

**2011 - SUPPORTING STATEMENT  
(0572-0139)**

**7 CFR 1776, Household Water Well System Grant Program**

A. Justification

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

The Rural Utilities Service (RUS), an agency of the United States Department of Agriculture, Rural Development is requesting OMB clearance of the reporting requirements relating to 7 CFR Part 1776, Household Water Well System (HWWS) Grant Program. This regulation is used to administer grants made to private non-profit organizations under the HWWS 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. This is an extension of a previously approved information collection package.

The RUS is authorized to make grants to qualified private non-profit organizations which will use the funds to establish lending programs for household water wells. The grant recipients will establish a revolving loan fund lending program to provide water well loans to individuals who own or will own private wells in rural areas. The individual loan recipients may use the funds to construct, refurbish, and service their household well systems for an existing home.

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 HWWS Grant Program is to provide funds to private non-profit organizations to assist them in establishing loan programs from which individuals may borrow money for household water well systems. Applicants must show that the project will provide technical and financial assistance to eligible individuals to remedy household well problems. Based on the previous three year history, RUS expects to receive 10 applications annually and approve 3 to 5 grants.

Applicants will provide information to be collected as part of the application and grant 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.

An applicant submits an application package and other information to RUS. The application package consists of an application form, narrative proposal (work plan),

various other forms, certifications, and supplemental information. The RUS and State Offices staff will use 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

### Statement of Experience

The applicant must provide a written narrative describing its demonstrated capability and experience in the groundwater industry.

### Project Proposal

Applicants should outline the project in sufficient detail to provide an understanding of the loan program to be operated. The proposal should cover four elements: (1) project summary, (2) needs assessment, (3) project goals and objectives, and (4) project narrative. Under the project narrative, applicants will demonstrate their experience and document their experience in managing and servicing a revolving loan fund. Applicants must show evidence of financial resources other than the HWWS grant and organization controls to manage the revolving fund. The applicants must demonstrate their experience and expertise in promoting well systems.

### Work Plan (or Scope of Work)

Applicants will provide a written work plan that will describe the tasks and activities that will be accomplished during the grant period. The work plan will demonstrate the feasibility of the lending program to meet the objectives of the HWWS grant program. The work plan should show how expected outcomes, goals, strategies, and objectives set out for the HWWS program will be achieved.

### Budget and Budget Justification

The budget justification outlines how the funds will be spent and provides details for proposed expenditures, calculations of costs, and explanations of unusual line items in the budget. The budget should identify the funding sources and break out the costs pertaining to each source. It discusses how the budget supports the proposed project activities and explains how each budget item is essential to achieving project objectives. 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 request for payments.

### Prior year Audit or Financial Statements

A prior year audit or financial statements will be required to determine adequate capacity for initial startup costs and applicant contributions.

### Pro-forma Balance Sheets and Financial Statements

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 grant recipient 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 a set of projections that shows the revolving fund only and a separate set that shows the proposed grant recipient 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.

#### 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 the proper authority to enter into a binding agreement to use grant funds.

#### List of Directors and Officers

Applicants must submit a certified 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 that the applicant meets the eligibility criteria mandated by law.

#### Assurances and Certifications of Compliance with Other Federal Statutes

##### a. Identify Relationship With Rural Development Employee

Applicants are required to identify any known relationship or association with an Agency employee so that appropriate steps may be taken regarding the review of the application package and subsequent grant servicing where a known relationship exists.

##### b. Certification Regarding Lobbying

USDA regulations published at 7 CFR 1900-D, RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants, and Loans (Regarding Lobbying);" each applicant must file a certification regarding lobbying activities.

##### c. Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions

USDA regulations published at 7 CFR Part 3017 implement the government-wide debarment and suspension system for USDA's non-procurement transactions.

