

**2024-2025 SUPPORTING STATEMENT
PAPERWORK REDUCTION ACT SUBMISSION
7 CFR 1776, RURAL DECENTRALIZED WATER SYSTEMS
OMB NO. 0572-0139**

A. Justification

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

This package is being submitted under a regular clearance as a revision of a currently approved collection. The Rural Utilities Service (RUS or the Agency), an agency of the United States Department of Agriculture, requests Office of Management and Budget (OMB) clearance of the reporting requirements relating to 7 CFR 1776, Rural Decentralized Water Systems (DWS) program. This program was formerly the Household Water Well System Grant Program, but its name was changed by the Agriculture and Nutrition Act of 2018. This regulation is used to administer grants made to private non-profit organizations under the DWS program. The Agency is authorized to make the grants under Section 306E of the Consolidated Farm and Rural Development Act (CONACT) 7 U.S.C. 1926e.

The Agency is authorized to make grants to qualified private non-profit organizations which will use the funds to establish lending programs supporting individually owned decentralized water and or wastewater systems. The grant recipients will establish a revolving loan fund lending program to provide decentralized water and or wastewater loans and subgrants to individuals who own or will own private decentralized water and/or wastewater systems in rural areas. The individual loan recipients may use the funds to construct, refurbish, and service their individually owned decentralized water and or wastewater systems for an existing home. Borrower eligibility, the interest rate (one percent), term (not to exceed 20 years), and maximum loan and or subgrant amount (shall not exceed \$15,000 for each) are all established within 7 CFR 1776.

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 purpose of the DWS Program is to provide funds to private non-profit organizations to assist them in establishing loan programs from which individuals may borrow money for individually owned decentralized water and or wastewater systems. Applicants must show that the project will provide technical and financial assistance to eligible individuals to remedy privately owned decentralized water and or wastewater system problems. Based on the previous three-year history, Fiscal Years 2021 through 2023, RUS expects to receive and fund on average six applications annually. Generally, unless there is an ineligible applicant, all applications are funded.

Applicants will provide information to be collected as part of the application process through certain documentation, certifications, and completed forms. Failure to collect proper information could result in improper determinations of eligibility, improper use of

funds, or hindrances in making grants authorized by the CONACT. The applicant submits an application package, consisting of an application form, narrative proposal (work plan), various other forms, certifications, and supplemental information. The RUS National Office staff uses the information collected to determine applicant eligibility, project feasibility, and the applicant's ability to meet the grant and regulatory requirements. The reporting burden is described as follows:

ITEMS CLEARED WITH THIS PACKAGE

Initial Application/Application Processing (Non-Form/Written):

SAM Registration. To do business with the Federal government, the applicant is required to obtain a Unique Identification Number (UEI) 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. The registration must be updated annually.

Identify Relationship with Rural Development Employee(s). Applicants are required to identify any known relationship or association with an Agency employee so appropriate steps may be taken regarding the review of the application package and subsequent grant servicing where a known relationship exists.

Organizational Documents - Evidence of Legal Authority and Existence. Applicants must provide satisfactory documentation that an organization is legally recognized under state and federal law as a private non-profit organization. The documentation must show that the organization has the authority to enter into a grant agreement with RUS and to perform the activities proposed under the grant application. Satisfactory documentation includes, but is not limited to, certificates from the Secretary of State, charters, bylaws or articles of incorporation, or copies of state statutes or laws establishing the organization. The Agency uses this information to determine if the applicant has proper authority to enter into a binding agreement to use grant funds.

List of Directors and Officers. Applicants must submit a certified, current list of directors and officers with their respective terms. The Agency uses the information to verify the legal authority and leadership of the organizations.

Evidence of Tax-Exempt Status. To be eligible to receive a grant under this program, the applicant must be a private, non-profit organization with a 501(c)(3) tax-exempt status, designated by the Internal Revenue Service. RUS uses this information to ensure the applicant meets the eligibility criteria mandated by law.

Work Plan (Project Proposal, Scope of Work, and Budget Justification). Applicants should outline the project in sufficient detail to provide an understanding of the loan program to be operated. The proposal should include a project summary, needs assessment, project goals and objectives outline, project narrative, budget justification, and scope of work. The work plan will demonstrate the feasibility of the lending program to meet the objectives of the DWS grant program. It will also break down the uses and sources of funds and outline how the funds will be spent. The Agency uses this information to evaluate the cost effectiveness of the project, the adequacy of funding to carry out the activities of the project and evaluate a grant recipient's

progress.

Statement of Experience. The applicant must provide a written narrative describing its demonstrated expertise and experience promoting the safe and productive use of individually owned household water well systems, wastewater treatment systems, and groundwater. This information is used to determine the applicant's capacity to successfully deliver a revolving loan fund.

