

2021

**SUPPORTING STATEMENT**  
**(0572-0015)**

**Advance of Loan Funds and Budgetary Control and Other Related Burdens**

This is a revision of a currently approved collection.

**A. JUSTIFICATION**

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

The Rural Utilities Service (RUS) was established in 1994 by the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (Pub. L. 103-354, 108 Stat. 3178, 7 U.S.C. 6941 et. Seq.) as successor to the Rural Electrification Administration (REA) with respect to certain programs, including the electric loan and loan guarantee program authorized under the Rural Electrification Act of 1936 (7 U.S.C. 901 et. Seq., as amended) (RE Act).

The RUS Administrator, acting on behalf of the United States and the Secretary of Agriculture, is authorized and empowered by section 2a of the Rural Electrification Act of 1936, as amended (RE Act) to “make loans in the several States and Territories of the United States for rural electrification and for the purpose of furnishing and improving electric and telephone service in rural areas, as provided in this chapter, and for the purpose of assisting electric Borrowers to implement demand side management, energy conservation programs, and on-grid and off-grid renewable energy systems.” In accordance with section 2b of the RE Act, the Administrator may “make, or cause to be made, studies, investigations, and reports regarding matters, including financial, technological, and regulatory matters, affecting the condition and progress of electric, telecommunications, and economic development in rural areas, and publish and disseminate information with respect to the matters.”

The RUS Administrator signs official mortgage and loan documents as Mortgagee on behalf of the Federal government, and thereby, attests to the feasibility and security of the loan. In order to protect and ensure the Government’s security interest in loans, and in exercise of due diligence as custodian and guardian of the Government’s interest, in accordance with section 4 of the RE act “Loans ... shall not be made unless the Secretary finds and certifies that in his judgment the security therefore is reasonably adequate and such loan will be repaid within the time agreed.”

In addition, the RUS Loan Contract with the Borrower (Article V, Affirmative Covenants, Section 5.20, Miscellaneous Reports and Notices, Subsection (g), Other Information), states that the Borrower shall furnish to RUS “such other information regarding the condition, financial or otherwise, or operations of the Borrower as RUS

may, from time to time, reasonably request.” RUS Bulletin 26-1 provides guidance to Borrowers regarding budgeting, requisitioning, and expending of loan funds. RUS Bulletin 1767B-2 provides guidance to Borrowers regarding the work order procedures.

**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.**

During the loan approval process, Borrowers identify the type of projects they will be using RUS funds for. To draw down on the funds available, the Borrower must provide the Agency with information that supports the use of the funds for approved purposes. The following items are provided by the Borrower to RUS as part of the advance of loan funds procedure:

**RUS Form 219, Inventory of Work Orders**

When a prospective Borrower requests and is granted an RUS loan, a loan contract is established between the Federal government, acting through the RUS Administrator, and the Borrower. At the time a prospective Borrower submits a loan application, the Borrower must provide RUS with a list of projects for which loan funds will be spent, along with an itemized list of the estimated costs of these projects as part of the required loan application documentation. Thus, the Borrower receives loan funds based upon estimated cost figures. If, during or after completion of the project(s), actual costs prove to be different from estimated costs, the Borrower must reconcile the discrepancies with RUS. The RUS Form 219 allows the Borrower to adjust those estimated expenditures to reflect actual expenditures. This form serves as a connecting line and provides an audit trail verifying the evidence supporting the propriety of expenditures for construction of projects supporting the advance of funds. This form complies with OMB Circular A-129, which provides guidelines for appraising property used as collateral for direct or guaranteed loans. In the case of these RUS loans, the facilities being constructed with RUS loan funds serve as the collateral for those loans. RUS Form 219 is necessary, therefore, to comply with appraisal requirements of the Circular and to assure that RUS advances do not exceed the cost of construction of the facilities, which serve as collateral.

**Reimbursement of Special Equipment Costs**

For borrowers to receive an advance of loan funds for special equipment costs, they must make a written request to the Agency identifying these costs. Special equipment costs are considered those costs associated with meters, transformers, oil circuit reclosers and sectionalizers. This information may also be submitted on the Summary of Special Equipment Costs section of the RUS Form 219. The Transformer Conversion Costs Section of the RUS Form 219 is used to complete column 10 of the Summary of Special Equipment Costs.