Applicants are required to disclose debarment and suspension information under 7 CFR 3017.335. Form AD-1047 may be used to obtain the required certification.

d. Drug-Free Workplace Requirements

In accordance with 7 CFR 3021.230 applicants must identify the organization's known workplaces by including the actual address of buildings (or parts of buildings) or other sites where work under the award takes place. Applicants are required to comply with the requirements for drug-free workplace and provide certification under these regulations. Form AD-1049 may be used to obtain the required certification.

e. Limited English Proficiency (LEP)

Applicants must take reasonable steps to ensure that Limited English Proficiency (LEP) persons receive the language assistance necessary to have meaningful access to the HWWS Program, services, and information your organization provides. Applicants must follow policy guidance outlined by the Department of Justice at [www.LEP.gov](http://www.LEP.gov). ([Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency."](#))

Grant Agreement

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

Audit

Grant recipients must comply with the audit requirements of OMB Circular A-133, "Audits of State, Local Governments, and Non-Profit Organizations." Generally, they must submit an audit report after project completion. However, the requirements for submitting an audit report under OMB Circular A-133 are based on the total amount of Federal financial assistance expended during a grant recipient's fiscal year from all Federal Sources. Grant recipients that expend \$500,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year. Those that expend less than \$500,000 in Federal awards may be exempt from audit requirements for that year. The Agency will review the information and determine if a grant recipient must submit an audit in accordance with the requirements of the Water and Waste Disposal program and OMB Circular A-133.

Financial Statements

Grant recipients that expend less than \$500,000 in a year in Federal awards may be able to submit their financial statement in lieu of an audit report after project completion. The Agency will review the information and determine if a grant recipient must submit an audit in accordance with the requirements of the Water and Waste Disposal program and OMB Circular A-133.

### 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.

### 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 Part 3019 and RUS implementation of OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations." RUS uses this information to monitor performance and ensure schedules are met, projected work is accomplished, and objectives are achieved.

### ITEMS APPROVED UNDER OTHER PACKAGES

#### SF- 424, "Application for Federal Assistance." (Cleared under 0348-0043 & 4040-0004)

Applicants use this official form as a required cover sheet for applications submitted for the HWWS grants. The application provides basic information about the applicant, such as name, address, employer identification number, DUNS number, etc., and the proposed project. The form is required for all Federal grants and is submitted as part of the application.

#### SF-424A, "Budget Information--Non-Construction Programs." (Cleared under 0348-0044 & 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.

#### SF-424B, "Assurances--Non-construction Programs." (Cleared under 0348-0040 & 4040-0007)

Applicants read and sign this form to indicate the organization's intent to comply with the laws, regulations, and policies to which a grant is subject. This form is submitted as part of the application.

#### SF-LLL, "Disclosure of Lobbying Activities" (Cleared under 0348-0046)

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.

#### RD-400-1, "Equal Opportunity Agreement." (Cleared under 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.” (Cleared under 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.

SF 270, “Request for Advance or Reimbursement.” (Cleared under 0348-0004)

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.

SF 425, “Federal Financial Report.” (Cleared under 0348-0061)

Grant recipients must report the status of grant funds on SF-425 on a quarterly basis during the first year after grant closing; thereafter reports will be required semiannually. The use of this form complies with 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.) The grant recipient must submit a narrative project performance report quarterly with the SF 425. The project performance report summarizes the project’s progress for the quarter and supports expenditures claimed. 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.

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.

- Forms for applications submitted in paper format are available electronically at several locations on the World Wide Web: [http://www.grants.gov/agencies/aforms\\_repository\\_information.jsp](http://www.grants.gov/agencies/aforms_repository_information.jsp), which is the Grants.gov Forms Repository, or [www.whitehouse.gov/omb/grants\\_forms](http://www.whitehouse.gov/omb/grants_forms).

Users may 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.

Rural Development collects information only from applicants who are applying for or are receiving HWWS 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.

