

2024
SUPPORTING STATEMENT
OMB Control No. 0572-0138
7 CFR 1783, Revolving Fund Program

A. JUSTIFICATION

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

This package is being submitted under a regular clearance as a request for extension of a currently approved collection. The estimated number of applicants remains 4 based on a historical average for the program. The total burden hours are estimated to be 325 hours. On May 13, 2002, the Farm Security and Rural Investment Act of 2002 (Farm Bill) was signed into law as Public Law 107-171. Section 6002 of the Farm Bill amended the Consolidated Farm and Rural Development Act (CONACT), by adding a grant program to establish a revolving loan fund (RFP). The Secretary may make grants to qualified private, non-profit entities to establish a revolving loan fund. The loans will be made to eligible entities to finance predevelopment costs of water or wastewater projects, or short-term small capital projects not part of the regular operation and maintenance of current water and wastewater systems.

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.

The information required in this collection is utilized by the Rural Development State offices and Rural Utilities Service (RUS) Water and Environmental program National Office staff to determine eligibility for the grant program and monitor performance of ongoing grants. Nonprofit organizations applying for the Revolving Fund Program grant(s) must submit an application, which includes an application form, narrative proposal (work plan), various other forms, certifications, and supplemental information. The Rural Development State Offices and the RUS National Office staff will use the information collected to determine applicant eligibility, project feasibility, and the applicant's ability to meet the grant and regulatory requirements. Failure to collect proper information could result in improper determinations of eligibility, improper use of funds, or hindrances in making grant(s) authorized by the Revolving Fund Program.

ITEMS CLEARED WITH THIS PACKAGE:

Written - Budget Justification

The budget justification demonstrates how the funds will be spent and provides details for proposed expenditures, calculations of costs, and explanations of unusual lines in the budget. It discusses how the budget supports the proposed project activities and explains how each budget item is essential to achieving project objectives. RUS uses this information to evaluate the cost effectiveness of the project and the adequacy of funding

to carry out the activities of the project. The information will also be used to evaluate a grant recipient's request for payments.

Written - Legal Authority and Responsibility

The applicant must submit certified copies of organization documents and a certified list of directors and officers as evidence of the applicant's legal existence and authority for the proposed project. The organizational documents can be charters, bylaws, or articles of incorporation. RUS uses the information to determine if the applicant has the proper authority to enter into a binding agreement to use grant funds.

Written - Evidence of Tax Exempt Status

To be eligible to receive a grant under this program the applicant must be a non-profit organization that has been granted tax-exempt status by the Internal Revenue Service (IRS) of the United States. RUS uses this information to ensure that the applicant meets the eligibility criteria mandated by law.

Written - Work Plan Narrative

Applicants will provide a written work plan that will demonstrate the feasibility of the Intermediary's lending program to meet the objectives of the Revolving Fund Program. The work plan will document the Intermediary's ability to administer and service the revolving fund; document the Intermediary's ability to commit financial resources under the control of the Intermediary to the establishment of the revolving fund; demonstrate a need for loan funds; include specific loan purposes for lending the revolving funds; and provide a set of goals, strategies, and anticipated outcomes for the Intermediary's program. The applicant should submit a narrative establishing the basis for any claims that it has substantial expertise in making and servicing loans.

Written - Grant Agreement

The Grant Agreement is the official grant instrument between RUS and the Revolving Fund grant recipient. It outlines the terms and conditions of the grants, including each party's obligations and remedial authorities available for nonperformance.

Written - Project Performance Report

As part of the grant agreement signed by the recipient, a narrative progress report is required to be submitted on a quarterly basis to ensure that government funds are being used for the approved purposes set forth in the work plan submitted by the grant recipient to the Agency. The project performance report summarizes the project's progress for the quarter and includes information needed to support expenditures claimed for the quarter. The last quarterly report may serve as the final report and must be submitted within 90 days of the project end date. RUS uses this information to monitor performance, ensure schedules are met, projected work is accomplished, and objectives are achieved. The project performance report meets the requirements of 2 CFR Part 200, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations."

Written - Audit

An annual audit under the Single Audit Act is required if you expend \$750,000 or more in Federal financial assistance per fiscal year. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Expenditures of interim financing are considered Federal expenditures. All audits are to be performed in accordance with 2 CFR Part 200, as adopted by USDA through 2 CFR Part 400. Further guidance on preparing an acceptable audit can be obtained from the Agency. The audit must be prepared by an independent licensed Certified Public Accountant, or a State or Federal auditor if allowed by State law.

