United States Department of Energy
Supporting Statement
OMB Control Number 1910-5162
Budget Justification

This supporting statement provides additional information regarding the Office of Energy Efficiency and Renewable Energy's (EERE) request for processing of the information collection, *Budget Justification*. The numbered questions correspond to the order shown on the Office of Management and Budget (OMB) Form 83-I, "Instructions for Completing OMB Form 83-I."

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.

The Energy Policy Act of 2005 (EPACT) (P.L. § 109-58), the Energy Independence and Security Act of 2007 (EISA) (P.L. § 110-140), and the American Reinvestment and Recovery Act of 2009 (ARRA) (P.L. § 111-5) all generated numerous energy efficiency and renewable energy research, development, demonstration, and outreach incentive programs. The Department of Energy (DOE) manages a large number of these incentive programs, including a vast amount of public Financial Assistance in the form of Grants and Cooperative Agreements.

2 CFR 200, as amended by 2 CFR 910, implements the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and establishes uniform policies and procedures for the award and administration of DOE grants, cooperative agreements, and technology investment agreements. Subpart B—General Provisions of this part, through Subpart D—Post Federal Award Requirements of this part, are authorized under Section 31 of the Chief Financial Officers Act, Functions of the Deputy Director for Management (U.S.C. § 503), Improving Economy and Efficiency of the United States Government (31 U.S.C. § 1111), the Office of Federal Procurement Policy Act (41 U.S.C. § 1101-1131), Reorganization Plan No. 2 of 1970, Executive Order 11541, "Prescribing the Duties of the Office of Management and Budget and the Domestic Policy Council in the Executive Office of the President," the Single Audit Act Amendments of 1996 (31 U.S.C. § 7501-7507), and The Federal Program Information Act (Public Law 95-220 and Public Law 98-169), as amended, codified at 31 U.S.C. § 6101-6106). Subpart E—Cost Principles of this part is authorized under the Budget and Accounting Act of 1921, as amended, the Budget and Accounting Procedures Act of 1950, as amended (31 U.S.C. § 1101-1125), the Chief Financial Officers Act of 1990 (31 U.S.C. § 503-504), Reorganization Plan No. 2 of 1970, and Executive Order No. 11541, "Prescribing the Duties of the Office of Management and Budget and the Domestic Policy Council in the Executive Office of the President." Subpart F—Audit Requirements of this part, is authorized under the Single Audit Act Amendments of 1996, (31 U.S.C. § 7501-7507).

2 CFR 200.210, Information contained in a Federal award, states that a Federal award must include general Federal award information. The Federal awarding agency must include the following general Federal award information in each Federal award: *(9) Budget Approved by the Federal Awarding Agency*.

Additionally, 2 CFR 200.204, Federal awarding agency review of merit of proposals, states that, "[f]or competitive grants or cooperative agreements, unless prohibited by Federal statute, the Federal awarding agency must design and execute a merit review process for applications. This process must be described or incorporated by reference in the applicable funding opportunity."

In order to objectively judge an application for a Federal award, DOE may request, and the recipient shall submit, the minimum budgetary information necessary to evaluate the costs of the proposed project. DOE may, subsequent to the receipt of an application, request additional information from an applicant when necessary, for clarification, or to make informed pre-award determinations.

The aforementioned policies and procedures apply to applications, funding opportunity announcements (FOA), and new, continuation, and renewal awards. Any new, continuation, or renewal award (and any subsequent sub award) shall comply with any applicable Federal statute, Federal rule, OMB Circular, and Government-wide guidance in effect as of the date of such award.

This collection of information is necessary in order for EERE to evaluate application budgets and projects that are eligible for Grants and Cooperative Agreements in compliance with uniform policies, procedures, administrative requirements, cost principles, and audit requirements within EERE programs.

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 collected for the *Budget Justification* will be used by DOE officials to evaluate application budgets for cost reasonableness and allowability. The *Budget Justification* will also be used to review recipient regulation compliance for DOE Grants and Cooperative Agreements. The information will be used for the evaluation of continuation and renewal applications from recipients. The information solicited on current budget forms, SF 424A and SF 424 R&R, is not sufficiently detailed to justify the budget, because only dollar values are on the forms. Without explanatory comments to accompany the budgets, it is difficult to evaluate the information consistently during application compliance reviews and when finalizing grant award agreements. Therefore, the use of the *Budget Justification*, with explanatory comment sections, is necessary to comply with all regulatory requirements.