Of the 10 respondents during the application phase, eight (or 80 percent) 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. Small entities may be affected by the reporting burden, but only minimum information necessary will be required to carry out the authorized programs. 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 these programs 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. Failure to collect proper information could result in improper determinations of eligibility and 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. However, Form SF 270, "Request for Advance or Reimbursement," is submitted by some grant recipients as much as 12 times a year in order to receive reimbursements to pay monthly business expenses. However the Agency does not require this.

b. Requiring written responses in less than 30 days.

There are no information requirements for written responses in less than 30 days. However, grant recipients must notify the Agency 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 such requirements.

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

There are no such requirements unless any litigation, claim, or audit is started before the expiration of the 3-year period and has not been resolved and final action taken.

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

There are no such requirements.

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

There are no such requirements.

g. Requiring a pledge of confidentiality.

There are no such requirements.

h. Requiring submission of proprietary trade secrets.

There are no such requirements.

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 1320.8(d), a Notice to request comments was published on November 23, 2010, at 75 FR 71414. No public comments were received.

The Agency sent six requests for voluntary responses regarding the specific burden required by 7 CFR 1776 on January 18, 2011. Two grant recipients responded:

Lee Ann Fischer  
Senior Program Manager  
Northeast Michigan Affordable Housing Inc.  
123 N. Second Avenue, Suite 4  
Alpena, MI 49707  
Telephone: 989-345-5390

Dario Krolo  
Loan Officer  
Southeast RCAP, Inc.  
P.O. Box 2868  
Roanoke, VA 24001

Telephone: 540.345.1184 ext. 113

The organizations were requested to estimate the number of hours used to complete the forms and provide documentation. The responding organization has submitted applications for HWWS funding and has experience in preparing applications for other Federal agencies. The data submitted was consistent with information submitted in previous collection packages.

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

Rural Development has not made any such decisions or payments.

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 as information collected under these programs is not considered to be confidential. The public can request most data collected from respondents under the Freedom of Information Act.

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 that would be considered private.

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

The information for this package was derived from past experience with this program. The program level for this program was \$993,000 in each FY 2008, FY 2009, and FY 2010. Based on this level, the Agency anticipates making 5 grants. See the attached spreadsheet. The collection is summarized as follows:

Regulation	Number of Respondents	Total Annual Responses	Total Manhours	Wage Class	Total Costs
7 CFR 1776	10	10	1,033	29.00	29,957

RUS estimates the cost to be \$29,957 to the respondents to comply with this regulation. The cost is based on 10 organizations filing an application and 5 of them receiving a Household Water Well System Program grant. The Agency used \$29.00 per hour based on 2009 wages for social and community service managers (NAICS 813, Bureau of Labor Statistics.) Primary respondents for a grant recipient would be a program manager earning \$25.00 to \$29.00 per hour.

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); and

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 cost to the Federal Government is estimated as follows

Application phase analysis – 10 hours X 10 applications X \$48.35	=	4,835
First Administrative phase – 5 hours X 5 applications X \$48.35	=	1,209
Second Administrative phase – 3 hours X 5 applications X \$48.35	=	725
Servicing per quarter – 4 quarters X 4 hours X 5 borrowers X \$48.35	=	3,868
End of grant period – 5 hours X 5 borrowers X \$48.35	=	1,209
Closeout – 2 hours X 5 borrowers X \$48.35	=	<u>484</u>

Total estimated cost to the Federal Government is: \$12,330

The salary of \$48.35 per hour is based on the base rate of a National Office loan specialist (GS 13 - 5) in FY 2011.

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

The burden hours decreased from the last submission by 79 hours. The hours for preparing the project proposal were increased to 72 hours from 40 hours, based on the information provided by surveying grant recipients. The hours for audits and other financial statements were decreased from 40 hours to 15 minutes because the respondents gather the documents for submission; they do not have to create the information. Minor adjustments were made in several other categories to reflect information provided by grant recipients.

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

RUS has no plans to publish 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.

N/A.

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

There are no exceptions requested.

19. Collection of Information Employing Statistical Methods.

This collection does not employ statistical methods.