Pro-forma Balance Sheets and Financial Statements. Applicants will provide a pro-forma balance sheet for at least three (3) additional years. If the revolving loan fund is new, the balance sheet will project out three (3) years beyond inception. The projected balance sheet must include one set of projections that are for the revolving fund and a separate set for the organization's total operations. The Agency uses this information to assess the financial capabilities and determine if the applicant is financially viable to complete the proposed work plan.

Prior year Audit or Financial Statements. The prior fiscal year's audit or financial statements is required to determine adequate capacity for initial startup costs and applicant contributions.

Pro-forma Income Statement and Cash Flow. Applicants will provide pro-forma cash flow and earnings statements for at least three (3) years, supported by a list of assumptions showing the basis for the projections. The projected earnings statement must include one set of projections for the revolving fund and a separate set for the organization's total operations. RUS uses this information to assess the financial capabilities and determine if the applicant is financially viable to complete the proposed work plan.

Post Application (Non-Form/Written)

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.

Audit. Before an award can be considered complete, the applicant must provide audited financial statements for the period covered in the award. An annual audit under the Single Audit Act is required if a grantee expends \$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, including interim financing. All audits are to be performed in accordance with 2 CFR 200, as adopted by USDA through 2 CFR 400. The audit must be prepared by an independent licensed Certified Public Accountant, or a State or Federal auditor if allowed by State law and must be submitted within nine (9) months of your fiscal year end. If the grantee expends less than \$750,000 in Federal financial assistance per fiscal year it may submit financial statements in lieu of an audit, which include at a minimum a balance sheet and an income and expense statement. RUS uses this information to ensure that monies were used in accordance with established statutes and guidelines.

Project Performance Report. Grant recipients must submit a quarterly narrative project progress report summarizing progress and including 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. The project performance report meets the requirements of 7 CFR 1776, subpart B and 2 CFR 200. RUS uses this information to monitor performance and ensure schedules are met, projected work is accomplished, and objectives are achieved. In the event that a project completion date is extended, the application may continue to submit additional requests. For this reason, the burden worksheet includes both “Initial” and “Extension” line items.

Request for Written Approval of Work Plan Changes. The grantee agrees in the Grant Agreement to obtain written approval from the Agency before making any significant changes in forms, security policy, or the work plan. Only one no cost extension may be made for up to 12 months. If the recipient pursues this extension they agree to the continuance of the established servicing requirements.

Grant Agreement. The Grant Agreement is the official legal instrument between RUS and the DWS grant recipient. The Grant Agreement outlines the terms and conditions under which the applicant receives a DWS grant and sets forth the remedial authorities available for nonperformance. Applicants and RUS must execute the document before the Agency disburses grant funds.

ITEMS CLEARED IN OTHER PACKAGES BUT INCLUDED IN BURDEN

1940-1, Request for Obligation of Funds (cleared under multiple packages). This form is completed by the Agency at the time of obligation and signed by the awardee.

ITEMS CLEARED IN OTHER PACKAGES

RD-400-1, “Equal Opportunity Agreement” (Cleared under 0575-0201). This certification prohibits federal contractors and federally-assisted construction contractors and subcontractors, who do over \$10,000 in Government business in one (1) 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 ensure equal opportunity is provided in all aspects of their employment.

RD-400-4, “Assurance Agreement” (Cleared under 0575-0201). 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 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.

SF-LLL, “Disclosure of Lobbying Activities” (Cleared under 4040-0013). For grants over \$100,000, applicants must certify that no federal appropriated funds will be paid to any 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 the awarding of any federal contract, grant, loan, and any covered federal action.

SF 270, “Request for Advance or Reimbursement” (Cleared under 4040-0012). Grant recipients submit SF 270 for disbursement of grant funds and Agency approval of the disbursement. The use of this form complies with OMB Circular A-110 and 2 CFR 200. Requests for disbursement are submitted no more frequent than monthly. In the event that a project completion date is extended, the application may continue to submit additional requests. For this reason, the burden worksheet includes both “Initial” and “Extension” line items.

SF- 424, “Application for Federal Assistance” (Cleared under 4040-0004). Applicants use this official form as a required cover sheet for applications submitted for the DWS program. The application provides basic information about the applicant, such as name, address, employer identification number, UEI, etc., and the proposed project. The form is required for all federal grants and is submitted as part of the application. In the event that the award amount varies from the requested amount, a new copy of this form is executed. Thus, the burden worksheet includes both “Initial” and “Revised” line items.

