

**STATE ADMINISTRATIVE EXPENSE (SAE) FUNDS**  
**JUSTIFICATION FOR APPROVAL OF INFORMATION COLLECTION**  
**REPORTING AND RECORDKEEPING REQUIREMENTS**  
**REGULATIONS – 7 C.F.R. PART 235**  
**OMB CLEARANCE NUMBER 0584-0067**

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**Notice of Action:** The prior approval for this collection extended only to the instruments contained in the collection (FNS-74, FNS-525, and FNS-777). The NOA indicated that collection by other means, i.e., through the Food Program Reporting System (FPRS), was not requested nor were the instruments included. As such, any collection via these means was not approved.

This ICR addresses the prior notice of action by including, within this request, a request for approval of both the paper forms and use of the FNS-777 form via FPRS. Screenshots for FNS-777 are included to support this request. (Note that the other 2 forms are paper forms only.)

Further, the Notice of Action instructed FNS to submit an ICR within the last 12 months specifically for the FPRS system. The purpose of the ICR is to consolidate the forms that have been approved by OMB across multiple OMB Control Numbers into one ICR. The NOA instructed that the ICR should be submitted for the Food Program Reporting System that will incorporate the submission of information associated with this collection.

FNS is preparing to submit an ICR for FPRS as instructed by OMB. The submission has been briefly delayed as the previously published 60-Day Notice is more than 2 years old. As such, FNS re-published the 60-Day Notice. The comment period will close on June 4, 2013. FNS anticipates the FPRS ICR being submitted to OMB after all comments are addressed.

As the existing forms in FPRS are currently approved via their respective ICRs, this ICR requests approval of FNS-777 in both its paper form and the electronic form (i.e., FPRS). FNS will include the FNS-777 form in the upcoming FPRS request for clearance.

## **A. JUSTIFICATION**

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

This is a revision of a currently approved collection. The purpose of this collection is to provide each State agency (SA) with funds for its state administrative expenses in providing oversight and technical assistance to local schools, school districts and child and

adult care institutions in their conduct of Child Nutrition Programs (CNP). SAs that administer the distribution of USDA donated commodities to schools or to child and adult care institutions are also provided with State Administrative Expense (SAE) funds. Per the federal regulations (7 C.F.R. Part 235) SAE Funds necessitate the collection of information.

- 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 respondents for reporting information consist of the State educational agencies and alternate SAs that have executed agreements with Food and Nutrition Service (FNS) for the administration of the National School Lunch Program (NSLP), School Breakfast Program (SBP), Special Milk Program (SMP), Child and Adult Care Food Program (CACFP), Food Distribution Program (FDP), or some combination thereof.

SAE Plan. FNS requests each SA to report the following information:

Each State shall submit to the Secretary for approval by October 1 of the initial fiscal year a plan for the use of SAE funds including a staff formula for State personnel, system level supervisory and operating personnel, and school level personnel.

After submitting the initial plan, a SA shall be required to submit to the Secretary for approval only a substantive change in the plan.

Food and Nutrition Service Regional Office's (FNSRO) use this information to

determine whether:

1. The SA intends to use SAE funds for purposes allowable under OMB 2 C.F.R. Part 225—Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87). The SA's administrative budget provides for sufficient funding from State sources to meet the Maintenance of Effort (MOE) requirement. Subsection 7(f) of the Child Nutrition Act requires FNS to pay SAE funds “only to States that agree to maintain a level of funding out of State revenues, for administrative costs in connection with programs under this Act and the National School Lunch Act, not less than the amount expended or obligated in Fiscal Year 1977.”
2. The SA's staff is adequate to effectively administer the programs covered by the SA's agreement with FNS.

Reallocation Report. All SAs are requested to complete Reallocation Report (FNS-525, OMB No. 0584-0067, expiration date 4/30/2013) to indicate their intentions for the reallocation. Since participation in a SAE reallocation is voluntary, the SA may elect not to participate; to return SAE funds it cannot use; or to request additional funds. The items requested therein comprise the minimum information FNS needs to conduct the reallocation.

