

DEPARTMENT OF TRANSPORTATION

SUPPORTING STATEMENT

Uniform Financial Reporting Requirements

INTRODUCTION

This is to request the Office of Management and Budget's (OMB) three-year approval clearance for the information collection entitled, Uniform Financial Reporting Requirements (OMB Control No. 2133-0005), which is currently due to expire on January 31, 2021. Note: There were no program changes reported since the last OMB approval. Adjustments were made to the respondents and government wages to reflect current hourly wages.

A. Justification

1. Explain the 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.

The Maritime Administration (MARAD) administers a variety of programs aimed at promoting a strong U.S. Merchant Marine for the water-borne carriage of U.S. foreign and domestic commerce and for national defense purposes. In furtherance of these objectives, MARAD administers financial assistance programs for ship construction and ship operations. The Maritime Security Program pays subsidies to U.S. shipping companies to offset the higher cost of operating vessels in the foreign trade under the American flag. The Title XI Federal Ship Financing Guarantees program provides direct government guarantees of private sector loans made to finance or refinance the construction or reconstruction of American-flag vessels in U.S. shipyards and for financing the modernization of U.S. shipyards.

The Uniform Financial Reporting Requirements are used as a basis for preparing and filing semi-annual and annual financial statements with MARAD. Regulations requiring financial reports to MARAD are authorized by Section 801, Merchant Marine Act, 1936, as amended (46 App. U.S.C. 1211). Financial Reports are also required by regulation of purchasers of ships from MARAD on credit, companies chartering ships from MARAD, and of companies having Title XI guarantee obligations (46 CFR Part 298).

This information collection supports the Department of Transportation's Global Connectivity Outcome 3 Enhanced international competitiveness of U.S. transport providers and manufacturers.

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.

Forms are sent to, and prepared by, companies doing business with MARAD in order to determine compliance with regulatory and contractual requirements. To this end, the data

collected is used by MARAD in analyses and reviews. Also, the data is used to evaluate companies, measure industry segments, and chart industry financial trends. It would be difficult to accomplish this without the MA-172.

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

The extent of technology used in data collection and form preparation is at the discretion of the individual company. MARAD does not dictate collecting or preparing methods since we are amenable to most means of submission.

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.

Financial data are available in a variety of forms, however, MARAD requires financial reporting as prescribed by generally accepted accounting principles (GAAP) as well as financial information regarding vessel operations that are not commonly reflected in financial statements prepared in accordance with GAAP. This provides the agency with standard terminology, defined accounting methodology, and reliability. The result is a report-by-report consistency: Review for compliance with regulatory and contractual requirements and interpretation of operating results becomes more accurate; analyses of the industry, its segments, and individual company performance is more reputable; and compliance with financial requirements and with covenants of financial agreements is more apparent. The coordination of financial reporting requirements for the maritime industry, as well as simplifying and reducing the volume of data being reported, assures that duplicate reporting is avoided.

5. 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.

The current method of collection minimizes the burden. There is no discriminating difference of burden between businesses except that of the number of participants: The more vessels enrolled in the programs, the more hours it takes to prepare an MA-172.

6. 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.

Infrequent collections would cause our analyses to be inconsistent and unresponsive, thus ineffective to MARAD goals. Collections must be timely and consistent to be purposeful.

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

- o requiring respondents to report information to the agency more often than quarterly;
- o requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- o requiring respondents to submit more than an original and two copies of any document;
- o requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- o 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;
- o requiring the use of a statistical data classification that has not been reviewed and approved by OMB;
- o 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 data with other agencies for compatible confidential use; or
- o 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 that require the collection of information to be conducted in a manner described above.

8. 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.

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.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every three years - even if the

collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

The Maritime Administration published a 60-day notice and request for comments on this information collection in the Federal Register (Vol. 85 FR No. 147, page 45955) on July 30, 2020, indicating comments should be submitted on or before September 28, 2020. No comments were received. A 30-day notice and request for comments was published in the Federal Register on _____, 2020 (Vol. 85, No. _____, page _____), indicating comments should be submitted on or before _____, 2020. In addition, a request for comments on any aspect of this information collection is prominently displayed on the cover of the Form MA-172. MARAD will consider every comment and suggestion on its merits when received.