## **RUS Form 595, Financial Requirement & Expenditure Statement**

Borrowers submit RUS Form 595 to the Agency to request an advance of loan funds remaining for an existing approved loan and to report on the expenditure of previously advanced loan funds. The information collected enables the Government to ensure that loan funds are expended and advanced by RUS to Borrowers only for RUS approved budget purposes and amounts. The instructions for completing the RUS 595 have now been included within the form as opposed as separate reference. The burden has always been included with the RUS 595.

## **Other Loan Fund and Related Burdens – 7 CFR Part 1714**

These items are related to advances of funds:

### **Interest Rate Term**

For municipal and treasury rate loans, the Borrower will select the interest rate terms for each advance of funds. For the initial interest rate term of an advance, a letter from an authorized official of the Borrower indicating the selection of the term shall accompany the request for the advance.

### **Notification to Agency for Election to Prepay**

If a Borrower elects to prepay all or a part of the remaining principal of the advance at face value for a municipal rate loan, it must notify the Agency in writing not later than 20 days before the rollover maturity date.

### **Notification to Agency for Election of New Interest Rate Term**

If a Borrower wishes to elect a new interest rate term that is different from the term previously selected, it must notify the Agency in writing of the new term not later than 20 days before the end of the current term.

### **Extension of Fund Advance Period**

Loan funds approved by the Agency have a set fund advance period. The Administrator may agree to an extension of the fund advance period, if the Borrower demonstrates to the satisfaction of the Administrator that loan funds continue to be needed for approved purposes. To apply for an extension, the Borrower must submit to RUS, at least 120 days before the automatic termination date a certified copy of a board resolution requesting an extension, evidence that the unadvanced loan funds continue to be needed for approved loan purposes, and notice of the estimated date for completion of construction.

### **Rescission of Loans**

A Borrower may request rescission of a loan with respect to any funds unadvanced by submitting a certified copy of a resolution by the Borrower's board of directors.

### **Other Loan Fund and Related Burdens – RUS Bulletin 26-1**

These items are related to advances of funds:

### **Loan Budget Record Adjustments**

When the balance in reserve for any primary budget purpose is insufficient to cover additional contracts or other documented needs applicable to that purpose the Borrower may request a transfer of funds. In making such a request the Borrower must submit a statement showing the reason the funds are no longer or presently not needed in the purpose from which the transfer is proposed, and the reason for insufficient funds in the purpose to which the transfer is to be made.

### **Advance of Funds for Land and Land Rights**

With respect to Generation Facilities, for the purchase of land and land rights, funds will be approved for advance upon submission of a letter of request. The letter to RUS requesting approval should contain a summary of costs such as site purchase, recording fees, abstracts, and agent's commissions.

### **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.**

RUS is committed to complying with the E-Government Act, 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. Currently, RUS Form 219 and 595 are available on the RUS website in an MS Excel format. RUS Borrowers can enter in the data and use that electronic data to complete the Form 595. RUS Borrowers may now use email to transmit to RUS certain requests and signed forms, in portable document format (pdf), including: Form 219 Inventory of Works Orders, Special Equipment Summary and Form 595 Financial Requirement and Expenditure Statement. RUS requests that approval to keep these forms posted on the Internet be continued.

**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 information required by this collection is available only from individual Borrowers and is project specific; therefore, no duplication of information exists.

**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.**

Ninety percent of RUS electric borrowers meet the Small Business Administration definition criteria for a small business. RUS makes every effort to ensure that the information to be collected is in the format designed to minimize the paperwork burden on small business. The information collected is the minimum necessary by the agency to effectively administer the agency programs. Agency field representatives, General Field Representatives and Field Accountants, work with individual borrowers to minimize the burden and USDA, Rural Utilities Service headquarters staff is available to answer questions and assist the borrowers to the extent possible in preparation of required documents.

**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.**

Without collecting the information, the agency would be unable to advance an accurate amount of loan funds, monitor loan security and remain compliant with the ReAct purposes. As noted previously, the information collected is unique to each borrower and situation and could not be collected less frequently and still allow the Agency to carry out its loan programs with due diligence.

**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 is no requirement to respond more frequently than quarterly.

**b. Requiring written responses in less than 30 days.**

There is no requirement to respond in less than 30 days.

**c. Requiring more than an original and two copies.**

There is no requirement for more than an original and two copies.

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

Record retention requirements are in accordance with normal business practices as set forth in 7 CFR 1767, Accounting Requirements for RUS Electric Borrowers, and are in agreement with Federal Energy Regulatory Commission's (FERC) "Regulations to Govern the Preservation of records of Public Utilities and Licensees" at 18 CFR part 125.