Use of Coordinated Review Effort (CRE) Work Indicators. Collecting data from CRE work indicators is necessary to perform the formula allocation of SAE funds. FNS routinely collects State totals of free and reduced-price lunches served on Form FNS-10, Report of School Program Operations (OMB No. 0584-0002, expiration date 10/31/2013). However, FNS does not routinely collect data on school food authorities (SFA). The SFA is the legal entity, operating one or more attendance units, with the authority to execute an agreement with the SA for the operation of the NSLP in one or more of its attendance units. Once each year, FNS asks each SA how many SFAs it has under agreement to operate the NSLP, and how many of these meet the definition of “large” SFAs. FNS usually collects this

information by providing each SA with the SFA figures used the prior year and requesting the SA to update them.

Reports on SAE Funds Usage. SAs administering the NSLP, SBP, SMP, and/or the CACFP report quarterly on their use of SAE funds via the FNS-777, Financial Status Report (OMB No. 0584-0067, expiration date 4/30/2013) The requested information includes the amount of SAE funds obligated and expended to date. FNS uses this information to determine its financial liability to the SA for the fiscal year in which the reported obligations and expenditures were incurred. In addition, the final report for each fiscal year serves as the basis for closing out that year's Letter-of-Credit. State Distributing Agencies (SDAs) receiving their SAE funds by U.S. Treasury Check submit one final report on SAE funds usage at the end of each fiscal year.

Responses to Sanctions. Upon notification of the FNSRO's intent to impose sanctions, the SA is required to submit a plan for correction of the deficiencies that induced the FNSRO to take such action. The FNSRO may defer sanctioning the SA's SAE grant if it finds the corrective action plan acceptable and the SA implements it on schedule. The regulations provide procedures for use by SAs aggrieved by sanctions in appealing the FNSRO's action.

Accounting Records. The SAs accounting records must demonstrate control over the receipt, custody and disbursement of SAE funds. Source documents supporting the obligation and expenditure of SAE funds must be maintained by the SAs, including time and attendance reports on State staffers paid from SAE funds; travel vouchers; requisitions for

supplies and services from State support units (such as the use of State cars, printing, postage, office supplies, telephone, utilities, etc.); and suppliers' invoices for merchandise (such as office machines) delivered to the SA. These records provide the basis for determining the amounts of SAE funds the SA reports as obligated and expended in the financial reports submitted to FNS.

Equipment Records. SAs are required to maintain records on "nonexpendable personal property" as defined in 7 C.F.R. Part 3016.32-Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Equipment to permit allowable disposition of the property in accordance with Federal rules.

Records of State Appropriated Funds. The SA's records must demonstrate compliance with 235.11(a). SAs account for SAE funds according to their own accounting policies and procedures. The accounting records they maintain on funds from State sources are the same as those that they maintain on SAE funds. They generally control State appropriated funds through a separate set of accounts from those used to control the receipt and disbursement of SAE funds.

The Federal-State Agreement. The Federal-State Agreement, FNS-74 (OMB No. 0584-0067, expiration date 4/30/2013), is the agreement between USDA and the administering SA. It delineates the legislative authority, regulatory, Civil Rights and Equal Employment Opportunity responsibilities, and the general terms and conditions for the administration of the programs. 7 C.F.R. Part 250.12, makes the agreement between the Department and State educational agencies and alternate SAs administering the food distribution program permanent, with amendments to be made as needed.

- 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. Also, describe any consideration of using information technology to reduce burden.**

In accordance with the E-Government Act of 2002, FNS has reviewed the process for collecting information via Forms FNS-525, FNS- 777, and FNS-74. FNS encourages its SA partners to offer electronic submission to participants whenever it is feasible.

This ICR requests approval for electronic submission of FNS-777 data to FNS through the Food Program Reporting System (<https://fprs.fns.usda.gov>); screenshots are included in the appendix. All SAs submit data electronically. FNS currently provides SAs with the SAE requirements electronically for SA submissions. Additionally, the agency uses electronic transfer of funds to permit SAs to withdraw cash.

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purpose described in item 2 above.**

There is no duplication in reporting of SAE data. Every effort has been made to avoid duplication. FNS solely administers the SAE data and has reviewed USDA reporting requirements, state administrative agency reporting requirements, and special studies by

other government and private agencies. This information is not currently reported to any other entity outside of FNS.

