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DEPARTMENT OF AGRICULTURE

Rural Business-Cooperative Service

7 CFR Part 4284

[Docket No. RBS-21-BUSINESS-0007]

RIN 0570-AB06

Rural Innovation Stronger Economy (RISE) Grant Program

AGENCY: Rural Business-Cooperative Service, USDA.

ACTION: Final rule; request for comment.

SUMMARY: The Rural Business-Cooperative Service (RBCS), an agency of the Rural Development mission area within the U.S. Department of Agriculture (USDA), hereinafter referred to as the Agency, is issuing a final rule to establish the Rural Innovation Stronger Economy (RISE) program as authorized by Section 6424 of the Agriculture Improvement Act of 2018 (2018 Farm Bill) to improve the ability of distressed rural communities to create high-wage jobs, accelerate the formation of new businesses, and help rural communities identify and maximize local assets.

DATES: *Effective date:* This final rule is effective June 15, 2021.

Comment date: This final rule is being issued to allow for immediate implementation of this program. Although this final rule is effective immediately, comments are solicited from interested members of the public on all aspects of the rule. These comments must be submitted electronically and received on or before August 16, 2021. The Agency will consider these comments and the need for making any revisions as a result of these comments.

ADDRESSES: Comments may be submitted on this rule using the following method: Comments may be submitted by going to the Federal eRulemaking Portal: Go to <https://www.regulations.gov> and, in the

“Search Documents” box, enter the Docket Number RBS-21-BUSINESS-0007 or the RIN # 0570-AB06, and click the “Search” button. To submit a comment, choose the “Comment Now!” button. Information on using *Regulations.gov*, including instructions for accessing documents, submitting comments, and viewing the docket after the close of the comment period, is available under the “Help” tab at the top of the Home page. Other Information: Additional information about Rural Development and its programs is available on the internet at <http://www.rd.usda.gov>.

FOR FURTHER INFORMATION CONTACT: Sami Zarour, Director, Program Management Division, Rural Business-Cooperative Service, U.S. Department of Agriculture, STOP 3225, 1400 Independence Avenue SW, Washington, DC 20250-3225; email: sami.zarour@usda.gov; telephone (202) 720-1400.

SUPPLEMENTARY INFORMATION:

Executive Order 12866, and 13563

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches to maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility.

This final rule has been determined to be not-significant for purposes of Executive Order (E.O.) 12866 and therefore has not been reviewed by the Office of Management and Budget (OMB).

Executive Order 12988, Civil Justice Reform

This final rule has been reviewed under Executive Order 12988, Civil Justice Reform. In accordance with this rule: (1) Unless otherwise specifically provided, all State and local laws and regulations that conflict with this rule will be preempted; (2) no retroactive effect will be given to this rule unless specifically prescribed in the rule; and (3) administrative proceeding of the National Appeals Division of the Department of Agriculture (7 CFR part

11) must be exhausted before bringing suit in court that challenges action taken under this rule.

Executive Order 12372, Intergovernmental Review

This final rule is not subject to the requirements of Executive Order 12372, “Intergovernmental Review of Federal Programs,” as implemented under USDA’s regulations at 2 CFR part 415, subpart C.

Executive Order 13132, Federalism

The policies contained in this rule do not have any substantial direct effect on states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. Nor does this final rule impose substantial direct compliance costs on state and local governments. Therefore, consultation with states is not required.

Executive Order 13175, Consultation and Coordination With Indian Tribal Governments

This executive order imposes requirements on the Agency in the development of regulatory policies that have tribal implications or preempt tribal laws. The Agency has determined that the rule does not have a substantial direct effect on one or more Indian tribe(s) or on either the relationship or the distribution of powers and responsibilities between the federal government and Indian tribes. Thus, this final rule is not subject to the requirements of Executive Order 13175. If tribal leaders are interested in consulting with the Agency on this rule, they are encouraged to contact USDA’s Office of Tribal Relations or the Agency’s Native American Coordinator at: AIAN@usda.gov to request such a consultation.

Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) (RFA) generally requires an agency to prepare a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements under the Administrative Procedure Act (“APA”) or any other statute. The Administrative Procedures Act exempts from notice and comment requirements rules “relating to agency management or personnel or to public property, loans, grants, benefits,

or contracts” (5 U.S.C. 553(a)(2)), so therefore an analysis has not been prepared for this rule.

National Environmental Policy Act

In accordance with the National Environmental Policy Act of 1969, Public Law 91–190, this final rule has been reviewed in accordance with 7 CFR part 1970 (“Environmental Policies and Procedures”). The Agency has determined that (i) this action meets the criteria established in 7 CFR 1970.53(f); (ii) no extraordinary circumstances exist; and (iii) the action is not “connected” to other actions with potentially significant impacts, is not considered a “cumulative action” and is not precluded by 40 CFR 1506.1. Therefore, the Agency has determined that the action does not have a significant effect on the human environment, and therefore neither an Environmental Assessment nor an Environmental Impact Statement is required.

Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance (CFDA) number assigned to this program is 10.755, Rural Innovation Stronger Economy (RISE) Grant Program. The Catalog is available on the internet at <https://sam.gov/content/assistance-listings>. The Government Publishing Office (GPO) prints and sells the CFDA to interested buyers. For information about purchasing the Catalog of Federal Domestic Assistance from GPO, call the Superintendent of Documents at 202–512–1800 or toll free at 866–512–1800, or access GPO’s online bookstore at <http://bookstore.gpo.gov>.

E-Government Act Compliance

Rural Development is committed to 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.

Civil Rights Impact Analysis

Rural Development has reviewed this rule in accordance with USDA Regulation 4300–4, “Civil Rights Impact Analysis,” to identify any major civil rights impacts the rule might have on program participants on the basis of age, race, color, national origin, sex or disability. Based on the review and analysis of the rule and available data, it has been determined that the program purpose, application submission and eligibility criteria, or issuance of this Final Rule is not likely to negatively impact low and moderate-income

populations, minority populations, women, Indian tribes or persons with disability, by virtue of their race, color, national origin, sex, age, disability, or marital or familial status.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), USDA requested that the Office of Management and Budget (OMB) conduct an emergency review of a new information collection that contains the Information Collection and Recordkeeping requirements contained in this notice by May 28, 2021. An emergency clearance approval for this information collection is due to the following conditions: (1) The time sensitive competitive solicitation application window; (2) the urgency to obligate funds prior to September 30, 2021; and (3) being able to effectively implement the program as quickly as possible to benefit rural communities.

In addition to the emergency clearance, the regular clearance process is hereby being initiated to provide the public with the opportunity to comment under a full comment period, as the Agency intends to request regular approval from OMB for this information collection. Comments from the public on new, proposed, revised, and continuing collections of information help us assess the impact of our information collection requirements and minimize the public’s reporting burden. Comments may be submitted regarding this information collection through the Federal eRulemaking Portal. Go to <https://www.regulations.gov> and, in the lower “Search Regulations and Federal Actions” box, select “RBS” from the agency drop-down menu, then click on “Submit.” In the Docket ID column, select Docket No. RBS–21–CO–OP–0011 to submit or view public comments and to view supporting and related materials available electronically. Information on using *Regulations.gov*, including instructions for accessing documents, submitting comments, and viewing the docket after the close of the comment period, is available through the site’s “User Tips” link. Comments on this information collection must be received by August 16, 2021.

Title: 7 CFR part 4284, subpart L, Rural Innovation Stronger Economy (RISE) Grant Program.

OMB Control Number: 0570–0075.

The following estimates are based on the average over the first 3 years the program is in place.

Estimate of Burden: Public reporting burden for this collection of information is estimated to average 1.52 hours per response.

Respondents: Institutions of higher education, private entities, governmental entities, nonprofits, Indian Tribes, district organizations.

Estimated Number of Respondents: 10.

Estimated Number of Responses per Respondent: 32.1.

Estimated Total Annual Burden (hours) on Respondents: 486.5.

Copies of this information collection may be obtained from Susan Woolard, Regulatory Division, Rural Development Innovation Center, U.S. Department of Agriculture, 1400 Independence Ave. SW, Stop 1522, Washington, DC 20250; telephone: 202–720–9631; email: susan.woolard@usda.gov. All responses to this information collection and recordkeeping notice will be summarized and included in the request for OMB approval. All comments will also become a matter of public record.

USDA Non-Discrimination Policy

In accordance with federal civil rights law and USDA civil rights regulations and policies, the USDA, its agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA’s TARGET Center at (202) 720–2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877–8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD–3027, found online at <http://www.usda.gov/oascr/how-to-file-a-program-discrimination-complaint> and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632–9992. Submit your completed form or letter to

USDA by: (1) Mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue SW, Washington, DC 20250-9410; or (2) email: OAC@usda.gov.

USDA is an equal opportunity provider, employer, and lender.

Background

Rural Development (RD) is a mission area within the United States Department of Agriculture (USDA) comprised of the Rural Utilities Service (RUS), Rural Housing Service (RHS) and Rural Business-Cooperative Service (RBCS). RD's mission is to increase economic opportunity and improve the quality of life for all rural Americans. RD meets its mission by providing loans, loan guarantees, grants, and technical assistance through more than 40 programs aimed at creating and improving housing, businesses, and infrastructure throughout rural America.

