

VI. Impact Analysis

Executive Order 12866

Executive Order 12866 requires that regulations be drafted to ensure that they are consistent with the priorities and principles set forth in the Executive Order. The Department has determined that this Rule is consistent with these priorities and principles. This Rule implements the statutory authority for Head Start grantees to apply to use grant funds to construct or make major renovations to facilities.

This Rule was determined to be significant and was reviewed by the Office of Management and Budget.

Executive Order 13132

Executive Order 13132 on Federalism applies to policies that have federalism implications, defined as “regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on the States, on the relationship between the national government and the States, on the distribution of power and responsibilities among the various levels of government.” This rule does not have federalism implications as defined in the Executive Order.

Family Well-Being Impact

As required by section 654 of the Treasury and General Government Appropriations Act of 1999, we have assessed the impact of this final Rule on family well being. By allowing Head Start grantees to purchase, renovate or construct facilities our assessment is that this Rule will have a positive impact on child and family well being by improving the quality and availability of Head Start child care facilities in low income communities.

Compliance With the National Environmental Policy Act (NEPA)

Pursuant to regulations of the Council on Environmental Quality (40 CFR 1500–1508), ACF published an environmental assessment of these regulations, and placed a Notice in the **Federal Register** on November 9, 2000 (65 FR 67377) which invited public comment on the assessment. ACF received no comments and published a Preliminary Finding of No Significant Impact on January 25, 2001 (66 FR 7768). After receiving no comments on this preliminary finding, ACF published a Final Finding of No Significant Impact on March 26, 2001 (66 FR 16478). ACF found that these rules will not have a significant impact on the quality of the human environment and that the preparation of an Environmental Impact Statement would not be necessary.

Regulatory Flexibility Act of 1980

The Regulatory Flexibility Act (5 U.S.C. Chapter 6) requires the Federal government to anticipate and reduce the impact of rules and paperwork requirements on small businesses. For each rule with a “significant economic impact on a substantial number of small entities” an analysis must be prepared describing the rule’s impact on small entities. Small entities are defined by the Act to include small businesses, small non-profit organizations and small governmental entities. While these regulations would affect small entities, they would not affect a substantial number. Furthermore, the cost of the application process and other activities undertaken as a result of these regulations will not have a significant economic impact because the Head Start program covers 80 percent of the allowable costs of grantees under the program. The remaining costs associated with compliance are part of the share of cost grantees agree to meet from their own resources when they enter the Head Start program. For these reasons, the Secretary certifies that this rule will not have a significant impact on substantial numbers of small entities.

Unfunded Mandates Reform Act

The Unfunded Mandates Reform Act (Pub. L. 104–4) requires agencies to prepare an assessment of anticipated costs and benefits before proposing any rule that may result in an annual expenditure by State, local, or Tribal governments, in the aggregate, or by the private sector, of \$100,000,000 or more (adjusted annually for inflation). This rule does not impose any mandates on State, local, or tribal governments, or the private sector that will result in an annual expenditure of \$100,000,000 or more.

Congressional Review

This rule is not a major rule as defined in 5 U.S.C., Chapter 8.

Paperwork Reduction Act

Under the Paperwork Reduction Act of 1995 (Pub. L. 104–13), all Departments are required to submit to the Office of Management and Budget (OMB) for review and approval any reporting or record-keeping requirement inherent in a proposed or final rule. This Rule contains information collection and record-keeping requirements in section 1309.10 (Application), 1309.4 as re-designated (Eligibility—construction), and 1309.5 as re-designated, (Eligibility—major renovation) which will be submitted to OMB for review and approval in

accordance with the Paperwork Reduction Act.

The respondents to the information collection requirements in the Rule are Head Start grantees. Forty percent of these grantees include local non-profit or for profit agencies, thirty-three percent are Community Action Agencies and sixteen percent are school districts. The balance represents Tribes and municipal entities. The Department needs to require this collection of information in order to assure that grantees that apply for approval to construct or make major renovations to a facility with Head Start funds have followed certain necessary legal and administrative procedures. Also, the requirement for this collection of information is necessary for monitoring purposes.

The grantees who will be affected by these requirements will be those who request approval and are approved to construct or make major renovations to a facility for the purpose of operating a Head Start program. More than half of grantee agencies (sixty-one percent) enroll less than 300 children and are relatively small entities. Less than twenty-five percent of all programs enroll more than 500 children and would be expected to engage in relatively large scale facility development projects if they qualified for funding of such projects. In total, the estimated annual number of grantees that will be affected is 200, based on the average number of grantees who requested approval from the Department since the statutory authority became effective.

The actual submittal of an application under section 1309.10 from a grantee to construct or make a major renovation to a facility is a one-time activity, which is preceded by a number of preparatory activities. We estimate the time it will take to prepare the application in accordance with the requirements of this Rule is 40 hours per grantee, calculated over a period of time. On an annual basis, the total estimate for the preparation of applications by grantees is 8,000 hours. Based upon the Head Start program manager’s average annual salary, we estimate the cost of the preparation of an application to be approximately \$960.00. Eighty percent of these costs are borne directly through the provision of federal funds. In addition, all other costs related to the development of projects affected by this Rule are provided directly by grant funds or through required non-federal match as provided for by this Rule. No impacts are expected on either employees or clients of the Head Start program or its operation.