**e. That is not designed to produce valid and reliable results that can be generalized to the universe of study.**

This collection is not a survey.

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

This collection does not employ statistical sampling.

**g. Requiring a pledge of confidentiality.**

There is no requirement for a pledge of confidentiality.

**h. Requiring submission of proprietary trade secrets.**

There is no requirement to submit proprietary trade secrets.

**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 1320.9(d), a Notice to request public comments was published on Thursday, June 10, 2021 at 86 FR 30912 (110). No comments were received.

RUS maintains close contact with electric program applicants and borrowers through general field representatives (GFRs), field accountants (FA) and headquarters staff. The field staff have direct personal contact with borrowers and provide technical assistance and guidance to assist the borrower provide information to support the requests for advances of loan funds.

The following individuals have been consulted to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, etc.:

Scott Hallowell  
Chief Executive Officer  
Eastern Maine Electric Cooperative, Inc.

Overall, the borrower believes that the collection of information requested is necessary and not too burdensome. Materials such as the CFR and Website are accessible and the GFR and Program staff are helpful with clarifying any questions pertaining to general instructions.

Kevin Mikkelsen  
Manager  
Rosebud Electric Cooperative, Inc.

Overall, the borrower believes that the collection of information requested is necessary and not too burdensome. Materials such as the CFR and Website are accessible and the GFR and Program staff are helpful with clarifying any questions pertaining to general instructions.

Cheryl Willette  
Director of Finance and Administration  
Washington Electric Cooperative, Inc.

Overall, the borrower believes that the collection of information requested is necessary and not too burdensome. Materials such as the CFR and Website are accessible and the GFR and Program staff are helpful with clarifying any questions pertaining to general instructions. Additionally, the borrower believes that the process has been improved by being able to submit requests electronically.

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

Payments or gifts are not provided to respondents.

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

No assurances of confidentiality have been provided.

**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.**

There are no questions of a sensitive nature.

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

Based on the current Electric program caseload and the number of loans and respondents for the past three years, the annualized hour burden to the public is 14,523. The program provided information concerning the number of loans and respondents for Fiscal Years (FY) 2018, 2019 and 2020. The average number of respondents for the three-year period is 598 and was calculated by taking the average of the actual number for the past three years. The number of responses per respondent is 15.54, with the average hours per response 1.56. The adjustment in the estimated number of respondents resulted in an increase of burden hours from 13,959 to 14,523. The information collection consists of 14,523 hours of burden to the public as shown on the spreadsheet attached to this package and in Table 1.

RUS estimates a total annualized cost of \$836,483.89 for respondents to comply with these regulations. The wage rates utilized in the cost calculation are based on the Bureau of Labor Statistics National Employment and Wage Estimates retrieved from [http://www.bls.gov/oes/current/oes\\_nat.htm](http://www.bls.gov/oes/current/oes_nat.htm). The two categories of occupations are professional and clerical, and the Occupation Code used to calculate wages and benefits is 11-9198 for professional (\$57.07 hour) and 43-6014 for clerical/administrative (\$18.84 hour). Benefits as a percentage of total compensation for private trades was 29.9 percent.<sup>1</sup> The total hourly wage and benefits was \$74.13 for professional and \$24.47 for the clerical/administrative category. The estimate for annualized costs to respondents for the hour burden for collections of information associated with this collection are estimated to be \$836,483.89 derived as follows and in Table 1: Hourly Burden and Costs:

Interest Rate Term

Professional 1,196 responses X .5 hr. X \$74.13/hr. = \$ 44,329.74

Notification to Agency for Election to Prepay

Due to recent experience the Agency expects no submissions

Notification to Agency for Election of New Interest Rate Term

Professional 200 responses X .5 hr. X \$74.13/hr. = \$7,413.00

Financial Requirement and Expenditure Statement

Professional	1,794 responses X 2 hrs. X \$74.13/hr. =	\$265,978.44
Clerical	1,794 responses X 1 hr. X \$24.47/hr. =	<u>\$43,899.18</u>
		\$309,877.62

Extension of Fund Advance Period

<sup>1</sup> See, Employer Cost for Employee Compensation – March 2019 at [https://www.bls.gov/news.release/archives/ecec\\_06182019.pdf](https://www.bls.gov/news.release/archives/ecec_06182019.pdf) reporting benefits were % of total compensation for private industry in Table 1.