Consistent with the above mission, the Rural Innovation Stronger Economy (RISE) Grant Program is a newly authorized program enacted under the authority of Section 6424 of the Agriculture Improvement Act of 2018 (Pub. L. 115-34) (2018 Farm Bill) to help struggling communities by funding job accelerators in low-income rural communities. This action is intended to implement the provisions provided in Section 6424 of the 2018 Farm Bill by issuing a final rule. This final rule will describe the program purpose, the eligible uses of program funds, and entities eligible for assistance under the RISE Grant Program in alignment with the Farm Bill requirements. The new regulation will also include competitive grant scoring criteria and cost sharing requirements of the program, as well as administration and servicing of outstanding grants. The RISE Grant Program will meet a recognized need for federal interagency support of jobs accelerator partnerships for the fostering and promotion of private investment in an identified regional economy. The flexible use of funds by RISE grant recipients allows a region to identify and leverage its community assets to better assist new and existing industry clusters, including the use of broadband service for programs of the jobs accelerator. RISE will allow eligible entities to establish and operate innovation centers for job development through training and programming efforts that will improve the ability of rural communities to create high-wage jobs, accelerate the formation of rural businesses and strengthen regional economies.

Purpose of the Regulatory Action

The purpose of this regulation is to implement Section 6424 of the 2018 Farm Bill designed to meet a recognized need for federal interagency support of jobs accelerator partnerships for the fostering and promotion of private investment in an identified regional economy. The flexible use of funds by RISE grant recipients allows a region to identify and leverage its community assets to better assist new and existing industry clusters, including the use of broadband service for programs of the jobs accelerator.

Discussion of the Rule

Many of the definitions used in this regulation are used in or are consistent with other Agency programs; however, the Agency calls attention to the following new definitions at § 4284.1103: High-wage job, industry cluster, jobs accelerator, lead applicant, region, rural and rural area, and rural jobs accelerator partnership. These definitions provide important information regarding project eligibility as well as requirements for the applicant's organizational structure.

RISE grants are made for the benefit of rural jobs accelerator partnerships (partnership). These partnerships are working groups that consist of community and regional stakeholders whose focus is the needs of an identified industry cluster. Implementation and sustainability of the partnership is more likely with a broad coalition of stakeholders; to that end, the partnership must be made up of one or more representatives of the groups listed in § 4284.1112(a). Additionally, all partnerships must have a lead applicant as described in § 4284.1112(b). The lead applicant is responsible for the partnership, enters into the financial assistance agreement with the Agency, administers the grant proceeds and activities, and takes ownership of any assets purchased with grant funds. Only partnerships formed on or after December 20, 2018, are eligible for awards.

The partnership and proposed project must serve a region as defined in § 4284.1103 and discussed at § 4284.1112(d). The partnership must ensure that the region is clearly defined and is of a size that enables collaboration among members while also containing critical elements of the industry cluster prioritized by the partnership. Eligibility under all other provisions of this part is negated if the lead applicant meets either provision in § 4284.1109(a) or (b). The lead applicant will remain ineligible to receive funds

until the disqualifying condition has been remedied.

To ensure that all RISE funds are being used, in a timely manner, to provide the services for which they were awarded, the Agency implements, at § 4284.1110(a), a satisfactory progress requirement. Lead applicants that have unexpended funding from previous RISE grant(s) must expend 50 percent or more of the previous RISE grant funds by the time the Agency makes an eligibility determination or the application will be deemed ineligible for that funding cycle.

Eligible projects for the RISE grant program are those that accelerate the formation of new businesses with high-growth potential, improve the ability of distressed, rural communities to create high-wage jobs, accelerate the formation of new businesses and strengthen regional economies. Projects must be identified at the time of application and fall into one of two categories: Construction or purchase of buildings or equipment; or project support. Construction or purchase is limited to buildings that will serve as innovation centers for jobs accelerator. Equipment purchases must be necessary to support the functions of the jobs accelerator. Specific information on construction and purchase is found at § 4284.1113(a). It is noted again that any buildings or equipment purchased with RISE grant proceeds must be owned and controlled by the lead applicant. Support covers a broad range of activities but includes functions for the support of programs carried out at or in direct partnership with a jobs accelerator or in support of jobs accelerator initiatives. The Agency provides guidance on acceptable activities at § 4284.1113(b). The Agency may, from time to time, revise the list of acceptable activities through a **Federal Register** notice.

As detailed at § 4284.1114, the Federal share of any activity under the RISE grant will be no more than 80 percent of eligible project costs. The non-Federal share is the responsibility of the applicant and may be in the form of third-party equity contributions, including donations and in-kind contributions of fairly valued goods or services. Evidence of the amount and source of the non-Federal funds must be provided at the time of application submittal with documentation that the required non-Federal funds have been received or remain committed prior to execution of the financial assistance agreement by the lead applicant. The match is based on eligible project costs as outlined at § 4284.1114(c). Grants are further restricted at § 4284.1114(a)(1) and (2) to a minimum request of not less

than \$500,000 and a maximum request of not more than \$2,000,000. Restrictions are also placed on indirect costs. Costs incurred by the applicant associated with administering the RISE grant are statutorily restricted to ten percent of the RISE grant amount.

As the Agency wishes to encourage projects across a broad geographic area, applicants are limited to one application per funding cycle, unless otherwise notified in a **Federal Register** notice. The contents of a complete application may be found at § 4284.1115(b). All items must be included or addressed for an application to be considered complete and to compete for funding. The items requested allow the Agency to complete an applicant and project eligibility determination, as well as determine project alignment with Agency priorities.

Based upon comments received during the request for public comments period, the Agency added a review of concept proposal at § 4284.1115(a). Applicants may submit, not less than 60 days prior to the application submittal deadline, the items in § 4284.1115(a)(1) through (4) for Agency review. The Agency will review the submitted items and provide feedback regarding any weaknesses and a letter of encouragement or discouragement. A letter of encouragement does not guarantee eligibility or funding. Similarly, a letter of discouragement does not preclude the applicant from submitting a complete application. If an applicant submits a review request and later submits a complete application, duplicative items do not have to be resubmitted; however, all information must be up-to-date and current.

To ensure that projects begin providing the proposed services as quickly as possible and that all members of the partnership are ready to contribute to the success of the proposed project, the Agency at § 4284.1115(b)(2)(x) requires that all applications include a readiness demonstration. The items identified in § 4284.1115(b)(2)(x)(A) through (E) not only provide the Agency evidence that the partnership is ready and able to begin the project but also allows the partnership to evaluate the ability of their members to provide the services necessary, create a marketing and reporting plan and finalize a timeline.

Each complete and eligible application for the RISE program will be scored based on the priority scoring criteria found at § 4284.1117(a) through (g). Applications will, unless otherwise publicly announced, be reviewed, and scored by Agency personnel. The scoring criteria are designed to prioritize

sustainable projects that best meet the program criteria set forth in the 2018 Farm Bill and this regulation. Scored applications will be ranked from highest to lowest score for funding consideration. Due to the variability of proposals from year to year, no minimum score for funding is provided. Regardless of a proposal's priority score or relative ranking, all funding decisions are subject to the availability of funds. Receipt of funds in one funding cycle does not guarantee priority or funding in future funding cycles.

Information specific to the awarding of a grant is provided at § 4284.1119. As noted previously, the lead applicant is responsible for the administration of the grant and will, if the application is selected for funding, be issued a letter of conditions by the Agency. The letter establishes conditions that the applicant must agree to prior to the obligation of funds. Acceptance of the conditions by the applicant does not constitute commitment or obligation of funds by the Agency. The applicant must not make any binding commitments until a financial assistance agreement has been fully executed and the applicant has been notified by the Agency of grant approval. The grant performance period for all grants award under this part is four years beginning on the date the financial assistance agreement was signed by the Agency. At the end of the four-year period any unspent grant funds are required to be returned to the Agency. If circumstances beyond the grantee's control occur, the Agency may, at its sole discretion, approve a one-time grant performance period extension. Any extension will be for a period not to exceed two years and must be requested by the grantee prior to the expiration of the grant performance period, as specified in the financial assistance agreement. Requests must describe the circumstances that prohibited the grantee from completing the project and show that an active jobs accelerator and related programming is established. Further discussion of times extensions can be found at § 4284.1110(g)(1).

Discussion of Public Comments for Final Rule

On July 22, 2020, the Agency published a request for comments in the **Federal Register** (85 FR 44273) to allow stakeholders a platform and sufficient time to provide formal comments on provisions of the Rural Innovation Stronger Economy (RISE) Grant Program. Eleven entities provided written comments during the formal comment period. The Agency also conducted listening sessions for

interested stakeholders on July 28, and July 30, 2020, regarding implementation of the Final Rule for the RISE program. A listening session was also held on July 21, 2020, to receive comments from Agency staff. The Agency reviewed and considered all comments that were received. The following discusses substantive comments and the Agency's response:

Comment: Two commenters indicated that RISE should have a framework for an applicant providing components of the application, similar to the Department of Commerce's Economic Development Administration's (EDA) process for their programs, including a concept proposal to highlight their eligibility and scope of work.

Response: The Agency considered this application framework and included the concept paper proposal suggestion in the application process.

Comment: Two commenters provided suggestions for quantitative scoring including evaluation of market connections made, new regional programs and networks established. These scoring criteria indicate that there should be not only qualitative but quantitative factors when evaluating RISE applications.

Response: The Agency used the comments to develop benchmarks of success in scoring criteria to make awards that will generate the intended program outcomes. The Agency considered this information and therefore included a requirement that project performance reports be provided twice a year, from the grantee, in order to monitor progress on the key metrics found in the scope of work.

Comment: A commenter suggested scoring metrics ranging from innovation, scope and monetary impact of the project to private/public partnerships involved in the project was provided. The commenter discussed including scoring consideration for projects in federal Opportunity Zones.

Response: The Agency considered various metrics from innovation to scope and monetary impact of the project as well as partnership analysis and included this in the scoring criteria. The Agency may include federal initiatives as a criterion under the Administrator section of scoring, which may be announced in the **Federal Register** in the Notice of Solicitation of Applications on an annual basis.