SF 424A, “Budget Information--Non-Construction Programs” (Cleared under 4040- 0006). Applicants project costs and expenses for the grant project and provide information on matching funds. This form is submitted as part of the application. In the event that the award amount varies from the requested amount, a new copy of this form is executed. Thus, the burden worksheet includes both “Initial” and “Revised” line items.

SF 425, “Federal Financial Report” (Cleared under 4040-0014). Grant recipients must report the status of grant funds on the SF 425 on a quarterly basis. The use of this form complies with 2 CFR part 200, OMB Circular A-110, and an OMB policy statement Financial Reporting for Grants and Cooperative Agreements: Federal Financial Report, published in the Federal Register on August 13, 2008. (The form replaces the SF 269, Financial Status Report.) This form is submitted in coordination with the Project Performance narrative. 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, ensuring schedules are met, projected work is accomplished, and objectives are achieved. In the event that a project completion date is extended, the application may continue to submit additional requests. For this reason, the burden worksheet includes both “Initial” and “Extension” line items.

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.

The Agency is committed to complying with the requirements of the 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. The Agency accepts applications electronically through the Federal Government portal at <http://www.grants.gov> for Agency processing. Grant applications can also be submitted in paper format. If an applicant chooses to submit an application via paper they may still complete the forms online, store them in an electronic format, and print them for submission to the Agency.

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 DWS grants. There will be no duplication in the collection of information required. If applicants are applying for other programs where similar information is required, the Agency would make every effort to use that same information.

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 term “small entity” has the same meaning as the term “small business,” “small organization,” and “small governmental jurisdiction” in accordance with 5 U.S.C.601(6). The Small Business Administration (SBA) has established a Table of Small Business Size Standards that matches to the industries described in the North American Industry Classification System (NAICS). The Agency estimates that 80 percent of its respondents are small entities, independently owned and operated and not dominant in their field. The information to be collected is the minimum RUS needs to approve the grants and monitor performance. No unique methods will be used to minimize the burden to small 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 information collected under this program is the minimum necessary to conform to and meet the requirements of the program regulations established by law for departmental regulations and OMB circulars. Much of the information is collected when applicants file for grants or when the grants are closed. Information is collected when needed or required by departmental regulations, statutes, and OMB circulars. Information cannot be collected less frequently and still meet the requirements of the programs. Failure to collect proper information could result in improper determinations of eligibility, improper use of funds, or create hindrances in activities related to the awarding of grants.

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.
- c. Requiring more than an original and two copies.
There are no such requirements for more than an original and two copies.

- d. Requiring respondents to retain records for more than three (3) years.
There are no such requirements for respondents to retain records for more than 3 years.
- 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 and there are no requirements for the use of a statistical survey.
- f. Requiring the use of a statistical data classification that 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 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.
There is no requirement for a pledge of confidentiality.
- 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 are no requirements for submission of 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 formant (if any), and on data elements to be record, disclosed, or reported.

As required by 5 CFR 1320.8(d), a Notice to request comments was published on June 28, 2024, at 89 FR 53946. The Agency received one public comment of a general nature that did not pertain to the information collection.

RUS contacted the following individuals outside the Agency to obtain their views on the paperwork burden imposed by this regulation:

WEP reached out to nine applicants for comments. We received feedback from six applicants regarding the application burden. In general, most learned about the program from local RD office and other USDA staff. Overall, application was easily accessible and mostly obtained from Agency staff, USDA website and grants.gov. One applicant commented, in past years the Administrators Discretionary points was a bit confusing, however the guidance provided in the FY24 NOFO seem to be much clearer. Eligibility and processing instructions were easy to follow. Applicant consensus is the level of

information collected during application was reasonable. Most of the applicants were satisfied with record keeping and reporting requirements. One applicant felt it is bit redundant when it comes to reporting requirements. Information is provided quarterly and then again at close-out it is required in a slightly different manner. All deemed their DWS grant lead to the completion of objectives within the scope of work. It was noted in other comments that the grant manager provides clear direction, communication and when there is an unknown, provides follow-up in a timely manner. One applicant stated the grant is a blessing to low-income clients. Finally, one applicant pointed out the challenge they faced regarding program income limitations for the borrower to qualify. This applicant has declined a significant number of applicants due to exceeding the income limits. Three of the contacts are listed below:

Executive Director and Program Director
Water Well Trust
P.O. Box 2399
Davidson, North Carolina 28036-6378

Chief Executive Director and Director of Lending
Communities Unlimited
3 E. Colt Square
Fayetteville, Arkansas 72703-2884

Executive Director
Seven Rivers Resource Conservation & Development Area
239 N.E. Park Avenue, Suite E
Baxley, Georgia 31513-8609

9. Explain any decision to provide any payment or gift to respondents, other than re-enumeration 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 was provided to respondents. RD has a System of Record Notice (SORN) to cover collection of the information and the systems where the information is stored. Please refer to 84 FR 21315 issued on May 14, 2019. The SORN can be found at <https://www.govinfo.gov/content/pkg/FR-2019-05-14/pdf/2019-09874.pdf>.

