March 2022

**SUPPORTING STATEMENT**

**PAPERWORK REDUCTION ACT SUBMISSION FOR Meat and Poultry Intermediary Lending Program (MPILP)**

**NEW INFORMATION COLLECTIONOMB #0570-NEW**

Terms of Clearance:

**A.** Justification

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

Section 751 of the Consolidated Appropriations Act of 2021 authorizes the Secretary of Agriculture to “... to prevent, prepare for, and respond to coronavirus by providing support for agricultural producers, growers, and processors impacted by coronavirus.” Given this authority, and appropriations provided for this purpose in Section 751, up to $200 million in budget authority is being made available for the Meat and Poultry Intermediary Lending Program. Pursuant to this authority, the Rural Business-Cooperative Service (RBCS or Agency), a Rural Development (RD) Agency of the United States Department of Agriculture (USDA), has developed requirements for the Meat and Poultry Intermediary Lending Program (MPILP). The Agency has made grant funding available to facilitate financing to qualified Ultimate Recipients and projects for the start-up or expansion of meat or poultry processors to increase financing and processing capacity and help create a more resilient, diverse, and secure U.S. food supply chain.

MPILP will expand access to financing for meat and poultry processing in the near term and will build financing capacity longer term as well as facilitate access to affordable capital to address the ongoing need for meat and poultry processing enterprises in America’s rural and urban communities. In addition, the Agency highlights the importance of strengthening resiliency of the meat and poultry processing sector and the broader food supply chain, including through addressing current supply chain related disruptions.

The need to improve resiliency is urgent, particularly due to the severe impacts of COVID-19 or other disasters such as fires or cyberattacks on small and mid-sized participants in the meat and poultry supply chain.  The impacts are felt all the way to the dinner tables of all Americans in pricing and availability, and ultimately threatening the national health and economy.  An emergency clearance approval for this information collection is formally requested due to the need to effectively implement the program as quickly as possible to begin to increase the funds available to lenders to increase capacity at primary processing facilities. Increasing capacity at primary processing facilities will help create a more diverse and secure U.S. food supply chain which is part of the Administration's goal to create a fairer, more resilient, and more dynamic economy. Concentration within the meat and poultry sector had a disastrous effect on worker safety, producers' livelihood, and product availability at the height of the pandemic in 2020 and continues to this day. This concentration must be addressed in order to avoid future disruptions and price increases.

**2.** Explain how, by whom, and for what purpose the information is to be used.

The various forms and narrative requirements contained within the announcement, which are requested from the intermediary, are no more than what a prudent commercial lender would require in the private sector if they processed an application without governmental assistance. The information requested is necessary and vital for RD to be able to make prudent credit and financial analysis decisions.

The Agency has reviewed the program needs versus the burden placed on the public and is of the opinion that the program is necessary and will be beneficial to all parties involved.

RD, through its respective Specialty Programs Division in Washington, D.C., and its staff located in 47 State Offices throughout the United States will be the primary user of the information collected. Under the Freedom of Information Act, the general public can request the majority of the data requested of the intermediaries by RD except data that is confidential. The Agency will release only limited data during the processing of an application up to the period of time the grant is closed. Based on projected funding levels, it is estimated that an average of approximately 75 entities will apply for an MILP grant and an average of 20 entities will be approved per year.

Specifically, the burden associated with this Notice to be cleared is as follows:

**REPORTING REQUIREMENTS - NON-FORMS**

# APPLICATION CONTENT

SAM Registration

To do business with the Federal government, the applicant is required to obtain a Unique Identification Number and register in the System for Award Management (SAM). Registration in SAM allows the applicant to complete the Online Representations and Certifications which replaces several paper forms. Registration in SAM is also required to submit applications into www.grants.gov. Registration must be renewed annually.

Scope of Work

Applicants are required to provide a narrative to describe their overall project and associated tasks to achieve their goal. The narrative should include information which allows the Agency to determine the eligibility of the applicant and project, and to evaluate the merit of the project. A work plan and budget will identify how funds are proposed to be used. The workplan is a very important part of an application, which helps the Agency evaluate the need and support for the applicant’s program in the proposed service area and the applicant’s ability to operate successfully. The work plan also documents how the applicant will operate the revolving loan fund after the Agency grant is approved and provides a basis for servicing the RD loan.