Comment: A commenter suggested that the program provide more significant scoring and weighting for partnerships that evidence commitments to target low-income workers for workforce development activity. The commenter further

recommended that the Agency emphasize high impact metrics including creation and retention of high-wage jobs, private investment leveraging, businesses established or improved, new products or services commercialized, increased regional collaboration, the number and dollar amount of new loans, improvement of income of participating workers, sales of participating businesses, and the amount of training and education activities related to the innovation.

Response: The Agency considered these items and many of these items were included in the application content and scoring. The Agency addressed grant monitoring metrics in the servicing section of the regulation. The Agency provided an analysis of the partnership's abilities in the application and scoring content of the regulation.

Comment: Three commenters indicated that applicants should fully demonstrate commitment and sustainability of the project in their applications.

Response: The Agency agrees with this comment and includes input on technology, scope, commitment, and sustainability of the project and incorporated these items not only in the application but also in the scoring criteria for the RISE program.

Comment: One commenter discussed the applicant providing details of organization, governance, operations, and roles of partners in the partnership. One commenter discussed what the application should consist of including a definition of the consortium of entities, roles of each partner, business plan, description of the region in economic terms, activities to be performed by the partnership, how the partnership will collect metrics of performance on itself and a communication plan outlining how success stories and impacts will be outlined.

Response: The Agency considered details of the partnership from organization to governance and included these components in the application requirements and scoring criteria.

Comment: One commenter suggested the Agency evaluate proposals by different standards.

Response: The Agency does not agree with using different standards for the evaluation of applications and will evaluate all proposals by the same scoring criteria.

Comment: Two commenters discussed an assessment of the applicant's link with rural communities to markets, networks, industry clusters and other regional opportunities and

assets plus the characteristics for regional readiness and success.

Response: The Agency considered these comments to develop benchmarks of readiness and commitment to the identified region in scoring criteria to make awards that will generate the intended program outcomes.

Comment: Several commenters suggested including a rating factor of the amount of previous partnership activities and resources that will be leveraged by the RISE grant activities and developing successful benchmarks ranging from quantifying prototypes, technology and jobs to markets criteria.

Response: The Agency appreciates the suggested metrics and included many of these in the regulation and scoring criteria.

Comment: Two commenters discussed measurement of outcome-based metrics including business, employment and wage growth and job training as well as patent applications in its grant monitoring. Several commenters indicated that grant servicing reports should be no more frequent than semi-annual due to the length of the grant period.

Response: The Agency addressed grant monitoring metrics in the servicing section of the regulation. The Agency agrees and will monitor performance metrics and outcomes of grant funds on a semi-annual basis.

Comment: Commenter discussed the statutory requirement of a 20 percent cost match of the RISE Program and requested the Agency not to require the entire portion of the match to be demonstrated at the application stage, but instead to allow applicants to produce the remainder of any cost-share commitment up to a year after award.

Response: The Agency is unable to consider an option to delay grant matching requirements due to statutory requirements of the RISE Program. The input of matching funds at grant origination demonstrates the applicant's commitment to the project.

Comment: One commenter discussed the Agency extending past the ten percent restriction on indirect costs for awarded entities.

Response: The ten percent limitation on indirect costs and administrative expenses is a statutory requirement and cannot be modified as suggested.

Comment: One commenter discussed the ability of innovation centers to be virtual in lieu of having a physical building centered in one community.

Response: A virtual option is allowable under RISE if a rural region is being served and all other eligible criteria are met. The Agency did clarify

that the construction of an innovation center must be in a rural area only.

Comment: One commenter suggested allowing grant funding to be spent on multiple activities including training and support of businesses, support research and development activities to develop markets, development of partnerships to deal with supply issues and obtaining resources for workforce development programs.

Response: The Agency developed eligible project costs to cover multiple activities including the purchase and construction of an innovation center, costs directly related to the operations of an innovation center, costs directly associated with support programs to be carried out at or in direct partnership with job accelerators as well as other administrative costs providing the ability to cover training and development.

Comment: One commenter suggested that the jobs accelerator be able to serve multiple communities with populations of 50,000 or less.

Response: The Agency concurs with the comment regarding ability to serve multiple communities and has a statutory responsibility to ensure this.

Comment: One commenter indicated the Agency should ensure a region is not too small.

Response: The Agency addressed the definition of a region in the RISE regulation in compliance with the statutory requirements.

List of Subjects for 7 CFR Part 4284

Community development, Cooperative development, Grant programs, Reporting and recordkeeping requirements.

Accordingly, for reasons set forth in the preamble, Chapter XLII of Title 7 of the Code of Federal Regulations is amended as follows:

PART 4284—GRANTS

■ 1. The authority citation for part 4284 continues to read as follows:

Authority: 5 U.S.C. 301 and 7 U.S.C. 1989.

■ 2. Add subpart L, consisting of §§ 4284.1101 through 4284.1131, to read as follows:

Subpart L—Rural Innovation Stronger Economy (RISE) Grant Program

Sec.	
4284.1101	Purpose.
4284.1102	Organization of subpart.
4284.1103	Definitions.
4284.1104	Exception authority.
4284.1105	Review or appeal rights.
4284.1106	Conflict of interest.
4284.1107	Statute and regulation references.

- 4284.1108 U.S. Department of Agriculture departmental regulations and laws that contain other compliance requirements
- 4284.1109 Ineligible applicants
- 4284.1110 General applicant, application, and funding provisions.
- 4284.1111 Notifications.
- 4284.1112 Rural jobs accelerator partnership eligibility.
- 4284.1113 Project eligibility.
- 4284.1114 RISE grant funding.
- 4284.1115 RISE grant applications— content.
- 4284.1116 [Reserved]
- 4284.1117 Scoring RISE grant applications.
- 4284.1118 Selecting RISE grant applications for award.
- 4284.1119 Awarding and administering RISE grants.
- 4284.1120 Servicing RISE grants.
- 4284.1121–4284.1130 [Reserved]
- 4284.1131 OMB control number.

§ 4284.1101 Purpose.

This subpart contains the procedures and requirements for providing the following financial assistance under the Rural Innovation Stronger Economy (RISE) program:

(a) Grants for the purpose of constructing, purchasing, or equipping a building to serve as an innovation center in order to establish job accelerators.

(b) Grants for the purpose of establishing and supporting job accelerators and related programs.

§ 4284.1102 Organization of subpart.

This subpart is organized into distinct sections as described in paragraphs (a) and (b) of this section.

(a) Sections 4284.1103 through 4284.1111 discuss definitions; exception authority; review or appeal rights; conflict of interest; USDA departmental regulations; other applicable laws; ineligible applicants; general applicant, application, and funding provisions; and notifications, which are applicable to funding the program under this subpart.

(b) Sections 4284.1112 and 4284.1113 discuss, respectively, applicant and project eligibility. Section 4284.1114 addresses funding provisions for these grants. Sections 4284.1115 through 4284.1120 address grant application content and required documentation, scoring, selection, awarding and administering grant applications, and servicing of grant awards.

§ 4284.1103 Definitions.

The following definitions are applicable to the terms used in this subpart.

Administrator means the Administrator of Rural Business-Cooperative Service (RBCS) within the Rural Development mission area of the U.S. Department of Agriculture (USDA).

Agency means RBCS or its successor agency assigned by the Secretary of Agriculture to administer the RISE grant program. References to the National Office, Finance Office, State Office, or other Agency offices or officials should be read as prefaced by “Agency” or “Rural Development” as applicable.

Applicant means the lead applicant acting on behalf of a rural jobs accelerator partnership as stated in 4282.1112, that is seeking a RISE grant. The lead applicant will enter into a financial assistance agreement with the Agency, receive the RISE grant funding and take ownership of any assets purchased with grant funds.

Broadband service. Defined within the meaning of Title VI of the Rural Electrification Act of 1936 (7 U.S.C. 901 *et seq.*), broadband service means any technology identified by the Administrator as having the capacity to provide transmission facilities and capacity that enable the subscriber to receive a minimum level of broadband service. The minimum level of broadband service for the purpose of reviewing the application will be defined by the minimum transmission capacity that was required by Title VI of the Rural Electrification Act of 1936 (7 U.S.C. 901 *et seq.*) at the time the application was received by the Agency.

Complete application means an application that contains all parts necessary for the Agency to determine applicant and project eligibility, the financial feasibility and technical merit of the project, and contains sufficient information to determine a priority score for the application.

Departmental regulations mean the regulations of the Agency’s Office of Chief Financial Officer (or successor office) as codified in 2 CFR chapter IV.

District organization means an organization as defined in Section 300.3 of Title 13, Code of Federal Regulations (or a successor regulation).

Eligible project costs means the portion of total project costs approved by the Agency for projects that are eligible to be paid with RISE funds.

Federal fiscal year (FY) means the 12-month period beginning October 1 of any given year and ending on September 30 of the following year; it is designated by the calendar year in which it ends.

Financial assistance agreement means Form RD 4280–2, “Rural Business-Cooperative Service Financial Assistance Agreement, or successor form and is an agreement between the Agency and the grantee setting forth the provisions under which the grant will be administered.

High-wage job means a job that provides a wage that is greater than the median wage for the applicable region, as determined by the Department of Labor.

Indian tribe means the term as defined in 25 U.S.C. 5304(e).

Industry cluster means a broadly defined network of interconnected firms and supporting institutions in related industries that accelerate innovation, business formation, and job creation by taking advantage of assets and strengths of a region in the business environment.