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.

FOA applications are submitted in electronic format through Grants.gov and EERE Exchange. Within all applications, the *Budget Justification* would be submitted in a MS Excel file. During the post-award phase, recipients will send budget application documentation via email directly to EERE contacts. The *Budget Justification* spreadsheet utilizes budget formulas that provide summarizations and correspond to multiple sheets/tabs. This greatly reduces burden on users by eliminating redundant data entry and external calculation.

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.

EERE must evaluate each budget line item in sufficient detail, to ensure that application costs are reasonable and allowable. In order to conduct those evaluations, justification comments must be submitted to explain the costs. Therefore, the *Budget Justification* form was developed to get the explanations for the budget, so that subsequent requests for budget justifications can be avoided. All of this required detail ensures that the information is not duplicative, but unique to DOE. Further, the *Budget Justification* automatically generates an SF-424A cumulative budget, so that an applicant to, or recipient of, an EERE financial assistance award will not have to fill out this form, thus reducing duplicative efforts. To do so, it is necessary to have a consistent and reliable budget format that can be used to meet EERE's evaluation needs. Industry normally develops this budget information for new projects, but each grant and/or cooperative agreement is unique in nature. By utilizing the *Budget Justification*, users will be able to employ this tool to facilitate the compilation of cost and budget data in a clear and concise manner.

The most relevant OMB Approved form, the SF424 R&R Budget Form, is oriented more for educational institutions, and does not parallel our budget process in an efficient or effective manner. Reviewers have found it difficult and cumbersome to employ. The SF 424A is another form that summarizes budget information. However, neither of these forms contain sections for comments or explanations for each budget line item.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

Grants and Cooperative Agreements sponsored or supported by EERE typically have open funding eligibility to all organization sizes and types, including small businesses. The *Budget Justification* tool assists small organizations to adhere to applicable Federal regulations by offering a standardized budget compilation tool to convey cost projections with minimal negotiation and correspondence with EERE.

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.

If the information is not collected, EERE will be unable to adequately implement the OMB issued administrative guidance required by 2 CFR 200 Subpart B through Subpart D as amended by 2 CFR 910, the Cost Principles in Subpart E, the Audit Requirements in Subpart F, and the regulations of FAR 31.2. The lack of consistent budget submissions will hinder efficiency and prolong the award process for recipients and Federal staff. It also implies an unnecessary cost burden due to forgone savings resulting from streamlining efforts.

7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines. (a) requiring respondents to report information to the agency more often than quarterly; (b) requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it; (c) requiring respondents to submit more than an original and two copies of any document; (d) requiring respondents to retain records, other than health, medical government contract, grant-in-aid, or tax records, for more than three years; (e) in connection with a statistical survey, that is not designed to product valid and reliable results that can be generalized to the universe of study; (f) requiring the use of statistical data classification that has not been reviewed and approved by OMB; (g) that includes a pledge of confidentially that is not supported by authority established in stature of 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; (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.

(d) If a specific Grant or Cooperative Agreement Project Period is longer than 3 years, budget, accounting, and payment records would be required for longer than 3 years.

(h) Grants and Cooperative agreements may utilize new or original technologies and engage products or processes not yet on the market. Applicants may be required to submit proprietary budget data to justify the award costs of a Grant or Cooperative Agreement.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), 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. Specifically address comments received on cost and hour burden. 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 format (if any), and on the data elements to be recorded, disclosed, or reported. Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

The Department published a 60-day *Notice* and Request for Comments concerning this collection in the *Federal Register* on January 22, 2018, FR Volume 83, Number 14, Pages 2971 - 2972. No comments were received.

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

No payment or gift to respondents is being proposed under this information collection.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

Patentable ideas, trade secrets, and proprietary or confidential commercial or financial information, disclosure of which may harm the applicant, should be included in an application only when such information is necessary to convey an understanding of the proposed project. To protect such data, each line or paragraph on the pages containing such data must be specifically identified and marked. DOE is responsible for the final determination with regard to disclosure or nondisclosure of the information, and for treating it accordingly under the DOE Freedom of Information regulations at 10 CFR 1004.11.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and 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.

