

ONE PART LEP, ONE PART LBC: A RECIPE FOR UNDERSTANDING

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Fall Kansas REC Accountants' Meeting

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Learning Objective 1: Develop Basic Understanding of Limited English Proficiency guidance as presented by RD

Learning Objective 2: Be able to perform the 4-Factor Analysis and Develop a Language Access Plan (LAP)

Learning Objective 3: Develop Basic Understanding of Lower Borrowing "Cost" Analysis: FFB + Cushion of Credit

LEP: <https://www.lep.gov/>

Background: Executive Order 13166; Signed in 2000, not rescinded, still active; "Requires recipients of Federal financial assistance to provide meaningful access to eligible persons. RD power point presentation.

Purpose relevant to RUS/RD programs: "Eliminate language barriers that prevent eligible persons from having "meaningful access" to both RD conducted and assisted programs." See Power Point Slide "LEP Purpose".

Rural Electric is an "assisted program" because the program services, benefits, and resources are funded by RUS and delivered to the public by a recipient/beneficiary coop.

"Meaningful Access" is a term of art, and for "assisted programs" this term has 3 parts:

It means "assistance that results in accurate and effective communication at no cost to the LEP individual."

It means the "LEP individual must be afforded the opportunity to enjoy the same benefits and services of the program regardless of [the] ability to speak and understand English."

It means that the "RD/RUS Implementation Strategy for Federally Assisted Programs provides overall coordination of recipient efforts in the RD/RUS assisted programs."

BOTTOM LINE: "Meaningful access" is guided by the Webinar, and the power point "Implementation Strategy for Federally Assisted Programs: Rural Utility Services" provides the basic framework for your efforts "to provide meaningful access to eligible persons."

Discussion/Questions?

Components of the RD "Assisted" LEP Guidance: In other words—what did the Power Point *suggest* be done to demonstrate that a recipient is "providing meaningful access to eligible persons"? Answer: The power point said: "All RD/RUS recipients *may*: Conduct their own 4-Factor Analysis; and Develop a Language Access Plan (LAP)

4-Factor Analysis: "Data driven analysis that enables each RD/RUS Recipient to be prepared to serve LEP populations in their RD assisted programs." "Language Access efforts are based on the demand for services and the resources available." The 4-Factors are: 1) Proportion; 2) Frequency; 3) Importance; and 4) Resources

1) **PROPORTION-** What is the number and proportion of LEP persons served or encountered in the eligible service population of the assisted program." Suggestions:

"Prior experiences with LEP persons"

"Data from U.S. Census Bureau:" Enter zipcodes in your service territory, select 2010 Census

http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml?src=bkmk

"Mapping Tool" www.lep.gov

From these three resources, and others you may find helpful, you should be able to identify the languages spoken, and look at the data and determine possible outreach to targeted populations.

2) **FREQUENCY-** How often do LEP persons come into contact with the electric coop? Suggestions:

Review how you deliver service—signup, staking orders, monthly bills, service outage, website, etc...

"Prior experience with LEP persons" Verbal/written

"Consult with LEP persons and targeted populations"

3) **IMPORTANCE**- How important is the program, activities, or services to the LEP persons? Suggestions:
 Identify services—broadly—you are providing electricity at a cost to the user; narrowly- service outage
 “Prior experience with LEP persons” Verbal/written
 “Input from community organizations and LEP persons”
 Think of importance as a continuum—where does electricity fall on that scale?

4) **RESOURCES**- What resources are available to the coop and how much do they cost? Suggestions:
 “Identify and inventory resources”
 “Determine additional services”
 “Analyze your budget”
 “Implement cost effective practices”

Discussion/Questions?

Language Access Plan (LAP): “Using the data, information and results from the 4-Factor Analysis, each recipient may develop a Language Access Plan (or something similar) that covers the following: [6 Parts]

- Part 1: Identifies LEP individuals they serve
- Part 2: Describes the types of language assistance the recipient will provide
- Part 3: Describes how recipient staff will be trained in LEP
- Part 4: Determines which of 4 sizes the “Language Group”, as estimated in the service area, fits; AND then states the “Recommended Provision of Written Language Assistance” *per the Safe Harbor provisions in the Power Point*
- Part 5: Notice to LEP Persons and Populations
- Part 6: Monitoring and Updating the LAP”

Timing: “Recipients may have a LAP (or something similar) available for review during their next regularly scheduled compliance review. LAPs must contain all 6 components.”

Part 4 Safe Harbor Provisions

Size of Language Group	Recommended Provision of Written Language Assistance
1,000 or more in the eligible population in the market area or among current beneficiaries	Translated vital documents
More than 5% of the eligible population or Beneficiaries AND more than 50 in number	Translated vital documents
More than 5% of the eligible population or beneficiaries AND 50 or less in number	Translated written notice of right to receive free oral interpretation of documents
5% or less of the eligible population or Beneficiaries AND less than 1,000 in number	No written translation is required

Discussion/Questions?

LBC Analysis: Lower Borrowing “Cost” Analysis: FFB + Cushion of Credit

FFB plus 1/8%: <http://www.rd.usda.gov/programs-services/services/rural-utilities-loan-interest-rates> (10/25 example)

3-mo	6-mo	1-yr	2-yr	3-yr	5-yr	7-yr	10-yr	20-yr	30-yr
0.33	0.55	0.70	0.87	1.02	1.28	1.55	1.73	2.05	2.19

FACT: For \$1.0M borrowed, a 1% interest rate difference (3% to 4%) = about \$1/4M difference in interest payments over 35 years. Use any online amortization schedule, or email me for an excel spread sheet.

CUSHION OF CREDIT: Balances earn 5% p.a. 7 CFR 1785.66- 70. “All you need to do is Wire or use Customer Initiated Payments (CIP website) to send [FFB] your first deposit into COC. [FFB will] create a COC account for you automatically. If you use a Wire indicate on the memo section that it is intended for a COC deposit and use your RUS reference number of 00-000. If you use CIP, indicate that the payment is directed to COC. Remember, you can’t have more in deposits/available funds with earned interest in your COC than your total outstanding RUS debt and COC can only be used to make your installment unless you payoff all of your RUS debt at one time.” (GFR Sharepoint email 2016)

PROJECT THE COC BALANCE OVER THE DURATION OF LOAN DRAWS & DEBT SERVICE TO FIGURE NET COST OF BORROWING

Discussion/Questions?