Professional 10 responses X 1 hr. X \$74.13/hr. = \$ 741.30

Inventory of Work Orders:

Professional 5,382 responses X 1 hr. X \$74.13/hr. = \$398,967.66

Clerical 5,382 responses X .5 hr. X \$24.47/hr. = \$65,848.77

\$464,816.43

Reimbursement of Special Equipment Costs

Clerical 700 responses X .5 hr. X \$24.47/hr. = \$ 8,564.50

Rescission of Loans

Due to recent experience the Agency expects no submissions

Loan Budget Record Adjustments

Professional 10 responses X 1hr. X \$74.13/hr. = \$ 741.30

Advance of Funds for Land and Land Rights

Due to recent experience the Agency expects no submissions

The cost calculation is shown in table form below:

Table 1: Hourly Burden and Costs

<u>Cite or Form No</u>	<u>Description</u>	<u>Job position</u>	<u>Number of Respondents</u>	<u>No. of responses per respondent</u>	<u>Total Responses</u>	<u>Hrs. per response</u>	<u>Total Hrs.</u>	<u>Cost per Hr.</u>	<u>Total cost per CFR cite</u>
1714.6(a)(3)	Interest Rate Term	Professional	598	2	1,196	.50	598	\$74.13	\$44,329.74
1714(a)(4)(i)	Notification to Agency election to prepay	Professional	598	0	0	.50	0		0
	Notification to Agency election of new interest rate term	Professional	200	1	200	.50	100	\$74.13	\$7,413.00
1714.6(a)(4)(ii)	Financial Requirement and Expenditure Statement	Professional	598	3	1,794	2	3,588	\$74.13	\$265,978.44
		Clerical	598	3	1,794	1	1,794	\$24.47	\$43,899.18
1714.55 RUS 595	Extension of fund advance period	Professional	10	1	10	1	10	\$74.13	\$741.30
1714.56(c)	Recission of Loans	Professional	598	0	0	.50	0		0
RUS 219	Inventory of Work Orders	Professional	598	9	5,382	1	5,382	\$74.13	\$398,967.66
		Clerical	598	9	5,382	.50	2,691	\$24.47	\$65,848.77
RUS Bulletin 26-1	Reimbursement of special equipment costs	Clerical	175	4	700	.50	350	\$24.47	\$8,564.50
RUS Bulletin 26-1	Loan Budget Record Adjustments	Professional	10	1	10	1	10	\$74.13	\$741.30
RUS Bulletin 26-1	Advance of Funds by letter for Land Rights	Professional	598	0	0	.50	0		0
<b>Respondent Cost for Collection</b>				-	-	-	-	-	<b>\$836,483.89</b>

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

There are no capital and start-up costs and purchase of service components nor are there maintenance and/or operation costs associated with this collection.

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

The cost to the Federal Government for this collection is \$877,410.75. The Federal Government wage information was obtained from the Office of Personnel Management's 2021 General Schedule Tables. The cost to the Federal Government is based on an hourly professional rate for Engineers of \$56.31 at the GS-13, Step 5 level. The hourly administrative/clerical rate is attributed to a Financial Assistant – GS 9, Step 5, \$32.65. After calculating the cost of total benefits, the hourly professional rate is \$76.72 and the hourly clerical rate is \$44.49.<sup>2</sup>

Based on the following calculation, the cost to the Federal Government for collection and evaluation of this information collection is as follows:

**COST TO THE FEDERAL GOVERNMENT**

Inventory of Work Orders

Professional	5,382 responses X 1 hr. X \$76.72/hr. =	\$ 412,907.04
Clerical	5,382 responses X .5 hr. X \$44.49/hr. =	\$ 119,722.59

Summary of Special Equipment Costs

Clerical	700 responses X .5 hr. X \$44.49/hr. =	\$ 15,571.50
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Financial Requirement and Expenditure Statement

Professional	1,794 responses X 1 hr. X \$76.72/hr. =	\$ 137,635.68
Clerical	1,794 responses X 2 hrs. X \$44.49/hr. =	\$ 159,630.12

Interest Rate Term

Clerical	1,196 responses X .5hr. X \$44.49/hr. =	\$ 26,605.02
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<sup>2</sup>Cost of total benefits as a percentage of total hourly compensation for Federal Government employees has been calculated by multiplying 36.25% by the hourly OPM wage in accordance with OMB Memorandum M-08 13.



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

Not requested.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

This collection of information does not employ statistical methods.