**5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

Information being requested or required has been held to the minimum required for the intended use. Although smaller SAs are involved in this data collection effort, they provide the same program benefits and perform the same function as any other SA. Thus, they maintain the same kinds of information on file. FNS estimates that 3 of the 87 respondents are small entities.

**6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

The information is collected for the purpose of administering an ongoing program. Each reporting requirement has its own frequency. Information is collected on a fiscal year basis because SAE funds are appropriated and made available to SAs on a fiscal year basis. The Federal-State Agreement for NSLP, SBP, SMP, CACFP, SFSP and SAE authorizes apportionment of funds on a fiscal year basis. Without the approval of this collection FNS would not be able to monitor the SAE Funds in accordance to 7 C.F.R. Part 235.

**7. Circumstances that would cause an information collection to be conducted in a**

**manner that is inconsistent with 5 C.F.R. 1320.5:**

- **requiring respondents to report information to the agency more often than quarterly;**
- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
- **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;**
- **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
- **that includes 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; or**
- **requiring respondents to submit proprietary trade secret, 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 special circumstances that require the collection of information to be

conducted in a manner inconsistent with the guidelines in 5 C.F.R. 1320.5.

- 8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments.**

A notice was published in the Federal Register on Monday, February 4, 2013, Volume 78, Number 23, and Page 7739. No public comments were received in response to the notice published in the Federal Register.

- 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, or reporting form, and on the data elements to be recorded, disclosed, or reported.**

FNS consults with its Regional Offices any proposed changes as the result of legislative, regulatory, or administrative changes. The Regional Offices are in constant contact with SAs that provide feedback on FNS processes and procedures that may impact them.

- 9. Explain any decision to provide any payment or gift to respondents, other than**

**remuneration of contractors or grantees.**

No payment or gift was 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 additional assurance of confidentiality is provided with this information collection. Any and all information obtained in this collection shall not be disclosed except in accordance with 5 U.S.C.552a.

- 11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior or attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**

There are no questions of a sensitive nature involved.

- 12. Provide estimates of the hour burden of the collection of information. The statement should include:**

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.**

To estimate the reporting and recordkeeping burdens of Part 235, FNS took into account the fact that the CNPs are state administered programs and that each SA establishes its own procedures for administering them. Therefore, the analysis was limited to the identification of fundamental tasks that would be required in any SA management system.

The frequency was estimated with which SAs perform each task and the amount of time they spend doing so.

The respondents for recordkeeping requirements consist of the State educational agencies, alternate SAs and SDAs that have executed agreements with FNS for the administration of the NSLP, SBP, SMP, CACFP, FDP in schools, or some combination thereof. FNS determined the number of respondents by counting agreements for Fiscal Year 2012. The following tables explain the burden for both reporting and recordkeeping, respectively:

Title	Form Number	Estimated # of Respondents	Frequency of Response	Total Annual Responses	Average Burden Hours per Response	Estimated Total Burden Hours
<b>Reporting</b>						
Use of CRE Work Indicators		56	1	56	1	56

SAE Plan Adjustments		30	1	30	8	240
Reallocation Report	FNS-525	23	1	23	12	276
		65	1	65	0.5	32.5
Financial Report on Use of SAE Funds	FNS-777	87	4	348	0.5	174
Federal-State Agreement	FNS-74	75	1	75	0.25	18.75
<b>Reporting Total</b>		<b>87</b>	<b>6.8621</b>	<b>597</b>	<b>1.3354</b>	<b>797.25</b>

**Affected Public: State Agencies, Alternate SA, State Distributing Agencies, State Educational Agencies, schools and nonprofit institutions.**