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 questions of a sensitive nature.

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

Table 12.1, Total Cost of Burden, shown below, summarizes the estimated average annual burden associated with the DWS program. The attached Burden Worksheet provides details of the estimates on the “Burden Hours Collection” and “Est. Prof. Wage Rate” tabs.

Table 12.1 - Total Cost of Burden

| Burden Item | Estimated Yearly Average Burden |
|------------------------------------|---------------------------------|
| Number of Respondents | 7 |
| Number of Awards: | 6 |
| Annual responses: | 146 |
| Total hours: | 652 |
| Cost per hour (Total Hourly Wage): | \$53.64 |
| Total Cost | \$34,963 |

The primary individuals submitting a grant application or required to report under this regulation would be a director or a professional financial operations staff member. The wage rate of \$41.39 per hour is based on the mean hourly rate provided for Occupation Code 13-0000 Business and Financial Operations Occupations taken from the Bureau of Labor Statistics (BLS), Occupational Employment and Wage Statistics May 2022 Occupation Profiles found at <https://www.bls.gov/oes/current/oes130000.html>. The cost of total benefits of \$12.25 is added to the hourly rate for a total hourly wage of \$53.64. The benefits were calculated by using the rate of 29.6 percent for private industry workers from the U.S. Department of Labor, Bureau of Labor Statistics, Economic News Release, Employer Costs for Employee Compensation – December 2023 found at <https://www.bls.gov/news.release/pdf/ecec.pdf>.

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information for (a) capital and start-up costs and (b) operation, maintenance and purchase of services components.

There are no capital and start-up costs and purchase of services components involved with this collection.

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

The estimated Annualized Cost to the Federal Government is \$29,434 which is summarized in Table 14.1 below. Calculation details are provided in the attached Burden Worksheet on the “Annual Cost to the Fed Gov Est” tab.

Table 14.1: Total Cost to the Federal Government

| Review Step | Cost of Each | Number of Responses | Total Cost |
|--|--------------|---------------------|------------|
| Application | \$1,051 | 7 | \$7,357 |
| First Administrative Phase | \$525 | 7 | \$3,675 |
| Second Administrative Phase | \$263 | 6 | \$1,578 |
| Servicing per Quarter (Initial - 4 quarters) | \$263 | 24 | \$6,312 |
| Servicing per Quarter (Extended – | \$263 | 24 | 6,312 |

| | | | |
|---|-------|---|-----------------|
| up to 4 quarters) | | | |
| End of Grant Period | \$525 | 6 | \$3,150 |
| Closeout | \$175 | 6 | \$1,050 |
| Total Cost to Federal Government | | | \$29,434 |

Table 14.2, Staff Position and Salary, below shows the staff position used for the review steps. The GS salary was obtained by using the GS pay tables for 2024 found at: <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2024/general-schedule>. The fringe benefits were calculated at 36.25 percent based on the Office of Management and Budget Memorandum for the Heads of Executive Departments and Agencies (M-08-13) dated March 11, 2008 ([Memorandum for the Heads of Executive Departments and Agencies \(whitehouse.gov\)](https://www.whitehouse.gov)). The hourly rate was calculated by dividing the total salary by 52 weeks and then dividing the result by 40 hours.

Table 14.2: Staff Positions and GS Salary

| Staff Position | Annual Salary | Benefits | Total Salary | Hourly Wage |
|--|---------------|----------|--------------|-------------|
| Community Program Specialist (GS 13, Step 5) | \$133,692 | \$48,463 | \$182,155 | \$87.57 |

15. Explain the reasons for any program changes or adjustments reported in items 13 or 14 of the OMB Form 83-1.

The number of borrowers has remained constant over the prior three fiscal years averaging 7 respondents and six awardees. There have been no changes in the information collection requirements. Based on Agency experience, there were minor Agency adjustments in some grantees having workplan changes and submitting requests related to project duration extensions. In addition, some forms were removed due to the information now being collected thru SAM.gov during the initial registration and annual renewals. Burden was added to account for borrowers being required to use SAM.gov. This submission has a total of 146 responses. In the previous submission the total responses were 130. There has been an overall decrease in burden hours, from 666 to 652.

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

There are no plans for publication of the information collected under the provisions of this program.

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.

There are no forms cleared under this collection.

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

There are no exceptions requested.

B. Collection of Information Employing Statistical Methods.

This collection does not employ statistical methods.