Innovation center means a cross-functional place for the planning and creation of new ideas and opportunities for individual and group collaboration that leads to supporting deployment of innovative processes, technologies, services and products for economic development. Innovation centers may be utilized for a wide array of purposes including short-term housing for business owners or workers; co-working space, which may include space for remote work; space for business utilization with a focus on entrepreneurs and small and disadvantaged businesses but may include collaboration with companies of all sizes; job training programs; and efforts to utilize the innovation center as part of the development of a community, among other uses deemed appropriate by the Agency.

Institution of higher education means the term as defined in 20 U.S.C. 1002(a).

Instrumentality means an organization recognized, established, and controlled by a State, Tribal, or local government for a public purpose or to carry out special purposes.

Jobs accelerator means a center or program located in or serving a rural low-income community that may provide co-working space, in-demand skills training, entrepreneurship and business support, and other initiatives as described in Part 4284.1113(b).

Lead applicant means an entity as defined in Part 4284.1112(b) and is responsible for the rural jobs accelerator partnership plus administration of the grant proceeds and activities.

Letter of conditions means a document prepared by the Agency establishing conditions that must be agreed to by the applicant before any obligation of grant funds can occur.

Low income community means a community as defined in section 45D(e) of the Internal Revenue Code of 1986, and any amendments thereto.

Matching funds means non-federal funds provided to meet the total eligible project costs that are not covered by the RISE grant proceeds.

Person means an individual or an entity organized under the laws of a state or a Tribe.

Region means an area identified by the applicant that meets the criteria of § 4284.1112(d) with a population of 50,000 or fewer inhabitants, or for a region with a population of more than 50,000 inhabitants, is comprised of rural areas and urbanized areas, if any, are the subject of a positive determination by the Under Secretary for Rural Development with respect to a rural-in-character petition, including such a petition submitted concurrently with the application of the partnership for a grant under this section.

Rural and rural area means any area of a state not in a city or town that has a population of more than 50,000 inhabitants according to the latest decennial census of the United States and not in the urbanized area contiguous and adjacent to a city or town that has a population of more than 50,000 inhabitants. A rural and rural area shall be determined as defined in 7 U.S.C. 1991(a)(13).

Rural in character means:

(1) A determination that an area is “rural in character” will be made by the Under Secretary of Rural Development in compliance with 7 U.S.C. 1991(a)(13)(D). The process to request a determination under this provision is outlined in this definition. Units of local government may petition the Under Secretary of Rural Development for a “rural in character” designation by submitting a petition to the Administrator on behalf of the Under Secretary. The petition shall document why the petitioner believes the area is “rural in character” including, but not limited to, the area’s population density, demographics, and topography and how the local economy is tied to a rural economic base. Upon receiving a petition, the Administrator will review its merits and consult with the applicable governor or leader in a similar position and request comments to be submitted within 5 business days, unless such comments were submitted with the petition. The petition will be forwarded to the Under Secretary who will release to the public a notice of a petition filed by a unit of local government not later than 30 days after receipt of the petition by way of publication in a local newspaper and posting on the Agency’s website. The Under Secretary will make a determination not less than 15 days, but no more than 60 days, after the release of the notice. Upon a negative determination, the Under Secretary will provide to the petitioner an opportunity to appeal a determination to the Under

Secretary, and the petitioner will have 10 business days to appeal the determination and provide further information for consideration. The Under Secretary will make a determination of the appeal in not less than 15 days, but no more than 30 days.

(2) Rural Development State Directors may also initiate a request to the Under Secretary to determine if an area is “rural in character.” A written recommendation should be sent to the Administrator, on behalf of the Under Secretary, that documents how the area meets the statutory requirements and discusses why the State Director believes the area is “rural in character” including, but not limited to, the area’s population density, demographics, topography, and how the local economy is tied to a rural economic base. Upon receipt of such a request, the Administrator will review the request for compliance with the “rural in character” provisions and make a recommendation to the Under Secretary. Provided a favorable determination is made, the Under Secretary will consult with the applicable governor or leader in a similar position and request comments within 10 business days, unless gubernatorial comments were submitted with the request. A public notice will be published by the State Office in a local newspaper and the request will be posted on the Agency’s website. There is no appeal process for requests made on the initiative of the State Director.

Rural jobs accelerator partnership means a partnership formed on or after December 20, 2018, which meets eligibility criteria found in § 4284.1112.

Secretary means the Secretary of Agriculture and, to the extent of delegated authorities, the Under Secretary for Rural Development.

Small and disadvantaged business means a small business concern owned and controlled by socially and economically disadvantaged individuals as defined in Section 8(d)(3)(C) of the Small Business Act (15 U.S.C. 637(d)(3)(C)).

Small business means:

(1) An entity that meets Small Business Administration (SBA) size standards in accordance with 13 CFR part 121 and criteria of 13 CFR 121.301 as applicable to financial assistance programs, including paragraph (i) or (ii) of this definition. The size of the concern alone and the size of the concern combined with other entity(ies) it controls or entity(ies) it is controlled by, must not exceed the size standard thresholds designated for the industry in which the concern alone or the concern and its controlling entity(ies),

whichever is higher, is primarily engaged.

(2) To be considered a small business, either of the following conditions must be met:

(i) The concern’s tangible net worth is not in excess of \$15 million and average net income (excluding carry-over losses) for the preceding two completed fiscal years is not in excess of \$5.0 million; or

(ii) The size of the concern does not exceed the SBA size standard thresholds designated for the industry in which it is primarily engaged, as measured by number of employees or annual receipts. Industry size standard designations to be utilized are listed in the SBA’s table of size standards found in 13 CFR 121.201. Number of employees and annual receipts are calculated as follows:

(A) Number of employees is calculated as the average number of all individuals employed by a concern on a full-time, part-time, or other basis, based upon numbers of employees for each of the pay periods for the preceding completed 12 calendar months. If a concern has not been in business for 12 months, the average number of employees is used for each of the pay periods during which it has been in business.

(B) Annual receipts are calculated as average total income plus cost of goods sold for the five most recent years. If a concern has been in operation for less than 60 months, average annual receipts for as long as the concern has been in operation are used.

State means any of the 50 States of the United States, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands.

Total project costs mean the sum of all costs associated with a completed project.

§ 4284.1104 Exception authority.

The Administrator may, on a case-by-case basis, grant an exception to any requirement or provision of this subpart provided that such an exception is in the best financial interests of the Federal government. Exercise of this authority cannot conflict with applicable law.

§ 4284.1105 Review or appeal rights.

Agency decisions that are adverse to the individual participant are appealable, while matters of general applicability are not subject to appeal; however, such decisions are reviewable for appealability by the National Appeals Division (NAD). All appeals

will be conducted by NAD and will be handled in accordance with 7 CFR part 11.

§ 4284.1106 Conflict of interest.

(a) *General.* A situation in which a person has competing personal, professional, or financial interests that prevents the person from acting impartially.

(b) *Assistance to employees, relatives, and associates.* The Agency will process any requests for assistance under this subpart in accordance with 7 CFR part 1900, subpart D.

(c) *Member/Delegate clause.* No member of or delegate to Congress shall receive any share or part of this grant or any benefit that may arise therefrom; but this provision shall not be construed to bar, as a contractor under the grant, a publicly held corporation whose ownership might include a member of Congress.

§ 4284.1107 Statute and regulation references.

All references to statutes and regulations are to include any and all successor statutes and regulations.

§ 4284.1108 U.S. Department of Agriculture departmental regulations and laws that contain other compliance requirements.

(a) *Departmental regulations.* All projects funded under this subpart are subject to the provisions of the departmental regulations, as applicable, which are incorporated by reference herein.

(b) *Equal opportunity and nondiscrimination.* The Agency will ensure that equal opportunity and nondiscrimination requirements are met in accordance with the Equal Credit Opportunity Act, 15 U.S.C. 1691 *et seq.* and 7 CFR part 15d, Nondiscrimination in Programs or Activities Conducted by the United States Department of Agriculture. The Agency will not discriminate against applicants on the basis of race, color, religion, national origin, sex, marital status, or age (provided that the applicant has the capacity to contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act, 15 U.S.C. 1601 *et seq.*

(c) *Civil rights compliance.* Recipients of grants must comply with the Americans with Disabilities Act of 1990, 42 U.S.C. 12101 *et seq.*, Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d *et seq.*, and Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794. This includes collection and

maintenance of data on the race, sex, and national origin of the recipient's membership/ownership and employees. These data must be available to conduct compliance reviews in accordance with 7 CFR 1901.204.

(1) Initial compliance reviews will be conducted by the Agency prior to funds being obligated.

(2) Grants will require one subsequent compliance review following project completion. This will occur after the last disbursement of grant funds has been made.

(d) *Environmental analysis.* 7 CFR part 1970 outlines environmental procedures and requirements for this subpart. Prospective applicants are advised to contact the Agency to determine environmental requirements as soon as practicable after they decide to pursue any form of financial assistance directly or indirectly available through the Agency. The applicant will be notified of all specific compliance requirements, including:

(1) Any required environmental review must be completed by the Agency prior to the Agency obligating any funds or the applicant taking any action;

(2) A site visit by the Agency may be scheduled, if necessary, to determine the scope of the review. An environmental review may include the publication of public notices, and consultation with State and Tribal Historic Preservation Offices and the U.S. Fish and Wildlife Service.

(e) *Discrimination complaints*—(1) *Who may file.* Persons or a specific class of persons believing they have been subjected to discrimination prohibited by this section may file a complaint personally, or by an authorized representative with USDA, Director, Office of Adjudication, 1400 Independence Avenue SW, Washington, DC 20250.

(2) *Time for filing.* A complaint must be filed no later than 180 days from the date of the alleged discrimination, unless a request for a waiver of the 180-day timeline is requested and the time for filing is extended by the designated officials of USDA or the Agency.

