

Supporting Statement
American Rescue Plan Act of 2021 Section 1005 Loan Payment (ARPA)
OMB control number: 0560-NEW

The Farm Service Agency (FSA) is requesting **EMERGENCY CLEARANCE** because FSA needs quickly to provide debt relief to socially disadvantaged borrowers who have ARPA-eligible direct Farm Loan Programs and Farm Storage Facility Loan Program loans. ARPA for direct loans will provide immediate financial relief from the COVID related economic crisis to approximately 24,000 socially disadvantaged FSA borrowers, which is essential to the mission of FSA to provide financial assistance quickly as possible. The Notice of Funding Availability (NOFA) that includes the 60-day notice will be published in the Federal Register.

1. Circumstances that make the collection of information necessary.

On March 11, 2021, the ARPA was signed into law by President Joseph Biden to implement Section 1005 of the ARPA in order to pay up to 120 percent of ARPA eligible FSA direct and guaranteed Farm Loan Programs and Farm Storage Facility Loan Program loan balances as of January 1, 2021, to FSA borrowers who belong to socially disadvantaged groups as defined in section 2501(a) of the Food, Agriculture Conservation, and Trade Act of 1990 (7 U.S.C. 2279(a)). Section 1005 of ARPA applies only to the borrowers who identify as American Indian, Alaskan Native, Asian, Black, African American, Native Hawaiian, or Pacific Islander by race and/or Hispanic or Latino by ethnicity as noted in the record. This program will be implemented through a Notice of Funding Availability to be published in the Federal Register.

This program will provide immediate financial relief from the COVID related economic crisis to approximately 24,000 FSA borrowers who are eligible. FSA will provide FSA-2601, Notification of FSA's Decision-ARPA that includes the information to borrowers to accept, discuss with FSA before making a decision, or decline the financial assistance.

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

ARPA will be calculated by FSA for 120 percent of the outstanding balance owing on ARPA eligible loans as of January 1, 2021, for ARPA eligible recipients. Borrowers identified on FSA records as eligible recipients with ARPA eligible loans will be sent FSA-2601 explaining:

- that they are eligible for ARPA;
- FSA's calculation of their ARPA; and
- remaining balances on loans which are not ARPA eligible (if any).

FSA-2601 will provide borrowers with 60 days to return FSA-2601 to:

- accept the payment calculations and request payment:
 - self-certify racial and/or ethnic eligibility
 - acknowledge that ARPA is subject to public disclosure
 - acknowledge probable tax liability

- assign payment to FSA for the amount of the ARPA eligible debt as of January 1, 2021. The balance will be sent to the borrower.
- schedule a meeting to discuss with FSA before making a decision; or
- decline ARPA.

All liable parties must sign the document accepting FSA's ARPA calculations and requesting payment/assignment or declining ARPA.

Direct loan ARPA will be issued to pay off all FSA ARPA eligible loans with the remainder issued directly to the entity borrower, sole proprietorship or estate to assist with income tax expenses. All ARPA will be reported to the Internal Revenue Service (IRS) as income using form IRS-1099 G.

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 decisions for adopting this means of collection. Also describe any consideration of information technology to reduce burden.

The certified FSA-2601 must be returned to the FSA county office, in order, to enter the information into the automated Online Payment (OLP) system which will process the payments. The certified form will be returned via by email, mail or fax.

4. Describe efforts to identify duplication. Show specifically why similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

The form FSA-2601 is a new information collection; therefore, no similar form exists.

5. Methods to minimize burden on small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods to minimize burden.

The information collected does not adversely impact small businesses or other small entities. There are 17,000 small businesses or 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 NOFA requires the minimum information for FSA and the eligible borrower by discussing, making a decision, or declining the financial assistance.

7. 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;**
None.

- **Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**

None.

- **Requiring respondents to submit more than an original and two copies of any document;**

None.

- **Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**

None.

- **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;**

None.

- **Requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**

None.

- **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**

None.

- **Requiring respondents to submit proprietary trade secret, 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.**

None.

8. Describe efforts to consult with persons outside the Agency to obtain their view on the availability of data, frequency of collection, the clarity of instructions and record keeping, disclosure, or reporting format (if any), and on data elements to be recorded, disclosed, or reported.

This is a new information collection request. The Notice of Funding Availability that includes the 60-day notice will be published in the Federal Register.

We are also requesting **EMERGENCY CLEARANCE** because FSA-2601 will be issued to borrowers immediately after the NOFA is published and payments processed as soon as the document is returned.

9. Explain any decision to provide any payment or gift to respondents.

There is no payment or gift given to respondents.

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

All information collected is treated as confidential. Agency policy prohibits the giving out of individual information. This information is handled according to the Privacy Act and Freedom of Information Act.

11. Provide additional justification for any question of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

No questions of a sensitive or personal nature are included in the application.

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

USDA estimates that up to 24,000 borrowers may apply for ARPA.

FSA is providing the FSA-2601 to the eligible borrowers is estimated to take an average of 0.25 hours per response. The annual burden for completing the application is 6,000 hours (24,000 responses x 0.25 hours).

Respondent cost per hour was derived by using U.S. Bureau of Labor Statistics Occupational Employment and Wages, May 2020, 11-9013 Farmers, Ranchers, and Other Agricultural Managers. The U.S. mean household income, as measured by the Bureau of Labor, is \$41.35. Fringe benefits for all private industry workers are an additional 29.9 percent, or \$12.36, resulting in a total of \$53.71 per hour. The estimated cost is \$322,260 (\$53.71 x 6,000).

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

There are no capital, startup, or ongoing operation or maintenance costs associated with this information collection to respondents or record-keepers.

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

The cost of form development, printing and distribution is minimal because the form is computer generated. County employee cost per response is equal to 1 hour for completion of the FSA-2601 multiplied \$26.72 (estimated Farm Loan Programs county employee average hourly wage; based on 2021 General Schedule, Grade 11, Step 1). Fringe benefits for all government workers are an additional 31 percent, or \$8.43, resulting in a total of \$35.15 per hour. The total annualized cost to the Federal Government is \$855,860 (\$35.15 x 24,000 responses).

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

This is a new information request.

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

There are no plans to publish the results.

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

FSA is requesting that the OMB expiration date will be displayed.

18. Explain each exception statement to the certification statement identified in Item 19 on OMB Form 83-I.

FSA is able to certify compliance with all provisions under Item 19 of OMB Form 83-1.