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

No payments or gifts are provided to respondents.

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

The information collected is handled as confidential in compliance with the Freedom of Information Act, the Privacy Act of 1974, and OMB Circular A-108. All the information involves financial data from business operations and is protected from disclosure.

11. 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.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity,**

show the range of estimated burden and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

- o 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.**
- o Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in item 14.**

There are 50 business entities providing financial data to MARAD twice a year. Thus, the number of responses expected for one year is 100. The average burden is approximately 9.5 hours for each response. This results in an annual hour burden totaling 950 hours. (The average annual hour burden is 19 hours per respondent). Included in the MA-172 is a request for respondents to provide the hour burden of the preparation so that burden estimate is based on direct answers from prior submissions.

The hour burden varies among respondents due to differences in the size and the nature of each company and the number and the purpose of their vessels.

<u>Number of Respondents</u>	x	<u>Responses Per Respondent</u>	=	<u>Total Responses Annually</u>	x	<u>Hours Per Response</u>	=	<u>Total Hours Annually</u>
50		2		100		9.5		950

It is estimated that an administrative-type employee* spends 9.5 hours of their time collecting and assimilating the information submitted with each response. Therefore, given an average salary of \$20.87 per hour for the employee, the cost per response per year to each respondent is estimated as follows:

<u>Number of Respondents</u>	x	<u>Per Respondent</u>	x	<u>Cost Per Hour</u>	x	<u>Number of Hours</u>	=	<u>Hours Cost Annually</u>	x	<u>Benefits</u>	=	<u>Total Cost Annually</u>
50		2		\$20.87		9.5		\$19,826.50		1.4		\$27,757.10

The total estimated cost for respondents is \$27,757.10.

*Hourly wage for Secretaries and Administrative Assistants was taken from the May 2019. https://www.bls.gov/oes/current/oes_nat.htm#00-0000

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in items 12 and 14).

- o **The cost estimate 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. The estimates should take into account costs associated with generating, maintaining and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.**
- **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.**
- o **Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.**

a. Total Capital and Start-Up Costs Estimate: There are no capital or start-up costs associated with this collection. No purchase of services dedicated to this task is necessary. The type of information we request is collected and maintained by the respondents as a usual business practice.

b. Total Operation and Maintenance and Purchase of Services Estimate: In addition to personnel costs listed in item 12, it is estimated that each respondent will spend approximately \$5.00 for postage and copying. Therefore, the cost for postage and copying is estimated as to the respondents is \$5.00 times 100 is \$5,000.

14. Provide estimates of annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been

incurred without this collection of information. Agencies also may aggregate cost estimates from items 12, 13, and 14 in a single table.

The total annual cost to the Federal Government for processing the collection is estimated as follows:

One-time Costs: There are no one-time costs for the Federal Government associated with this information collection.

Annual Costs: It is estimated that one employee receives the annual statement, enters the amount in the ledger, and files the statement. Time required for these tasks is 15 minutes and the hourly rate is \$28.74 for a GS 9 step 3.

<u>Number of Employees</u>		<u>Hourly Wage</u>		<u>Project Time</u>		<u>Benefits</u>		<u>Cost Per Application</u>
1	x	\$28.74	x	.25 hr	x	1.4	=	\$ 10.62

Cost per application times 100 responses per year (100 x 10.62) = \$1,006.25
Production/Assemblage/Postage (\$5.00 x 100) = \$ 500.00

Maximum Total Annual Cost to Federal Government: \$1,506.25

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

There were no reported program changes since the last OMB approval.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates and other actions.

Not applicable. The collected information is not published.

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.

Not applicable. No such approval is being sought.

18. Explain each exception to the certification statement identified in Item 19, Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I

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