(3) *Filing a complaint.* To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at <https://www.usda.gov/oascr/how-to-file-a-program-discrimination-complaint> and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992.

Submit your completed form or letter to USDA by:

- (i) *Mail:* U.S. Department of Agriculture, Office of Adjudication, 1400 Independence Avenue SW, Washington, DC 20250-9410;
- (ii) *Fax:* (202) 690-7442; or
- (iii) *Email:* OAC@usda.gov.

§ 4284.1109 Ineligible applicants.

Applicants will be ineligible to receive funds under this subpart as discussed in paragraphs (a) and (b) of this section.

(a) If the applicant has an outstanding judgment obtained by the U.S. in a Federal Court (other than in the United States Tax Court), is delinquent in the payment of Federal income taxes, or is delinquent on a Federal debt, the applicant is not eligible to receive a grant until the judgment is paid in full or otherwise satisfied or the delinquency is resolved. The Agency will check the Do Not Pay System to verify this information.

(b) If the applicant is debarred or suspended from receiving Federal assistance, the applicant is not eligible to receive a grant under this subpart. The Agency will check the System for Award Management (SAM) to determine if the applicant has been debarred or suspended.

§ 4284.1110 General applicant, application, and funding provisions.

(a) *Satisfactory progress.* A lead applicant that has received one or more grants under this program must make satisfactory progress toward completion of any previously funded projects before the lead applicant will be considered for subsequent funding. Satisfactory progress is defined as 50% or greater of the previous RISE award being expended at the time the Agency makes its eligibility determination for a subsequent application.

(b) *Application submittal.* Applications must be submitted in accordance with the provisions of this subpart unless otherwise specified in a **Federal Register** notice. Grant applications for financial assistance under this subpart may be submitted at any time with awards made annually based on the application's score and subject to available funding.

(c) *Limit on number of applications.* An applicant can apply for and compete only one RISE project under this subpart per Federal fiscal year, unless otherwise noted in a **Federal Register** notice.

(d) *Application modification.* Once submitted and prior to Agency award, if an applicant significantly modifies its application or scope of work, the application will be treated as a new

application. The submission date of record for such modified applications will be the date the Agency receives the modified application, and the application will be processed by the Agency as a new application under this subpart. Applications that are modified due only to partial funding being available for the selected award are not subject to this provision.

(e) *Incomplete applications.*

Applicants must submit a complete application in compliance with § 4284.1115 in order to be considered for funding. If an application is incomplete, the Agency will identify those parts of the application that are incomplete and return the documents, with a written explanation, to the applicant for possible future resubmission. Upon receipt of a complete application by the appropriate Agency office, the Agency will complete its evaluation and will compete the application in accordance with the procedures specified in § 4284.1118, as applicable.

(f) *Application withdrawal.* During the period between the submission of an application and the execution of grant award documents for an application selected for funding, the applicant must notify the Agency, in writing, if the project is no longer viable or the applicant is no longer requesting financial assistance for the project. When an applicant withdrawal request is received by the Agency, the selection will be rescinded and/or the application withdrawn from further processing and funding consideration.

(g) *Time limit on use of grant funds.*

Except as provided in paragraph (g)(1) of this section, grant funds not expended within the initial grant term of 4 years from the date the financial assistance agreement was signed by the Agency will be returned to the Agency.

(1) *Time extensions.* The Agency may extend the 4-year grant time limit if the Agency determines, at its sole discretion, that the grantee is unable to complete the project for reasons beyond the grantee's control and that the grantee has established an active jobs accelerator and related programming. Grantees must submit a request for the no-cost extension no later than 90 days before the expiration date of the Financial Assistance Agreement. This request must describe the extenuating circumstances that were beyond its control to complete the project for which the grant was awarded, elements of completion that are required and their timeframe, and why an approval is in the government's best interest. The Agency may extend the grant term up to an additional two-year period.

Additional extensions will not be granted.

(2) *Return of funds to the Agency.*

Funds that exceed the amount the grantee is entitled to receive under the financial assistance agreement or that are remaining after grant closeout will be returned to the Agency.

§ 4284.1111 Notifications.

(a) *Eligibility.* If an applicant or its project is determined by the Agency to be ineligible at any time, the Agency will inform the applicant, as applicable, in writing of the decision, reasons therefore, and any applicable appeal rights. No further processing of the application or disbursement of grant proceeds, if funds have been previously awarded, will occur.

(b) *Funding determinations.* Each applicant, as applicable, will be notified of the Agency's funding decision on its application. If the Agency's decision is to not fund an application, the Agency will notify the applicant in writing including the reasons for the determination and any applicable appeal or review rights.

§ 4284.1112 Rural jobs accelerator partnership eligibility.

A rural jobs accelerator partnership (Partnership) organizes key community and regional stakeholders into a working group that focuses on the shared goals and needs of the targeted industry cluster(s). To be eligible for a RISE grant under this subpart, the Partnership must be formed on or after December 20, 2018, and meet each of the criteria specified in paragraphs (a) through (d) of this section. The Agency will determine a Partnership's eligibility based on the criteria herein.

(a) The Partnership must include one or more representatives of the following:

- (1) A State, Tribal or local government;
- (2) A State, Tribal, or local government entity;
- (3) A land-grant college or university or other institution of higher education, as defined in the Higher Education Act of 1965 (20 U.S.C. 1001);
- (4) A rural non-profit cooperative; or
- (5) A private entity, which may include a business in an industry cluster, economic development or community development organization, financial institution including a community development financial institution, philanthropic organization or labor organization.

(b) The Partnership must have a lead applicant represented by one of the following:

- (1) A district organization;
- (2) An Indian Tribe or a political subdivision of a Tribe, including a

special purpose unit of a tribal government engaged in economic development activities, or a consortium of Indian Tribes;

(3) A State or a political subdivision of a State, including a special purpose unit of a State or local government engaged in economic development activities, or a consortium of political subdivisions;

(4) An institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)) or a consortium of institutions of higher education; or

(5) A public or private nonprofit organization.

(c) The Partnership and its project must serve a rural region, as defined.

(d) The Partnership must clearly define the region that the partnership represents and ensure that the Region encompasses each of the following:

- (1) Is large enough to contain critical elements of the industry cluster prioritized by the partnership;
- (2) Is small enough to enable close collaboration among members of the partnership;
- (3) Includes a majority of communities that are located in the following:

(i) A nonmetropolitan area that qualifies as a low-income community; and

(ii) An area that has access to or has a plan to achieve broadband service, as defined; and

(4) Has a population of 50,000 or fewer inhabitants or, for a region with a population of more than 50,000 inhabitants, is comprised of rural areas and urbanized areas, if any, are the subject of a positive determination by the Under Secretary for Rural Development with respect to a rural-in-character petition, including such a petition submitted concurrently with the application of the partnership for a grant under this section.

(e) One or more members of the Partnership must be located in the targeted region. The Partnership may consist of industry entities and other partners outside of the targeted region.

§ 4284.1113 Project eligibility.

For a project to be eligible to receive a RISE grant under this subpart, the proposed project must meet the requirements specified in paragraphs (a) through (e) of this section. The applicant project outcome must accelerate the formation of new businesses with high-growth potential, improve the ability of rural businesses and distressed rural communities to create high-wage jobs, and strengthen rural regional economies by engaging in

one or more of the following eligible uses:

(a) The construction or purchase of a building to serve as an innovation center located in a rural low-income community which establishes and/or supports a jobs accelerator and any equipment needs of the innovation center to support the jobs accelerator;

(b) Be for the support of programs to be carried out at or in direct partnership with the jobs accelerator or in support of jobs accelerator initiatives including one or more of the following:

(1) Linking rural communities and entrepreneurs to markets, networks, industry clusters, and other regional opportunities to support high-wage job creation, new business formation, business expansion, and economic growth of rural communities;

(2) Integrating rural small businesses into a supply chain;

(3) Creating or expanding commercialization activities for new business formation in rural areas;

(4) Identifying and building assets in rural communities that are crucial to supporting regional economies;

(5) Facilitating the repatriations of high-wage jobs to the United States;

(6) Supporting the deployment of innovative processes, technologies, and products;

(7) Enhancing the capacity of rural small businesses in regional industry clusters, including small and disadvantaged businesses;

(8) Increasing United States exports and business interaction with international buyers and suppliers;

(9) Developing the skills and expertise of local workforces, entrepreneurs, and institutional partners in the region to meet the needs of employers and prepare workers for high-wage jobs in the identified industry clusters, including the upskilling of incumbent workers;

(10) Ensuring rural communities have the capacity and ability to carry out projects relating to housing, community facilities, infrastructure, or community and economic development to support regional industry cluster growth;

(11) Any activities that the Agency may determine to be appropriate, as specified in a **Federal Register** notice.

(c) Not more than 10 percent of a RISE grant awarded under this section shall be used for indirect costs of the applicant associated with administering the RISE grant. The Agency may increase this percentage as a documented exception on a case by case basis.

(d) The innovation center may be physically located in a rural area as defined in § 4284.1103 or in a non-rural

area; as long as assistance being provided is to residents located in a rural area. The innovation center must be located in a rural low-income community if grant funds are used for the construction or purchase of an innovation center.

(e) The applicant is cautioned against taking any actions or incurring any obligations prior to the Agency completing the environmental review that would either limit the range of alternatives to be considered or that would have an adverse effect on the environment, such as the initiation of construction. If the applicant takes any such actions or incurs any such obligations, it could result in project ineligibility. Projects involving the construction of an innovation center as an eligible purpose are subject to the environmental requirements of 7 CFR part 1970.

§ 4284.1114 RISE grant funding.