Written - Financial Statements

If the organization expends less than \$750,000 in Federal financial assistance per fiscal year, it may be eligible to submit financial statements in lieu of an audit, which include at a minimum a balance sheet and an income and expense statement. Stakeholders can use Forms RD 442-2, "Statement of Budget, Income and Equity," and 442-3, "Balance Sheet," or similar format to provide the financial information. The financial statements must be signed by the appropriate borrower official. RUS will review the information and determine if a grant recipient must submit an audit in accordance with statutes and programmatic requirements.

Written - Documentation of Assistance Provided to Rural Development Employees

Borrowers must sign a form that indicates whether or not they provided assistance to any Rural Development employees. The purpose of this form is to ensure high standards of honesty, integrity, and impartiality is maintained by Rural Development employees.

Written - Statement of Compliance, Title VI of Civil Rights Act of 1964

To assure compliance with Title VI of the Civil Rights Act of 1964, the applicant must provide a narrative of how they plan to notify eligible entities of the availability of the service being provided.

Written - Balance Sheets and Financial Statement (Latest Financial Information)

Applicants will provide a pro forma balance sheet at start-up and projected balance sheets for at least 3 additional years; financial statements for the last 3 years, or from inception of the operations of the Intermediary if less than 3 years; and projected cash flow and earnings statements for at least 3 years supported by a list of assumptions showing the basis for the projections. The projected earnings statement and balance sheet must include one set of projections that shows the revolving fund only and a separate set of projections that show the proposed Intermediary organization's total operations. RUS uses this information to assess the financial capabilities and to help determine if the applicant is financially viable to complete the proposed work plan.

Written - Evidence of Financial Management System

Applicant must provide evidence that a financial management system is in place or proposed. RUS uses the information to determine if the applicant will be able to adequately account for federal funds expended.

ITEMS CLEARED UNDER OTHER PACKAGES:

SF 424, “Application for Federal Assistance” (Common form approved under 4040-0004).

Applicants use this common form as a required cover sheet for applications submitted for the Revolving Fund Program grants. The application is an official form required for all Federal grants and requests basic information about the applicant and the proposed project. This common form is submitted as part of the application.

SF 424A, “Budget Information--Non-Construction Programs” (Common form approved under 4040-0006).

Applicants project costs and expenses for the grant project. The form also provides information on matching funds. This form is submitted as part of the application.

SF 270, “Request for Advance or Reimbursement” (Common form approved under 4040-0012).

Grant recipients will submit SF 270 for disbursement of grant funds. RUS uses it to approve the disbursement. The use of this form complies with 2 CFR part 200.

SF 425, “Federal Financial Report” (Common form approved under 4040-0014).

Grant recipients must report the status of grant funds on SF-425 on a quarterly basis. The use of this form complies with 2 CFR part 200. The project performance report summarizes the project’s progress for the quarter and supports expenditures claimed.

SF LLL, “Disclosure of Lobbying Activities” (Common form approved under 4040-0013).

For grants over \$100,000, applicant must certify that no Federal appropriated funds will be paid to any person 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 the awarding of any Federal contract, the making of any Federal grant or Federal loan and the extension, continuation, renewal amendment, or modification of any Federal contract, grant or loan.

RD 400-1, “Equal Opportunity Agreement” (OMB 0575-0018).

This certification prohibits federal contractors and federally assisted construction contractors and subcontractors, who do over \$10,000 in Government business in one year, from discriminating in employment decisions on the basis of race, color, religion, sex, or national origin. The certification also requires Government contractors to take affirmative action to insure equal opportunity is provided in all aspects of their employment.

RD 400-4, “Assurance Agreement” (OMB 0575-0018).

This certification assures RUS the recipient is in compliance with and will continue to comply with Title VI of the Civil Rights Act of 1964. In accordance with that Act and the program specific regulations, the recipient agrees that any program or activity for which the recipient receives Federal financial assistance, no person in the United States

shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination.

System for Award Management (SAM) Registration, General Certifications and Representations.

At the time of application, each applicant must have an active registration in SAM before submitting its application in accordance with 2 CFR 25. This registration must remain current, accurate, and complete at all times during which the applicant has an active Federal award or an application under consideration.

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 meeting the requirements of E-Government Act, which requires Government agencies in general to provide the public the option of submitting information or transacting business electronically to the maximum extent possible. Grant applications for this program can be submitted either by U.S. Mail or electronically via Grants.gov.