MPILP Revolving Loan Fund Plan.

A stand-alone document from the application and may be revised in the future. The MPILP revolving loan fund plan governs the use of the RLF and must be developed by the intermediary and approved by the Agency. The plan must include a detailed explanation of the intermediary’s fund administration policies and procedures in addition to planned fund use after the original Agency MPILP grant funds in the RLF have revolved.

Environmental Review.

Applicants are required to provide documentation as outlined in 7 CFR 1970, “Environmental Policies and Procedures”. This information is necessary for the Agency to comply with the National Environmental Policy Act of 1969 (NEPA).

# Request for appeal

This requirement provides a mechanism for applicants and borrowers to obtain and review additional consideration for RD decisions of an adverse nature.

Awardee Processing and Reporting

SAM Registration Maintenance. Each applicant (unless an exception, as outlined in 2 CFR 25.110(a) through (d), is approved by the Agency) is required to maintain an active SAM registration with current information at all times during which it has an active Federal award. The Agency uses the SAM site to ensure continued eligibility to receive Federal financial assistance.

Insurance Requirements. Applicants must ensure assets funded in part with federal funds are insured and ensure that ultimate recipients comply with insurance requirements. This is required by 2 CFR part 200 and will also be included in the conditions to the award.

# Certification to make loans to ultimate recipients. These certifications by the borrower are made in connection with a request for RD’s concurrence in approval of a loan to an ultimate recipient. The Agency accepts the intermediary’s certifications that certain requirements have been met, in lieu of requiring complete information regarding the proposed ultimate recipient be submitted to and analyzed by the Agency.

# Operating plans for revolving lines of credit

Intermediaries are authorized to use MPILP grants, under certain conditions, to provide revolving lines of credit to ultimate recipients. The conditions are needed to help ensure that this authority is used in a responsible way and only by intermediaries that have sufficient expertise in this specialized and risky credit field. One of the conditions is if an intermediary wants to use the authority to provide revolving lines of credit, the intermediary must provide a detailed description of how the revolving lines of credit will be operated and managed. We estimate that about 35 percent of MPILP applications will include proposals to use the authority and the required material to justify it.

# Evidence of fidelity bond coverage

This is needed to provide a means for the Agency to monitor compliance with the coverage requirements. Fidelity bond coverage is required to protect the borrower and Agency from potential losses due to illegal activities on the part of borrower staff.

Annual Project Performance Report.

Intermediaries must submit a performance report annual with first report submitted no later than six months after receiving a grant. The stage 1 annual report will be submitted annually for five years after receiving a grant under this section. The stage 2 annual report will be completed and submitted annually for years six through fifteen or payoff of the last loan made with original grant funds, whichever comes first. Annual reports include information on loans obligation to date, evaluation of progress, revenue generated, and impact in terms of resiliency of value chains, workers hired, and capacity expanded, among other thigs.

Loan Loss Reserve.

Intermediaries may use $125,000 or five percent of the grant amount, whichever is less, for expenses related to establishment or maintenance of a loan loss reserve. This use of funds must be documented as part of a complete application. If the funds are not used for the approved purpose, within the first 3 years of the performance period they must be returned to the Agency or used for loan capital. The intermediary must submit a written request to the Agency detailing how the fund usage will be changed. This requirement ensures that funds are used for approved purposes.

# Environmental Policies, Exhibit C (Environmental Documentation Checklist) (RD Instruction 1970-A). This form is required of intermediaries and ultimate recipients in order to assess the potential cumulative impacts of the projects as well as any environmental concerns or problems that are associated with individual projects than can be identified at the earliest planning stages.

# Intergovernmental review comments

Applicants are required to provide intergovernmental consultation comments in accordance with RD Instruction 1970-I and 2 CFR part 415, subpart C, or successor regulation, unless exemptions have been granted by the State single point of contact.  This requirement ensures that states that elect to participate in this review process have had the opportunity to do so. It also provides the lender and Agency with additional information to complete required environmental and project analysis.