(a) *Grant amounts.* The amount of grant funds that will be made available to a Partnership under this subpart will not exceed 80 percent of eligible project costs. The Federal share of the cost of any activity carried out using a grant under this section shall not be greater than 80 percent.

(1) *Minimum request.* Unless otherwise specified in a **Federal Register** notice, the minimum request for a RISE grant application is \$500,000.

(2) *Maximum request.* Unless otherwise specified in a **Federal Register** notice, the maximum request for a RISE grant application is \$2,000,000.

(b) *Matching funds.* The applicant is responsible for securing the matching funds for total eligible project costs that are not covered by grant funds. The non-Federal share of the total eligible project costs of any activity carried out using a grant under this section may be in the form of third-party equity contributions including donations and in-kind contributions of fairly-valued goods or services.

(c) *Eligible project costs.* Eligible project costs are only those costs incurred after a complete application has been received by the Agency and are associated with the items identified in paragraphs (c)(1) through (6) of this section. The applicant is responsible for any expenses incurred in developing its application. Each item identified in paragraphs (c)(1) through (6) of this section is only an eligible project cost if it is directly related to, and its use and purpose is limited to the RISE grant project. Any building or equipment purchased with grant proceeds must be owned and controlled by the lead

applicant. The following is a list of eligible project costs:

(1) Costs directly related to the purchase or construction of an innovation center;

(2) Costs directly related to operations of an innovation center including purchase of equipment, office supplies, and administrative costs including salaries directly related to the project;

(3) Costs directly associated with support programs to be carried out at or in direct partnership with job accelerators;

(4) Reasonable and customary travel expenses directly related to job accelerators and at rates in compliance with 2 CFR 200.474;

(5) Utility costs, operating expenses of the innovation center and job accelerator programs and associated programs;

(6) Administrative costs of the grantee will not exceed 10% of the grant amount for the duration of the project.

(d) *Ineligible project costs.* Ineligible project costs and uses of funds for RISE projects include, but are not limited to:

(1) Costs associated with preparation of an application package under this notice;

(2) Costs incurred prior to Agency receipt of a complete application for the grant request made under a funding notice;

(3) Funding of any political or lobbying activities;

(4) Payment for assistance to any private business enterprise which does not create and/or support jobs in a rural area of the United States;

(5) Payment of any judgment or debt owed to the United States;

(6) Duplicate current services or substitute support previously provided.

If the current service is inadequate, however, grant funds may be used to expand the level of effort or services beyond what is currently being provided;

(7) To fund a part of a project that is dependent on other funding unless there is a firm commitment of the other funding to ensure completion of the project;

(8) Pass through grants; and

(9) costs associated with hemp production, unless a hemp producer has a valid license issued from an approved State, Tribal or Federal plan as per Section 10113 of the Agriculture Improvement Act of 2018, Public Law 115–334 (verification of valid hemp licenses will occur at the time of award).

§ 4284.1115 RISE grant applications—content.

(a) A potential applicant for RISE may submit a concept proposal not less than

60 days in advance of the application submittal deadline as published in the **Federal Register** for review by the Agency. This concept proposal will be evaluated, and an encouragement or discouragement letter will be issued to the potential applicant. If a discouragement letter is issued, it will detail any weaknesses evaluated in the Agency's review, though a complete application may still be submitted prior to the application deadline. The concept proposal may be up to 10 pages in length using a minimum of 11-point font. The concept proposal should be in a narrative format and must include the following:

(1) Partnership information including the members and structure of the Partnership, the date formalized, and the governance or leadership board. The information will identify the lead applicant and each partner's ties to the region, their roles in the delivery of the RISE program and any history of previous collaboration between partners. The amount and source of anticipated matching funds will also be provided.

(2) Describe the geographic region to be served including the total population, economic characteristics of the region such as unemployment rates and income levels. Industry sectors, their status, size and economic contribution to the region and all communities including metropolitan statistical areas and nonmetro low income communities within the region should be identified. The availability and planned enhancements of broadband service and other assets of the region should also be identified. If the region to be served has a population of more than 50,000 inhabitants, the applicant must document why they believe the area is "rural in character" including, but not limited to, the area's population density, demographics, and topography and how the local economy is tied to a rural economic base.

(3) Identify the industry cluster(s) that will be prioritized by the Partnership with information on the firms and support industries in those clusters. Describe the status of the industry (as emerging, existing, or declining) any existing interconnection and networks within the industry cluster and describe participation and scale of small and disadvantaged businesses within the industry cluster. Describe the opportunities or potential of industry growth in the region and competitive advantages of the region and industry cluster should be highlighted along with opportunities within the industry for the creation of or upgrading to high-wage jobs.

(4) An executive summary, project plan and scope of work must be provided with the applicant's strategy, activities, budget, goals and objectives for the use of RISE funds. The applicant should also provide information on the sustainability of the partnership and jobs accelerator at the conclusion of the RISE grant period.

(b) Unless otherwise specified in a **Federal Register** notice, applicants may only submit one RISE grant application each Federal fiscal year.

(1) The lead applicant must be registered in the System for Award Management (SAM) and is responsible for submitting a complete application as specified in (b)(2)(i) through (b)(2)(xiv) of this section.

(2) There are no specific limitations on the number of pages or other formatting requirements of an application. Applicants, who submitted a concept proposal to the Agency, will not need to resubmit the information found in (b)(2)(ix) below. The Agency will review and retain this information for application submittal. A complete application will consist of the following components unless otherwise specified in a **Federal Register** notice:

(i) Form SF-424, "Application for Federal Assistance;"

(ii) Form SF-424A, "Budget Information—Non-Construction Programs," if applicable;

(iii) Form SF-424C, "Budget Information—Construction Programs," if applicable;

(iv) Form SF-424D, "Assurances—Construction Programs," if applicable;

(v) RD Form 400-1, "Equal Opportunity Agreement," for construction projects only;

(vi) Identify the ethnicity, race, and gender characteristics of the lead applicant's leadership. This information is optional and is not a required component for a complete application;

(vii) Certification that the lead applicant is a legal entity in good standing (as applicable) and operating in accordance with the laws of the State(s) or Tribe where the applicant exists;

(viii) The lead applicant must identify whether or not the lead applicant has a known relationship or association with an Agency employee and, if there is a known relationship, the lead applicant must identify each Agency employee with whom the lead applicant has a known relationship;

(ix) All items required in paragraph (a) of this section must be provided with the application (applicants must provide updates, as appropriate, to any items previously submitted as a concept proposal under paragraph (a));

(x) Readiness demonstration, which shall be comprised of the following items:

(A) Description of readiness of all partners of the Partnership to contribute to the project including their ability to coordinate activities, finances and outcomes of the project.

(B) Evidence of a formal agreement among partners of the Partnership for delivery of the RISE program.

(C) Evidence of demonstrated readiness in administering the RISE grant, if awarded, including demonstration of potential success in establishment of a jobs accelerator project, which targets an industry cluster and the initiatives of the RISE grant. The application should indicate when activities related to the expected outcomes will commence.

(D) Description of how the project will be marketed in the region and how the Partnership will capture any program impacts and success stories; and

(E) Timeline describing the proposed tasks to be accomplished and the schedule for implementation of each task.

(xi) Provide documentation on how the RISE project will impact the initiatives below, as applicable, including a brief description of how and when the initiative will be delivered:

(A) Linking rural communities and entrepreneurs to markets, networks, industry clusters, and other regional opportunities to support high-wage job creation, new business formation, business expansion, and economic growth;

(B) Integrating small businesses into a supply chain;

(C) Creating or expanding commercialization activities for new business formation;

(D) Identifying and building assets in rural communities that are crucial to supporting regional economies;

(E) Facilitating the repatriation of high-wage jobs to the United States;

(F) Supporting the deployment of innovative processes, technologies, and products;

(G) Enhancing the capacity of small businesses in regional industry clusters, including small and disadvantaged businesses;

(H) Increasing United States exports and business interaction with international buyers and suppliers;

(I) Developing the skills and expertise of local workforces, entrepreneurs, and institutional partners to meet the needs of employers and prepare workers for high-wage jobs in the identified industry clusters, including the upskilling of incumbent workers;

(J) Ensuring rural communities have the capacity and ability to carry out projects related to housing, community facilities, infrastructure, or community and economic development to support regional industry cluster growth;

(xii) Potential to produce high-wage jobs and benefit rural small and disadvantaged businesses, including a description of the following:

(A) Describe how the project will develop the skills and expertise of the local workforce, entrepreneurs and institutional partners to meet the needs of employers and prepare high-wage jobs in the targeted industry cluster(s), which may also include the upskilling of incumbent worker;

(B) Demonstrate how the project will benefit the skills and expertise of small and disadvantaged businesses, as applicable;

(C) Demonstrate any participation of higher education, applied research institutions, workforce development entities and community-based organizations, that are willing to partner with the project to provide workers with skills relevant to the industry cluster needs of the region, with an emphasis on the use of on-the-job training, classroom occupational training or incumbent worker training, as applicable; and

(D) Demonstrate any participation of investment organizations, venture development organizations, venture capital firms, revolving loan funders, angel investment groups, community lenders, community development financial institutions, rural business investment companies, small business companies (as defined in Section 103 of the Small Business Investment Act of 1958 (15 U.S.C. 662)), philanthropic organizations, and other institutions focused on expanding access to capital, are committed partners in the job accelerator partnership and willing to potentially invest in projects emerging from the jobs accelerator.

(xiii) Describe the targeted region, including the following information:

(A) Provide the latest Census Bureau information on the targeted region's median household income.

(B) Provide the latest Census Bureau information on the targeted region's educational attainment, specifically the percentage of the population who hold a bachelor's degree.