Section of Regulations	Description of Activities	Estimated # of Respondents	Frequency of Response	Total Annual Responses	Average Burden Hours per Response	Estimated Total Burden Hours
<b>Recordkeeping</b>						
	The SA shall maintain current accounting records of SAE funds which shall adequately identify obligations, fund authorizations, unobligated balances, assets, liabilities, outlay, income.	87	104	9,048	1	9,048
235.7(a)	SAs can request reallocation (Updated Average # for FY 08, 09 10 SAs request for reallocation)	23	52	1196	2	2392
235.9(c)(d)	The SA property mgmt. standards for nonexpendable personal property shall include the following procedural requirements.	87	1	87	3	261
235.11(a)	Documentation that funding from State sources in any fiscal year for the administration of CNP is not less than that expended or obligated in FY 77 (State requirement)	35	52	1820	0.5	910
235.4	Documenting the obligation and expenditures of SAE funds carried over into the subsequent fiscal year.	67	1	67	2	134
235.7(a)	The Federal-State Agreement must be kept for three years.	75	1	75	0.083	6.225
<b>Recordkeeping Total</b>		<b>87</b>	<b>141.2989</b>	<b>12,293</b>	<b>1.0373</b>	<b>12,751</b>
	<b>Recordkeeping Burden</b>	87		12,293		12,751
	<b>Reporting Burden</b>	87		597		797
<b>Total Burden Hours</b>		<b>87</b>	<b>148.1609</b>	<b>12,890</b>	<b>1.051047</b>	<b>13,548</b>

- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories.**

The estimate of respondent cost is based on the burden estimates from the U.S. Department of Labor, Bureau of Labor Statistics May 2011 Occupational and Wage Statistics (Occupational Group 25-0000) (<http://www.bls.gov/bls/wages.htm>).

The hourly mean wage (education-related occupation) for functions performed by State and local agency staff are estimated at \$24.46 per staff hour.

Respo ndent	Description of Activity	# of Respond ents	Frequency of responses	Total of annual response	Average Response Time per Response	Estimated Annual Burden Hours	Hourly Wages Rate	Respondent Cost
	FNS-525	23	1	23	12.00	276	24.46	\$6,750.96
	FNS-525	65	1	65	0.50	32.5	24.46	\$794.95
	FNS-777	87	4	348	0.50	174	24.46	\$4,256.04
	FNS-74	75	1	75	0.25	18.75	24.46	\$458.63
	CRE Updates235.4	56	1	56	1.00	56	24.46	\$1,369.76
	SAE Plan Adjustment	30	1	30	8.00	240	24.46	\$5,870.4
<b>Annualized Cost for reporting:</b>		<b>87</b>				<b>797</b>		<b>\$19,494.62</b>
<b>Annualized Cost for recordkeeping</b>		<b>87</b>				<b>12,751</b>		<b>\$311,889.46</b>
<b>Total Annualized Cost to Respondents</b>		<b>87</b>				<b>13,548</b>		<b>\$331,384.08</b>

TOTAL COST TO PUBLIC = 13,548 hour X \$24.46 per hour = \$331,384.08

- 13. Provide estimates of the total annual cost burden to respondents or record keepers resulting from the collection of information, (do not include the cost of any hour burden shown in items 12 and 14). The cost estimates should be split into two components: (a) a total capital and start-up cost component annualized over its expected useful life; and (b) a total operation and maintenance and purchase of services component.**

There are no capital/start-up or ongoing operation/maintenance costs associated with

this information collection.

- 14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost and any other expense that would not have been incurred without this collection of information.**

FNS identified functions performed by FNSRO and Headquarters staff related to the SAE program and obtained estimates of the number of staff hours spent performing these functions. The estimated number of staff hours spent in a typical year dealing with SAE matters is 80. The estimated staff hours have been reduced significantly due to an improvement in estimation methods. We computed the cost using the hourly wage of a GS 12/06.

$\$41.85 \times 80 \text{ hrs.} = \$3,348$  (estimated annualized cost to the Federal government).

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

This is a revision of a currently approved information collection. The number of SAs participating in the CN programs decreased from 88 to 87 resulting in a decrease of 2 reporting burden hours and a decrease of 104 recordkeeping burden hours. However, an adjustment to the estimated time for the existing recordkeeping function resulted in an increase of 129 burden

hours for a net increase of 22 burden hours associated with this revision.

- 16. For collections of information whose results are planned to be published, outline plans for tabulation and publication.**

The information collected is not published for external distribution.

- 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.**

The agency plans to display the expiration date for OMB approval of the information collection.

- 18. Explain each exception to the certification statement identified in Item 19 "Certification for Paperwork Reduction Act."**

There are no exceptions to the certification statement.