**REPORTING REQUIREMENTS - FORMS APPROVED UNDER OTHER OMB NUMBERS - HOURS INCLUDED IN THIS COLLECTION**

The responses and hours associated with each response on the following RD forms has been included in the spreadsheet that details the burden number for this collection. The forms are not currently common forms and therefore, will be updated to include this package’s control number and will be submitted with this information collection.

RD 1940-1, “Request for Obligation of Funds.” Completed once, by the applicant, when the grant funds are obligated. (OMB No.: 0570-0061 and 0570-0062)

RD 1942-46, “Letter of Intent to Meet Conditions.” Completed once, by the applicant, when they are notified of the award. (OMB No. 0575-0015, 0570-0021, 0570-0061, 0570-0062, and 0572-0137)

RD 4280-2, “RBCS Financial Assistance Agreement.” Completed once, by the applicant, when they have agreed to the terms and conditions of the award. (OMB No. 0570-0067)

RD Instruction 1970-A “Multi-tier Action Environmental Compliance Agreement.” Completed once, by the applicant, at the time of application.

RD 1951-4 “Report of IRP/RDLF Lending Activity”. Completed quarterly until at least 90% of grant funds have been loaned to ultimate recipients and semiannually thereafter, by the applicant, until the project is complete. (OMB No. 0570-0015)

RD 400-1, "Equal Opportunity Agreement". Completed by the ultimate recipient of assistance if the cash cost of construction by either the ultimate recipient or contract exceeds $10,000. Signature acknowledges that they are bound by equal opportunity requirements as outlined in the form. (OMB No. 0575-0018)

**SYSTEM FOR AWARD MANAGEMENT (SAM) REGISTRATION REPRESENTATION AND CERTIFICATIONS**

These forms are not specifically required in the notice, as such the hours are not counted in the totals; however, the information contained in them is provided and certified to as part of the System for Award Management (SAM) Registration Representation and Certifications.

Form AD-1047, “Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions” or other written documentation” (OMB No. 0505-0027). This form certifies that the grantee is not presently debarred, suspended, or voluntarily excluded from covered transactions by any Federal department or agency.

Form AD-1048, “Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions” or other written documentation” (OMB No. 0505-0027). This form, submitted by the grantee, certifies that lower tier participants are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation by any Federal department or agency.

RD Form 400-4, “Assurance Agreement”. (OMB No. 0575-0018). This form is executed by the grantee and outlines the activities they will undertake to ensure compliance with Title VI of the Civil Rights Act of 1964, 7 CFR Part 15, and this notice.

Form AD-3030, “Representations Regarding Felony Conviction and Tax Delinquent Status for Corporate Applicants,” and AD-3031, “Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants,” (0505-0025), to be completed once at the time of application. These two forms are required by Public Law 112-55.

SF-424B, “Assurances – Non-Construction Programs”. (OMB No. 4040-0007). This is the standard form signed by applicants to provide assurances that they will meet certain requirements of OMB Circular A-102. This form is specific to projects with no construction component. This form is not specifically required in the notice; however, the information is provided and certified to as part of the System for Award Management (SAM) Registration Representation and Certifications.

**FORMS APPROVED UNDER OTHER OMB NUMBERS - NOT INCLUDED IN BURDEN HOURS**

The responses and hours associated with each response on the following forms is reported under another OMB control number. The hours have not been included in the burden hours for this package.

SF-424, “Application for Federal Assistance” (OMB No. 4040-0004). Completed once, by the applicant, at the time of application. The form is required to collect necessary information on the applicant.

SF-424A “Budget Information – Non-Construction Programs” (OMB No. 4040-0006) Completed once, by the applicant, at the time of application.

SF-424C, “Budget Information – Construction Programs” (OMB No. 4040-0008). Completed once, by the applicant, at the time of application.

SF-425, “Federal Financial Report” (OMB No. 4040-0014). Completed semiannually, by the applicant, until the project is complete.

SF-270, “Request for Advance or Reimbursement” (OMB 4040-0012). Completed no more than monthly, by the applicant, until the project is complete.