(C) Discuss how any direct career training will be provided to existing residents of the region (existing residents being those persons who live in the region at the time of application submission).

(D) Discuss any local support for the RISE project.

(E) Discuss the entrepreneurial commitment to the RISE project.

(F) Discuss any innovative processes and technologies to be utilized in the targeted industry cluster(s) of the RISE project.

(G) Discuss the initial and continuing capital investment in the RISE project.

(H) Discuss any demand for regional and global markets of the product and/or service provided by the targeted industry cluster.

(I) Discuss if the region contains any areas or communities that qualify for federal initiatives.

(J) Elaborate on the current broadband service within the region and any plans to leverage the current broadband service or enhance broadband service in the region through the RISE project.

(xiv) Financial information, including the following:

(A) Identification of matching funds and other sources of funds for the project. Provide written commitments for matching funds and other sources of funds at the time the application is submitted.

(B) Current financial statements and a narrative description demonstrating financial feasibility and sustainability of the project, all of which demonstrate sufficient resources and expertise to undertake and complete the project and how the project will be sustained following completion.

(c) Upon receipt of a complete application, the Agency will determine if the applicant and project are eligible and whether the intended outcomes described meet the requirements of the RISE program. If the application is ineligible or not feasible, the Agency will inform the applicant in writing of the reasons for the Agency's determination and no further evaluation of the application will occur.

§ 4284.1116 [Reserved]

§ 4284.1117 Scoring RISE grant applications.

The Agency will score each complete and eligible RISE application using the criteria specified in paragraphs (a) through (g) of this section, unless otherwise specified in a **Federal Register** notice, with a maximum score of 100 points possible. Points will be allowed only for factors indicated by well documented, reasonable plans which, in the opinion of the Agency, provide assurance that the items have a high probability of being accomplished. Points shall be awarded at the discretion of the Agency to scoring criteria with a minimum and maximum number of points available. Applicants that demonstrate the experience or ability to

deliver the stated criteria will be awarded higher points in that criteria.

(a) *Demonstrated readiness.* The Partnership demonstrated readiness in administering the RISE grant successfully and shows strong documentation indicating the potential for success in establishing a jobs accelerator project which targets an industry cluster and the initiative(s) of the RISE grant program. Points are awarded on a scale of 0 to 10 with a maximum of 10 points being awarded.

(b) *Targeted initiatives.* A maximum of 15 points will be awarded for this criterion based on meeting the targeted initiatives as stated in § 4284.1115(b)(2)(xi) with action narratives outlined in the application on how and when the initiatives will be delivered. More points will be awarded for reasonable initiatives that can be delivered within 12 months of the grant award and for those projects leveraging improvements in high-speed broadband service to the region.

(c) *Project support.* Points will be awarded for the strength of local support of the RISE project and entrepreneurial commitment. A maximum of 15 points can be awarded for application materials that indicate the strength of support for the RISE project. Points will be awarded from the partnership's demonstration of its sources of funding, personnel and technical resources committed to the project, and a focus on the inclusion of institutional partners expanding access to capital and willingness to potentially invest in projects emerging from the jobs accelerator. Points shall also be awarded for demonstrated resources that will sustain the project beyond the term of the RISE grant period.

(d) *Targeted region.* A maximum of 20 points will be awarded for this criterion based on the region's demographics according to the latest census information. The applicant must provide adequate documentation to the latest census information to receive points.

(1) If the targeted region has a median household income of:

(i) 50% or less of state median household income; 5 points will be awarded;

(ii) Over 50% and up to 80% of state median household income; 3 points will be awarded.

(2) If the targeted region residents have the educational attainment of a bachelor's degree by:

(i) 10% or less of the population; 5 points will be awarded;

(ii) Over 10% and up to 30% of the population; 3 points will be awarded.

(3) Existing residents of the targeted region will receive direct career training for new employment or upscaling to a high-wage job; 5 points will be awarded.

(4) If the identified region has fewer than 50,000 residents according to the most recent decennial census; 5 points will be awarded.

(e) *RISE grant funds requested.* A maximum of 10 points will be awarded for this criterion if:

(1) The RISE grant request is for \$500,000 to \$750,000; 10 points will be awarded.

(2) The RISE grant request is for over \$750,000 and up to \$1,000,000; 5 points will be awarded.

(f) *Regional impact.* Points are awarded on a scale of 0 to 5 points for each category, with a total maximum of 20 points being awarded for this criterion. To receive points, the applicant must provide documentation to warrant strength on the following criteria, with points awarded for each:

(1) Targeted industry(ies) in the region is classified as an emerging industry;

(2) Applicant demonstrates that the targeted industry(ies) in the region hold a competitive advantage or will enhance their competitive advantage through the RISE project;

(3) Applicant demonstrates that industry provides significant support of regional assets, including broadband, and provides community and economic development support within the region;

(4) The RISE project's forecasted outcomes align with RISE objectives; and

(5) The RISE project will target support to existing industry(ies), whose significance in the region may be stagnant or on the decline but can be enhanced through the benefits of the RISE project.

(g) *Administrator points.* A maximum of 10 points will be awarded, with justification, at the discretion of the Agency Administrator, as announced in a **Federal Register** notice.

§ 4284.1118 Selecting RISE grant applications for award.

Unless otherwise provided for in a **Federal Register** notice, RISE grant applications will be evaluated, assigned priority points as described in § 4284.1117 and ranked from highest to lowest score for funding consideration, subject to the availability of funding.

§ 4284.1119 Awarding and Administering RISE Grants.

The Agency will award and administer RISE grants in accordance with departmental regulations and with the procedures and requirements specified in this part.

(a) *Bonding and insurance.* The applicant must provide satisfactory evidence to the Agency that all officers of the applicant organization are authorized to receive and/or disburse Federal funds and are covered by such bonding and/or insurance requirements as are normally required by the applicant.

(b) *Letter of conditions.* A letter of conditions will be prepared by the Agency, establishing conditions that must be agreed to by the applicant before any obligation of funds can occur. Upon reviewing the conditions and requirements in the letter of conditions, the applicant must complete, sign, and return the Form RD 1942–46, “Letter of Intent to Meet Conditions,” and Form RD 1940–1, “Request for Obligation of Funds,” to the Agency if it accepts the conditions of the grant; or if certain conditions cannot be met, the applicant may propose alternate conditions in writing to the Agency. The Agency must resolve or concur with any changes proposed by the applicant to the letter of conditions before the application will be further processed.

(c) *Evidence of matching funds.* The applicant is responsible for providing documentation that the required matching funds for the project have been received or remain committed at the date a financial assistance agreement is executed with the Agency.

(d) *SAM requirements.* Each applicant applying for grant funds (unless an exception, as outlined in 2 CFR 25.110(a) through (d), is approved by the Agency) is required to:

(1) Be registered in SAM before submitting its application;

(2) Provide a valid unique entity identifier in its application; and

(3) Continue to maintain an active SAM registration with current information at all times during which it has an active Federal award or an application or plan under consideration by a Federal awarding agency.

(e) *Financial assistance agreement.* Once the requirements specified in paragraphs (a) through (d) of this section have been met, the financial assistance agreement can be executed by the lead applicant and the Agency. The applicant must abide by all requirements contained in the financial assistance agreement, this subpart, and any other applicable Federal statutes or regulations. Failure to follow these requirements might result in termination of the grant and adoption of other available remedies.

(f) *Grant approval.* The lead applicant will be sent an executed copy of the executed Form RD 1940–1, “Obligation

of Funds,” and the financial assistance agreement.

§ 4284.1120 Servicing RISE grants.

The Agency will service RISE grants in accordance with the requirements specified in departmental regulations, the financial assistance agreement, 7 CFR part 1951, subparts E and O, other than 7 CFR 1951.709(d)(1)(i)(B)(iv), and the requirements in § 4284.1120, except as specified in paragraphs (a) through (d) of this section.

(a) *Inspections.* Grantees must permit periodic inspection of the project records and operations by a representative of the Agency.

(b) *Programmatic changes.* Grantees may make changes to an approved project's costs, scope, contractor, or vendor subject to the provisions specified in paragraphs (b)(1) through (3) of this section. If the changes result in lowering the project's score to below what would have qualified the application for an award, the Agency will not approve the changes.

(1) *Prior Agency approval.* The grantee must obtain prior Agency approval for any change to the scope, contractor, or vendor of the approved project. Changes in project cost will require Agency approval as outlined in paragraph (b)(1)(iii) of this section.

(i) Grantees must submit requests for programmatic changes in writing to the Agency for Agency approval.

(ii) Failure to obtain prior Agency approval of any such change could result in such remedies as suspension, termination, and recovery of grant funds.

(iii) Prior Agency approval is required for all increases in project costs. Prior Agency approval is required for a decrease in project cost only if the decrease would have a negative effect on the long-term viability of the project. A decrease in project cost that does not have a negative impact on long-term viability requires Agency notification prior to disbursement of funds. If project costs decrease, the Agency will reduce the grant amount, if necessary, to maintain a maximum grant amount of no greater than 80 percent of total project activities as required in § 4284.1114(a).

(2) *Changes in project cost or scope.* If there is a significant change in project cost or any change in project scope, then the grantee's funding needs, eligibility, and scoring, as applicable, will be reassessed. Any decreases in Agency funds will be based on revised project costs and other factors, including Agency regulations used at the time of grant approval.