This application process requires multiple types of forms, with the prefixes AD, RD, and SF, as well as supporting documents and certifications. The standardized forms are uploaded into Grants.gov and available to any applicant that applies through that platform. The forms can be reviewed, signed, and submitted directly through Grants.gov. Certain documents and certifications are required as a part of this process that are not standardized, such as the Work Plan/Narrative. Guidance on how to complete the forms is readily available through Grants.gov, and the non-standardized documents may be submitted electronically with the application.

While RUS is working towards a fully electronic application process, recognizing that some RUS applicants may not be able to utilize the fully electronic platform, the standardized forms are also available electronically in fillable, printable format. The forms are available through the RD/RUS website or the USDA Service Center eforms locator link at <https://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home>. Government-wide (AD and SF) forms may also be retrieved through the Office of the Chief Information Officer at <http://www.ocio.usda.gov/policy-directives-records-forms/forms-management/approved-computer-generated-forms> HYPERLINK "http://www.ocio.usda.gov/policy-directives-records-forms/forms-management/approved-computer-generated-forms"

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.

RUS collects information only from applicants who are applying for or are receiving Revolving Fund Program grants. There is no duplication in the collection of information required and the information required is applicant or borrower specific and not available from other sources. If applicants are applying for other programs where similar information is required, the Agency would make every effort to use that information which is the same.

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.

The information to be collected is the minimum that RUS needs to approve the grants and monitor performance. Only the minimum information necessary will be required to carry out the authorized programs. This program is geared to large organizations that are nationally based and typically no small businesses apply for this program. For this collection, none of the respondents are small businesses.

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 information collected under these programs is the minimum necessary to conform to the requirements of the program regulations established by law. Much of the information is collected when applicants file for grants or when the grants are closed. Information is collected only when needed or required by departmental regulations and OMB circulars. Information cannot be collected less frequently and meet the requirements of the programs. Failure to collect proper information could result in improper determinations of eligibility or improper use of funds.

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 requirements for reporting more than quarterly.
- b. **Requiring written responses in less than 30 days.** There are no information requirements for written responses in less than 30 days other than the requirement that grant recipients notify RUS immediately of developments that have a significant impact on the grant-supported activities or that might materially impair the ability to meet the objectives of the grant.
- c. **Requiring more than an original and two copies.** There are no requirements for more than an original and two copies.
- d. **Requiring respondents to retain records for more than 3 years.** There are no such requirements.

e. **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.** 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 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.** No pledge of confidentiality is required.

h. **Requiring respondents to submit proprietary trade secrets, 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 is no requirement for submission of 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.

RUS remains committed to pursuing reductions in burdens placed on grantees. RUS maintains a website containing general information, details about the Revolving Fund Program, and a directory of staff. RUS State Office and National Headquarters staff are available to assist Revolving Fund Program applicants, grantees, and other parties with questions concerning the program. Consultations take place on an individual basis, by telephone, e-mail, and by regular mail, and all comments or suggestions on forms, procedures, applications, etc. are carefully considered. The agency reached out to all Revolving Fund Program applicants from the past three years and the following respondents provided feedback to discuss the program information collection process. Their contact information and comments are provided as follows:

Communities Unlimited
3 East Colt Square Drive
Fayetteville, AR 72703

The respondent stated that their agency's experience with the RLF grant program has been positive. They have an excellent relationship with their local, state and national RD contacts who provide prompt support when needed. The application documents were easily accessible on the USDA website and the level of information collected was reasonable. Processing instructions and reporting requirements are easy to understand and satisfy. The RLF grant moneys received led to the successful completion of their

project. The challenge they face is the program's 10-year loan term, which in some circumstances has led to a financial burden for water/wastewater systems that require a larger loan note in a 10-year amortization schedule.

National Rural Water Association
2915 South 13th Street
Duncan, OK 73533

The respondent responded that their agency monitors grants.gov for funding opportunities announcements, including the RLF grant program. Application documents were easy to access on grants.gov and the information requested was reasonable, although slightly different from other proposals in that the application requests financials for the next three years. He stated program processes and requirements are easy to understand and satisfy and that the grant funding ultimately led to the successful completion of their program objectives. Brian indicated that there has been a tremendous demand for the revolving fund program this year.

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 assurance of confidentiality is provided to respondents.

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.

This collection does not contain questions of a sensitive nature.