SF-LLL, "Disclosure of Lobbying Activities" (OMB No. 4040-0013). Completed by the applicant or subapplicant to disclose payment to a lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action RCF ID 202105-0570-014CF

**3.** Describe any consideration of the use of improved information technology to reduce burden any technical or legal obstacles to reducing burden **.**

Applications will be accepted electronically via grants.gov. Electronic signatures will be used and accepted on all forms for which they are available. In some cases, this collection of information involves the signing of documents, and original signatures may be needed for legal purposes.

**4.** Describe efforts to identify duplication

The Agency, whenever possible, tries to utilize existing data of the intermediary. Much of the information requested is generally available, but the manner, in which it is maintained in many instances, does not lend itself to adequate organization. RD’s forms use consolidate information in a meaningful manner which enables the Agency to more expeditiously review and analyze the material in order to make an appropriate decision. RD’s role is primarily one of monitoring the intermediary’s actions. Unfortunately, monitoring requires considerable analysis and verification to assure compliance with the Agency’s requirements. Numerous RD requirements involve certifications from the intermediary as well as other third parties involved in the project. Without these verifications, RD could not comply with its legislative requirements. The Agency does not believe there is a duplication of effort in the collection of information under this program. Consequently, there is no known way to utilize existing information.

**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 information is to be collected from nonprofit entities and public organizations; therefore, there will be little probability that small businesses will provide information as the result of this program.

**6.** Describe the consequence to Federal program or policy activities if the collection is not conducted or conducted less frequently.

The information collected under this program is considered to be the minimum necessary to conform to the requirements of the notice, such as the requirement for intergovernmental consultation and environmental review. The information collected is considered to be the minimum necessary to ensure that the intent of the statute is achieved while maintaining consistency with OMB circulars and other requirements.

**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 that require specific reporting on more than a quarterly basis.

b. Requiring written responses in less than 30 days.

There are no specific information collection requirements that require less than 30 days response. RD cannot provide required program benefits until supporting documentation is received; therefore, it is to the applicant’s or borrower’s benefit to provide the Agency with the information as soon as possible.

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

There are no specific information collection requirements that require more than an original and two copies.

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

There are no requirements for respondents to retain records for more than 3 years.

**e.**  Not utilizing statistical sampling.

There are no requirements in connection with a statistical survey.

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

There are no requirements for the use of a statistical data classification that has not been reviewed and approved by OMB.

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

There are no information collection requirements that include a pledge of confidentiality not supported by statute or regulation, not supported by consistent disclosure and data security policies, or which unnecessarily impede the sharing of data with other agencies.

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

There are no requirements for submission of proprietary trade secrets or other confidential information.

**8.** Comments on Agency’s notice in the Federal Register and efforts to consult with persons outside the Agency to obtain their views on the availability of data, frequency of collection, the clarity of the instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

This is a new program, as such there have been no applicants or previous collections. A 60-day notice was published in the *Federal Register* on XXXX, at XX FR XXXXX for this new collection. The comment period has not expired, as such, there are no public comments regarding this data collection.

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

No gifts or payments of any kind will be made to respondents.

**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 is provided to respondents for the information required. When necessary, the Agency will process any and all requests for release of records and information in accordance with the Privacy Act of 1974. However, in some instances, the information collected under the provisions of this program is not considered to be of a confidential nature. For example, organizations, such as not-for-profit entities and public bodies from which information is collected, are ordinarily required to make their activities available for public scrutiny. The Agency published a Privacy Act of 1974; System of Records in the Federal Register on May 14, 2019 (84 FR 21315).  A copy of that document can be found at [https://www.govinfo.gov/content/pkg/FR-2019-05-14/pdf/2019-09874.pdf](file:///\\USDA\RD\Shared\DCWA2\Innovation_Center\Regulations\Paperwork%20Reduction%20Act\RUS\Burden\0572-0112\FY20\%3ehttps:\www.govinfo.gov\content\pkg\FR-2019-05-14\pdf\2019-09874.pdf%3c)

**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 sensitive information such as sexual behavior and attitudes, religious beliefs or other matters commonly considered private.

