to submit family data electronically. They stated that their size and limited staff and financial resources made compliance burdensome, and they suggested two solutions. The first was to discontinue the submission of data completely; the second was to continue submission of paper reports as is currently the practice.

While the Department is aware of the unique constraints faced by small HAs in reporting family data, they should be aware that they constitute a sizeable portion of the HA universe and have valuable resident family information that should be shared. HUD's position in this matter is that small HAs unable to automate their reporting systems should seek out, and contract with, organizations that provide data processing services (Service Bureaus). Service costs should be manageable, since small HAs are only required to report on a quarterly basis. A service bureau need not be physically located in the city where the housing agency is located, since paper records may be mailed to a service bureau, which may then transmit the records electronically to HUD.

Several HAs suggested that if HUD provides the software for automating family data reporting, the requirement would be reasonable. Along these lines, other HAs and a housing organization indicated a willingness to send data electronically only if HUD provides equipment and software or pays for contracting with service bureaus.

The Department is aware that there are vendors available that can assist HAs in automating the collection and reporting of family data. These vendors also can help HAs to achieve this automation in the context of HA automation of other functions. The Department strongly encourages HAs to investigate these options. HUD also is considering development of a software package that is directed primarily for the smaller HAs. This package would automate only the collection and reporting of family data, not the other HA functions. This software package would be provided free of charge. The Department will notify HAs by letter if this software package becomes

The cost of automation hardware is an eligible operating expense and can be included in the operating budget. Automating this management function also is an allowable expense under the Comprehensive Improvement Assistance Program and the Comprehensive Grant Program.

Another organization suggested that the Section 8 Program Administrative Fee be increased to cover the cost of automation. In the Section 8 Program, automation may be paid from ongoing Administrative Fees or the Operating Reserve. The Department, however, has no plans to increase Administrative Fees for the sole purpose of automation.

Several HAs recommended that HUD provide training and technical assistance in the formatting and transmission of family data to the Department's central processing facility. Plans are underway to develop a video tape and expanded training materials specifically for this purpose.

One organization recommended that this automation effort be more closely coordinated with the HUD automated database program TRACS—the data collection system used for programs administered by the Assistant Secretary for Housing—Federal Housing Commissioner. Unfortunately, the electronic data formats for the Forms HUD-50058 and HUD-50058-FSS. which are used for the programs that are covered by this rule, and for the Form HUD-50059, which are the subject of TRACS, are unique and will not accommodate a one-for-one correspondence. While similar automation hardware may be used to process a variety of management information reports, software specifically designed for the above forms is required.

A number of HAs recommended that the time periods required for the implementation of the rule be extended in the following manner:

Automated agencies (converting to telephonic electronic transmission) from 120 days after publication of the final rule to 12 months.

Non-automated agencies (planning to automate) from 365 days after publication of the final rule to 24 months.

While HUD understands the obstacles and concerns facing agencies in this automation effort, the intent of the rule is to decrease the reporting burden for HAs while at the same time, reduce costs to the Department in a time when budget constraints demand such savings. HUD is of the opinion that the time frames originally set in the rule are realistic. Special situations may be directed to the HUD Field Office for consideration.

One HA located in a remote area of Alaska requested approval of transmission via tape or diskette, since telephonic service was undependable. In these instances HAs may utilize a Service Bureau or, upon prior approval from HUD, transmit via tape or diskette.

IV. Other Matters

A. Environmental Impact

In accordance with 40 CFR 1508.4 of the regulations of the Council on Environmental Quality and 24 CFR 50.20(o) of the HUD regulations, the policies and procedures contained in this rule relate only to HUD administrative procedures and, therefore, are categorically excluded from the requirements of the National Environmental Policy Act.

B. Federalism Impact

The General Counsel, as the Designated Official under section 6(a) of Executive order 12612, Federalism, has determined that the policies contained in this rule will not have substantial direct effects on states or their political subdivisions, or the relationship between the Federal government and the states, or on the distribution of power and responsibilities among the various levels of government. Specifically, this rule is directed to housing agencies that operate HUDassisted housing, whose functions and authority remain unchanged. It merely changes the format of data submitted to HUD to make its transmission more accurate and efficient. It will not impinge upon the relationship between the Federal Government and State and local governments. As a result, the rule is not subject to review under the order.

C. Impact on the Family

The General Counsel, as the Designated Official under Executive Order 12606, The Family, has determined that this rule does not have potential for significant impact on family formation, maintenance, and general well-being, and, thus, is not subject to review under the order. No significant change in existing HUD policies or programs will result from promulgation of this rule, as those policies and programs relate to family concerns.

D. Regulatory Flexibility Act

The Secretary, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)) has reviewed and approved this rule, and in so doing certifies that this rule will not have a significant economic impact on a substantial number of small entities. Because this rule changes the way in which the data is transmitted to HUD, and all costs associated with implementation of the electronic transmission will be considered allowable project operating costs, the rule is not expected to have a significant economic impact.