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

The attached spreadsheet provides a detailed breakdown of the official, approved burden of each individual form's burden hours that is accounted for in this collection package. RUS estimates the cost to respondents to comply with this information is \$17,247.44. The cost calculation is based on the estimate of 4 organizations submitting applications of which 2 will receive a grant. The individuals responsible for providing the requested information are a director and a clerical/administrative staff member, with the director contributing 70 percent of the time and the clerical/administrative staff providing 30 percent of the time required to gather, prepare and submit the required information. Response time per respondent is 81.25 hours (325 total burden hours divided by 4). The wage rates for wage categories are selected from the Department of Labor, Bureau of Labor Statistics, May 2023 National Occupational Employment and Wage Estimates

located at http://www.bls.gov/oes/current/oes_nat.htm. The director category is General and Operations Managers (Occupational Code 11-1021) at \$48.69 per hour. The clerical/administrative category is Loan Interviewers and Clerks (Occupational Code 43-4131) at \$22.78 per hour. Data provided by the Bureau of Labor Statistics indicates that employer cost for employee benefits in the private sector was 29.7% of wages. See; Bureau of Labor Statistics Employer Costs for Employee Compensation – March 2024, <https://www.bls.gov/news.release/pdf/ecec.pdf>. After calculating employer cost for employee benefits, the total wage rate for director is \$63.15 per hour and for clerical/administrative, total hourly cost plus benefits is \$29.54. Total annualized cost to respondents for this information collection is \$17,247.44, as calculated in the following table:

Total Annual Cost Table:

| Job Category | Hours per respondent | Total Annual responses | Hourly Wage/Benefit | Annual Cost |
|--------------------------|----------------------|------------------------|---------------------|--------------------|
| Manager/Director | 56.88 | 4 | \$63.15 | \$14,367.88 |
| Clerical/Admin | 24.37 | 4 | \$29.54 | \$2,879.56 |
| Total Annual Cost | 81.25 | | | \$17,247.44 |

Note: Hours per Respondent calculated by taking total burden hours of 325 divided by total annual respondents of 4 giving us 81.25 Hours per Respondent.

| Estimate of the Hour of Burden of the Collection of Information* | | | | | |
|---|-------------------------------|---------------------------------|---------------------------|--------------------------|--------------------------|
| Number of Respondents | Total Annual Responses | Number Hour Per Response | Total Burden Hours | Cost Per Response | Total Annual Cost |
| | | | | | |
| 4 | 50 | 6.5 | 325 | 53.07 | 17,247.44 |

Note: Cost Per Response calculated by taking Total Annual Cost \$17,247.44 divided by Hours per Respondent (from Total Annual Cost Table) 81.25 divided by the Total Annual Responses, which is 4, which gives us the Cost Per Response of \$53.07.

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

- a. Total capital and start-up cost component (annualized over its expected useful life). There are no capital and start-up cost components involved with this collection.
- b. Total operation and maintenance and purchase of services component. There are no costs associated with this category.

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

The estimated annualized cost to the Federal Government is \$8,903. Wage rates used to calculate Federal cost were found at the Office of Personnel Management, 2024 General

Schedule Tables at https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/24Tables/html/DCB_h.aspx. Calculations are based on the salary of \$64.06 per hour for a Loan Specialist (GS13/Step5). With the addition of cost of benefits¹, the total hourly cost is \$87.28.

The cost to the Federal Government is estimated as follows:

| | |
|---|--------------|
| Application phase analysis: (10 hours X 4 applicants X \$87.28) = | \$3,491 |
| First Administrative phase: (5 hours X 2 applicants X \$87.28) = | \$873 |
| Second Administrative phase: (3 hours X 2 applicants X \$87.28) = | \$524 |
| Servicing per quarter: (4 quarters X 4 hours X 2 borrowers X \$87.28) = | \$2,793 |
| End of grant period: (5 hours X 2 borrowers X \$87.28) = | \$873 |
| Closeout: (2 hours X 2 borrowers X \$87.28) = | <u>\$349</u> |

Total estimated cost to the Federal Government is: \$8,903

15. Explain the reasons for any program changes or adjustments reported in items 13 or 14.

This renewal submission reflects a decrease of 16 responses (66 to 50) and 51 burden hours (376 to 325). An adjustment was made in the estimated cost to the federal and cost to borrowers and applicants. The adjustments are based on increases in salaries, wages, and benefits of both federal employees and applicant/borrower employees as well as a decrease in respondents based on the most recent three-year obligation average.

The following forms were removed the collection and replaced with the System for Award Management (SAM) Registration requirements per instructions provided in AN 4882: SF 424B, AD-1047, AD-1048, and AD-1049.

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

There are no plans for publication.

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.

None requested.

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

None requested.

¹ Cost of benefits as a percentage of total hourly compensation for Federal Government employees has been calculated by multiplying 36.25% by the hourly OPM wage rate in accordance with OMB Memorandum M-08 13.

19. Collection of Information Employing Statistical Methods.

This collection does not employ statistical methods.