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

The following table summarizes the estimated average annual burden associated with the MPILP program. The attached spreadsheet provides the specific estimates.

|  |  |
| --- | --- |
| Burden Item | Estimated Yearly Average Burden |
| Number of respondents: | 75 |
| Annual responses: | 1,320 |
| Total hours: | 4,388 |
| Cost per hour: | $48.01 |
| Total annual cost: | $210,643 |

The wage rate utilized in the cost calculation are based on the Bureau of Labor Statistics, May 2020 National Employment and Wage Estimates United States retrieved from <http://www.bls.gov/oes/current/oes_nat.htm>. The category of occupations is business and financial operations. The wage rate is the median hourly wage rate for Loan Officers, (Occupation Code 13-2072) of $36.99. Historical data provided by the Bureau of Labor Statistics, Employer Cost for Employee Compensation, Supplementary Tables, National Compensation Survey, September 2020 is utilized to calculate the total cost of benefits. Benefits as a percentage of total compensation for private industry workers in professional and business services industries were 29.8% of total hourly compensation. *See,* [ECEC - September 2020 Supplementary Tables (bls.gov)](https://www.bls.gov/web/ecec/ecsuptc.pdf), Page 11. Total hourly wage and benefits for the business and financial operations category loan officer is $48.01 per hour.

13. Provide an estimate of the total annual cost burden to respondents

There are no capital/startup or operation/maintenance costs associated with this collection.

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

The annual cost to the Federal Government to administer the program is estimated to be $2,383,878 per fiscal year, summing the $137,372 National Office’s cost and the $2,246,506 State Offices’ cost (see tables).

The program will be administered in the National and State offices with costs breaking down as follows:

National Office. The program will be administered by a Program Analyst, [Salary Table 2022-DCB](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/22Tables/html/DCB_h.aspx) of the general schedule for a GS-13, step 5 for the Washington-Baltimore-Arlington, DC-MD-VA-WV-PA locality area was used for wage calculation purposes. The 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.

|  |  |  |  |
| --- | --- | --- | --- |
| Position | Salary GS13 Step 5 | Benefits | TOTAL |
| Program Analyst | $58.01 | $21.02 | $79.04 |

Breakdown of Annual Cost by Activity:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Activity | Number | Hours per Item | Total Hours | Rate | Total Cost to Government |
| Review and Score Applications | 75 | 16 | 1,200 | $79.04 | $ 94,848 |
| Issuance of Letter of Conditions | 75 | 3 | 225 | $79.04 | $ 17,784 |
| Awards (obligations) | 75 | 2 | 150 | $79.04 | $ 11,856 |
| Routine Servicing | 75 | 1 | 75 | $79.04 | $ 5,928 |
| Delinquency Servicing | 4 | 16 | 64 | $79.04 | $ 5,059 |
| Appeal Request | 1 | 24 | 24 | $79.04 | $ 1,897 |
|  |  |  |  |  |  |
| TOTAL |  |  |  |  | $137,372.00 |

State Office. In the State Office the program will be administered by a Loan Specialist, [Salary Table 2022-RUS](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/22Tables/html/DCB_h.aspx) of the general schedule for a GS-12, step 5 for the Rest of U.S. locality area was used for wage calculation purposes. The 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.

|  |  |  |  |
| --- | --- | --- | --- |
| Position | Salary GS12 Step 5 | Benefits | TOTAL |
| Loan Specialist | $43.10 | $15.62 | $58.72 |

Breakdown of Annual Cost by Activity:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Activity | Number | Hours per Item | Total Hours | Rate | Cost to Government |
| Routine Servicing | 75 | 10 | 750 | $58.72 | $ 44,040 |
| Delinquency Servicing | 4 | 16 | 64 | $58.72 | $ 3,758 |
| TOTAL |  |  |  |  | $47,798.00 |
| Number of State Offices | 47 |  |  |  | $2,246,506 |

As the work in the above table is being done in State Offices, the cost of this $47,798 State Office work is being multiplied by 47 (the number of State Offices) to more accurately reflect the total cost associated with all of the State Offices’ activities.

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

This is a new program, as such there are no previous collections.

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

This collection of information will not be published for statistical purposes.

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.

RBS is not seeking approval for this item.

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

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?

The SCI calls for changes to improve services to the United States Department of Agriculture (USDA) customers. USDA continuously strives to improve customer service, including facilitating one stop service for greater customer convenience in accessing USDA programs.