Questions of a personally sensitive nature, such as sexual behavior and attitudes, and religious beliefs, are not included in this information request. The information collected is of a budgeting nature. Projected budget data that an organization may deem sensitive is reviewed only to assure that it is allowable, allocable, and reasonable, and within the applicable Administrative Guidelines and Cost Principles. Additionally, DOE asks that information provided by the applicant must, to the greatest extent possible, exclude Personally Identifiable Information (PII). Further, DOE protects all confidential information consistent with the Privacy Act of 1974, 5 U.S.C. § 552a.

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

The estimated hour burden of the information collection is 24 hours per collection.

Total number of unduplicated respondents: 400 per year (average)
Reports filed per person: 1
Total annual responses: 400
Total annual burden hours: 9,600

Average Burden	Per Applicant: 24 hours
	Per Collection: 24 hours

The public reporting burden for the collection of information is estimated to average 24 (total burden hours/total annual responses) hours per response. The respondents are applicants and recipients of Grants and Cooperative Agreements.

13. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

All respondent costs will be associated with the compilation of data to be entered into the *Budget Justification* form. The recipient will not be required to perform any auxiliary business functions when filling out the form. Thus, the only costs will be information gathered from the hourly burden described in item 12 above.

$39.20 [Average of U.S. BLS Engineer and Cost Estimator ($46.37/hr.+$32.03/hr.)/2 Wages] x 24 (hours) = $940.80 per response (or a cumulative $376,320 for all 400 responses)

These wage estimates are based on the Bureau of Labor Statistics May 2016 National Occupational Employment and Wage Estimates (most recent data available).

Ongoing cost burden will only occur if the actual project costs vary greatly in comparison to the original budget estimates entered into the *Budget Justification* and need to be revised.

14. Provide estimates of annualized costs to the Federal government.

There are no costs associated with this collection that will impact the Federal government. This budget information is required per DOE regulations, and would have been provided by the applicants regardless. Additionally, without this OMB approved document, the submissions are inconsistent, irregular, and in varying formats, which requires more time for Federal employees to read through. Hence, the use of a standard *Budget Justification* will save the Federal government money. However, if a cost estimate is required, the Federal employees using this document will require approximately 2/3 the time required by the public (24 hours) which implies 16 hours per Federal employee, per award. There are approximately 250 Federal employees across the

DOE EERE complex using this document. These employees are roughly evenly divided between GS-12 and GS-13 personnel. These personnel are located in the Washington, DC and Denver, CO metro areas. The average hourly wage of a GS-12 employee in these combined areas is $43.51, [($43.93 + $43.08)/2], and the average hourly wage of a GS-13 in these combined areas is $51.74, [($52.24 + $51.23)/2], which yields an average hourly wage for GS-12 and GS-13 employees of $47.62. EERE processes approximately 400 Financial Assistance awards per year, hence, the estimated annual cost to the Federal government for using this information collection instrument would be $304,768.00 [$47.62/hr. x 16 hrs. x 400 awards]. The *Budget Justification* format reduces Federal burden and labor costs by streamlining the review and approval process and employing only one standard budget document as opposed to the myriad individual budgets provided by each applicant. By employing the standard *Budget Justification* document, Grants and Cooperative Agreements can be awarded in a much more efficient and timely manner.

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

There has been an adjustment in Item 13 since the collection was first submitted. This change is the difference between the average number of awards in any given year (400) and the total number of awards (406) from the year in which OMB approval was first sought for the information collection. It was determined that the average number of awards per year was a better estimate than one lone year's data.

There has been an adjustment in Item 14 since the collection was first submitted, to correct a mathematical error. The estimates of annualized costs to the Federal government were overestimated by $71,135,236.80 [$71,440,000 - $304,763.20]. The mathematical error in question multiplied the dollars per Federal employee hour, by the number of awards, by the number of hours required to fill out the *Budget Justification*, and then multiplied by the number of Federal employees reviewing the *Budget Justification*(*s*). This resulted in the erroneous inclusion of 250 [employees] as a multiplicative element. This error overstated the estimate by 250 times. Hence, the adjustment results in a significantly lower cost estimate for the government.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The information collected is not intended to be published.

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.

EERE is not seeking approval to not display the expiration date for OMB approval of this information collection.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

There are no exceptions to the certification statement.