
Recordkeeping Total			83		3,122		5,949

BURDEN SUMMARY (OMB #0584-0067)						
	Estimated # of	Frequency of	Total Annual	Average Burden	Estimated Total	

	Respondents	Response	Responses	Hours per Response	Burden Hours
Reporting Total	83		169		602
Recordkeeping Total	83		3,122		5,949
Total Burden	83	39.65	3,291	1.99	6,551

A. Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories.

The estimate of respondent cost is based on the burden estimates and utilizes the U.S. Department of Labor, Bureau of Labor Statistics, May 2018 National Occupational and Wage Statistics, Occupational Group (25-0000) (<http://www.bls.gov/oes/current/oes250000.htm>). The hourly mean wage (for education-related occupations) for functions performed by State agency staff is estimated at \$27.72 per staff hour. The estimated base annual cost to the public is \$174,636 (6,300 hours X \$27.72 per hour). To account for fully loaded wages, an additional 33% of the estimated base cost must be added (\$174,636 x .33) or \$57,630. Therefore, the total cost to the public is \$232,266.

A13. Estimate of Other Total Annual Cost Burden.

Provide estimates of the total annual cost burden to respondents or record keepers resulting from the collection of information (do not include the cost of any hour burden shown in questions 12 and 14). The cost estimates should be split into two components: (a) a total capital and start-up cost component annualized over its expected useful life; and (b) a total operation and maintenance and purchase of services component.

There are no capital/start-up or annual operation/maintenance costs for this collection of information.

A14. Provide Estimates of Annualized Cost to the Federal Government.

Provide estimates of annualized cost to the Federal government. Provide a description of the method used to estimate cost and any other expense that would not have been incurred without this collection of information.

It is estimated that federal employees receiving an average General Schedule (GS) grade 12 step 6 wage based on the 2019 Washington DC-Northern Virginia locality area hourly wage rates take approximately 200 hours to analyze data received from State agencies. The estimated base annualized cost is \$9,324 ($\$46.62 \times 200 \text{ hours} = \$ 9,324$). To account for a fully-loaded wage rate, an additional 33% of the base annualized cost must be added ($\$9,324 \times .33$), which equals \$3,077. Therefore, the estimated annualized cost to the Federal government is \$12,401.

A15. Explanation of Program Changes or Adjustments.

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

This is a revision of a currently approved information collection. The current approved burden is 6,631 burden hours and 3,469 responses. FNS estimates that the revised burden for this collection will be 6,551 burden hours and 3,291 responses. Refer to the Burden Chart (Attachment D) and Burden Narrative (Attachment E) for specific details. This revision removes the FNS-74 Federal-State Agreement burden resulting in a decrease of 25 burden hours (19 hours for reporting and 6 hours for recordkeeping) due to a program change. FNS is removing the form from the

collection because it remains in effect until terminated (i.e. not collected annually). This change also removes 150 responses from the burden (75 for reporting and 75 for recordkeeping). There is also one fewer State agency respondent resulting in a decrease of 55 hours for the recordkeeping burden due to an adjustment. This also reduces 28 responses from the burden (1 for reporting and 27 for recordkeeping). Overall, these revisions resulted in a net decrease of 80 total burden hours and 178 responses.

A16. Plans for Tabulation, and Publication and Project Time Schedule.

For collections of information whose results are planned to be published, outline plans for tabulation and publication.

There are no plans to tabulate or publish any information in connection with this information collection.

A17. Displaying the OMB Approval Expiration Date.

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

The agency plans to display the expiration date for OMB approval of the information collection on all instruments.

A18. Exceptions to the Certification Statement Identified in Item 19.

Explain each exception to the certification statement identified in Item 19 "Certification for Paperwork Reduction Act."

There are no exceptions to the certification statement.