(3) *Change of contractor or vendor.* When seeking a change, the grantee must submit a written request to the Agency for approval. The proposed new contractor or vendor must have qualifications and experience acceptable to the Agency. The written request must contain sufficient information to demonstrate to the Agency's satisfaction that such change maintains project integrity. If the Agency determines that project integrity continues to be demonstrated, the grantee will be allowed to make the change. If the Agency determines that project integrity is no longer demonstrated, the change will not be approved and the grantee has the following options:

(i) Continue with the original contractor or vendor;

(ii) Find another contractor or vendor that has qualifications and experience acceptable to the Agency to complete the project; or

(iii) Terminate the grant by providing a written request to the Agency. No additional funding will be available from the Agency if costs for the project have increased. Any Agency decision will be provided in writing to the lead applicant.

(c) *Transfer of Applicant or Ownership.* Any change to the jobs accelerator partnership prior to the obligation of funds must be approved by the Agency and will only be considered if the partnership entities are eligible in accordance with § 4284.1112. After the project is obligated and operational, the applicant grantee may request, in writing, a transfer of the financial assistance agreement to another entity. Subject to Agency approval provided in writing, the financial assistance agreement may be transferred to another entity provided:

(1) The entity is determined by the Agency to be an eligible lead applicant entity under this subpart; and

(2) The scope of the project for which the Agency funds will be used remain unchanged.

(d) *Disposition of acquired property.* Grantees must abide by the disposition of acquired asset requirements as outlined in 2 CFR part 200 and departmental regulations.

(e) *Financial management system and records.* The grantee must provide for financial management systems and maintain records as specified in paragraphs (e)(1) and (2) of this section.

(1) *Financial management system.* The grantee will provide for a financial system that will include:

(i) Accurate, current, and complete disclosure of the financial results of each grant;

(ii) Records that identify adequately the source and application of funds for grant-supporting activities, together with documentation to support the records. Those records must contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income; and

(iii) Effective control over and accountability for all funds. The grantee must adequately safeguard all such assets and must ensure that funds are used solely for authorized purposes.

(2) *Records.* The grantee will retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three (3) years after completion of the grant period, except that the records must be retained beyond the 3-year period if audit findings have not been resolved or if directed by the United States. The Agency and the Comptroller General of the United States, or any of their duly authorized representatives, must have access to any books, documents, papers, and records of the grantee that are pertinent to the specific grant for the purpose of making audit, examination, excerpts, and transcripts.

(f) *Audit requirements.* If applicable, grantees must provide an annual audit in accordance with 2 CFR part 200, subpart F. The Agency may exercise its right to do a program audit after the end of the project to ensure that all funding supported eligible project costs.

(g) *Grant disbursement.* The Agency will determine, based on the applicable departmental regulations, whether disbursement of a grant will be by advance or reimbursement. Any funds disbursed in advance of the expense shall be used within three months and the financial need substantiated in writing by the grantee. Form SF-270 or Form SF-271 must be completed by the grantee and submitted to the Agency no more often than monthly to request either an advance or reimbursement of funds.

(h) *Reporting Requirements.* Financial and project performance reports must be provided by grantees and contain the information specified in paragraphs (h) (1) and (2) of this section.

(1) *Federal Financial Reports.* Between grant approval and completion of project (*i.e.*, construction), SF-425, "Federal Financial Report" will be required of all grantees as applicable on a semiannual basis. The grantee will complete the project within the total sums available to it, including the grant, in accordance with the scope of work and any necessary modifications thereof

prepared by grantee and approved by the Agency.

(2) *Performance reports.* Grantees shall submit a performance report semi-annually for the first two years, and then annually thereafter, with the first report submitted no later than six months after receiving a grant under this section. This report will include, but not be limited to, the following:

(i) All activities funded with the grant funds;

(ii) Evaluation of progress towards strategic initiatives identified in the application for the grant, including a discussion of any issues which may have occurred;

(iii) Measurement of progress using performance measures during the project period, which may include the following:

- (A) High-wage jobs created;
- (B) High-wage jobs retained;
- (C) Private investment leveraged;
- (D) Businesses improved;
- (E) Businesses retained;
- (F) New business formations;
- (G) New products, prototypes and/or services commercialized;
- (H) Improvement of the value of existing products or services under development;

(I) Regional collaboration as measured by the number of organizations actively engaged in the industry cluster and/or the number of symposia held by the industry cluster, including organizations that are not located in the immediate region defined by the partnership and/or the number of further cooperative agreements;

(J) Number of educations and training activities relating to the innovation;

(K) Number of innovative products, services and/or prototypes launched;

(L) Number of jobs relocated from outside of the United States to the region;

(M) Amount and number of new equity investments in industry cluster firms;

(N) Amount and number of new loans to industry cluster firms;

(O) Dollar increase in exports resulting from the project activities;

(P) Percentage of employees for which training was provided;

(Q) Improvement in sales of participating businesses;

(R) Improvement in wages paid at participating businesses;

(S) Improvement in income of participating workers;

(T) Any measure determined appropriate by the Agency; and

(U) Broadband development in the targeted region.

(iv) Initiatives and timetable established for the next reporting period; and

(v) Any additional information as found in the annual **Federal Register** notice.

§§ 4284.1121—4284.1130 [Reserved]

§ 4284.1131 OMB control number.

The information collection requirements in this subpart are approved by the Office of Management and Budget (OMB) and assigned OMB control number 0570-0075.

Mark Brodziski,

Acting Administrator, Rural Business-Cooperative Service.

[FR Doc. 2021-12334 Filed 6-14-21; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA-2021-0183; Project Identifier MCAI-2020-01408-T; Amendment 39-21589; AD 2021-12-02]

RIN 2120-AA64

Airworthiness Directives; De Havilland Aircraft of Canada Limited (Type Certificate Previously Held by Bombardier, Inc.) Airplanes

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Final rule.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for certain De Havilland Aircraft of Canada Limited Model DHC-8-400 series airplanes. This AD was prompted by a report that a number of nacelle A-frames were not manufactured in accordance with engineering drawings. This AD requires, depending on airplane configuration, removing the fasteners on the nacelle A-frame side brace sub-assemblies, doing an eddy current inspection for cracking, cold-working the holes, installing oversize fasteners, re-identifying the reworked side brace fitting and A-frame, and repair if necessary. The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective July 20, 2021.

The Director of the Federal Register approved the incorporation by reference of certain publication listed in this AD as of July 20, 2021.

ADDRESSES: For service information identified in this final rule, contact De Havilland Aircraft of Canada Limited, Q-Series Technical Help Desk, 123 Garratt Boulevard, Toronto, Ontario

M3K 1Y5, Canada; telephone 416-375-4000; fax 416-375-4539; email thd@dehavilland.com; internet <https://dehavilland.com>. You may view this service information at the FAA, Airworthiness Products Section, Operational Safety Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206-231-3195. It is also available on the internet at <https://www.regulations.gov> by searching for and locating Docket No. FAA-2021-0183.

Examining the AD Docket

You may examine the AD docket on the internet at <https://www.regulations.gov> by searching for and locating Docket No. FAA-2021-0183; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, any comments received, and other information. The address for Docket Operations is U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE, Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT: Antariksh Shetty, Aerospace Engineer, Airframe and Propulsion Section, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516-228-7300; fax 516-794-5531; email 9-avs-nyaco-cos@faa.gov.

SUPPLEMENTARY INFORMATION:

Background

Transport Canada Civil Aviation (TCCA), which is the aviation authority for Canada, has issued TCCA AD CF-2020-39, dated October 14, 2020 (TCCA AD CF-2020-39) (also referred to as the Mandatory Continuing Airworthiness Information, or the MCAI), to correct an unsafe condition for certain De Havilland Aircraft of Canada Limited Model DHC-8-400 series airplanes. You may examine the MCAI in the AD docket on the internet at <https://www.regulations.gov> by searching for and locating Docket No. FAA-2021-0183.

The FAA issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 by adding an AD that would apply to certain De Havilland Aircraft of Canada Limited Model DHC-8-400 series airplanes. The NPRM published in the **Federal Register** on March 22, 2021 (86 FR 15149). The NPRM was prompted by a report that a number of nacelle A-frames were not manufactured in accordance with engineering

drawings. The holes in the side brace sub-assemblies were not cold-worked as required. As a result the side brace fitting might not meet its fatigue life, and cracking of the A-frame bottom flange may result. The NPRM proposed to require, depending on airplane configuration, removing the fasteners on the nacelle A-frame side brace sub-assemblies, doing an eddy current inspection for cracking, cold-working the holes, installing oversize fasteners, re-identifying the reworked side brace fitting and A-frame, and repair if necessary. The FAA is issuing this AD to address possible cracking of the A-frame. This condition, if not addressed, may lead to collapse of the main landing gear (MLG). See the MCAI for additional background information.

Comments

The FAA gave the public the opportunity to participate in developing this final rule. The FAA has considered the comment received. The Air Line Pilots Association, International (ALPA), stated that it supports the NPRM.

Conclusion

The FAA reviewed the relevant data, considered the comment received, and determined that air safety and the public interest require adopting this final rule as proposed, except for minor editorial changes. The FAA has determined that these minor changes:

- Are consistent with the intent that was proposed in the NPRM for addressing the unsafe condition; and
- Do not add any additional burden upon the public than was already proposed in the NPRM.

Related Service Information Under 14 CFR Part 51

De Havilland Aircraft of Canada Limited has issued Service Bulletin 84-54-32, dated October 10, 2019. This service information describes procedures, depending on airplane configuration, for removing the fasteners on the nacelle A-frame side brace sub-assemblies, doing an eddy current inspection for cracking, cold-working the holes, installing oversize fasteners, and re-identifying the reworked side brace fitting and A-frame.

This service information is reasonably available because the interested parties have access to it through their normal course of business or by the means identified in the **ADDRESSES** section.

Costs of Compliance

The FAA estimates that this AD affects 41 airplanes of U.S. registry. The