

SUPPORTING STATEMENT

**OMB Docket No. 0572-XXXX
Broadband Initiatives Program**

A. Justification

1. Explain the circumstances that make the collection of information necessary.

The American Recovery and Reinvestment Act of 2009 (the “Recovery Act”), Congress appropriated \$2.5 billion of budget authority for establishing the Broadband Initiatives Program (BIP) which may extend loans, grants, and loan/grant combinations to facilitate broadband deployment in rural areas. In facilitating the expansion of advanced communications services and infrastructure, the program will advance the objectives of the Recovery Act to spur job creation and stimulate long-term economic growth and opportunity.

This support statement is inclusive of all associated reporting and information collection in addition to the reporting and information collection required by OMB under 2 CFR 176. Specifically, as listed in question 2 below and on Form 36, this information collection includes application requirements as well as other associated reporting requirements such as annual CPA audit submissions, quarterly financial reporting, etc.

The essential goal of the Recovery Act is to provide a “direct fiscal boost to help lift our Nation from the greatest economic crisis in our lifetimes and lay the foundation for future growth.”¹ Accordingly, the Recovery Act identifies five overall purposes: (1) to preserve and create jobs and promote economic recovery; (2) to assist those most impacted by the recession; (3) to provide investments needed to increase economic efficiency by spurring technological advances in science and health; (4) to invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and (5) to stabilize State and local government budgets.² The Recovery Act further instructs the President and the heads of Federal departments and agencies to manage and expend Recovery Act funds to achieve these five purposes, “commencing expenditures and activities as quickly as possible consistent with prudent management.”³

The Recovery Act also requires that recipients must substantially complete their projects within two years of receiving a BIP loan, grant, or loan/grant combination. The Recovery Act directs RUS to monitor recipient’s progress, including through a quarterly reporting requirement.

¹ President Obama, Statement on Signing the American Recovery and Reinvestment Act of 2009 (Feb. 17, 2009).

² See *id.* § 3(a), 123 Stat. at 115–16.

³ See *id.* § 3(b), 123 Stat. at 116.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the Agency has made of the information received from the current collection.

Each applicant for a loan, grant, or loan/grant combination will complete one application form. The data requested in this information package is very similar to the approved data collections for RUS' existing Broadband Loan Program and Community Connect Grant Program; with additional collections necessary to satisfy the requirements of the Recovery Act. RUS intends to use the information collected from the application form to evaluate whether an applicant is eligible for funding and whether the applicant's proposal is sufficiently competitive to be included in the next stage of review. RUS also intends to use information collected from the application form to evaluate the applicant's progress toward completion of the objectives for which the funding was obtained.

Applications will be submitted by entities electronically through the Broadband Portal or in the case of applications for less than \$1 million (or if e-filing would present a hardship) in paper copy to RUS in the form of 2 hard copies.

The information in the application will be used to determine: applicant eligibility, availability of broadband service, technical and economic feasibility of the proposed project (that the funds requested are adequate to complete the project taking into consideration any additional funding provided by the applicant and that the loan can be repaid within the allowable time frame), and applicant compliance with certain Federal regulations and requirements.

The specific information covered by this information collection package consists of the following:

Broadband Portal Application – The application consists of the following:

- Identity of the applicant and general applicant and project information including:
 - Descriptive title of the project
 - Congressional Districts affected by the project
 - Estimated dollar amount of funding
- Executive Summary
- Proposed Service Area including a map showing the project's rural area boundaries
- Description of proposed service offering and the associated pricing plan
- Description of the applicants nondiscrimination, interconnection, and network management plans
- Technology type , description of the system design used to deliver broadband service, and a network diagram
- A timeline including key milestones for implementation, including a construction schedule
- A list of all required licenses and regulatory approvals
- Resumes of key management personnel and an organizational chart
- A legal opinion that addresses the applicant's ability to enter into the award

- A letter of State support for the project
- Evidence of collaboration with other Federal, State, and local governments
- An itemized budget of infrastructure costs
- Metrics related to the sustainability of the project
- The project financials
- Historical financial statements and Certified Public Accountant audits
- Whether the applicant receives any Federal support in the proposed service area
- A self-scoring sheet

Verification Filing Requirements – applicants receiving the highest scores against objective criteria will supplement their application with supportive information consisting of:

- A list of all its outstanding and contingent obligations, including copies of existing notes, loan and security agreements, and guarantees
- A detailed description of working capital requirements and the source of these funds
- A detailed description of the proposed technology that will be used to provide service at the proposed broadband speed
- Estimated project costs detailing all facilities that are required to complete the project
- A detailed construction build-out schedule that includes a description of the necessary work force, a timeline demonstrating project completion within the required timeframe, a depreciation schedule for the proposed facilities, the appropriate environmental review documentation prepared in accordance with 7 CFR Part 1794 and other applicable environmental requirements, and other information listed as required within the online application
- a description of measurable service metrics and target service level objectives (SLOs) (e.g., the speed with which new service will be established, service availability, and response time for reports of system failure at a residence) that will be provided to the customer, and a description of the approach and methodology for monitoring ongoing service delivery and service quality for the services being employed
- A completed environmental questionnaire

Loan/Grant Documents – Successful applicants will execute loan/grant documents prepared by the Agency.

Recipient Reporting – Each recipient and each contractor engaged by the recipient must submit the following information to the relevant Agency:

- The total amount of Recovery Act funds received;
- The amount of Recovery Act funds received that were expended or obligated to projects or activities;
- A detailed list of all projects or activities for which Recovery Act funds were expended or obligated, including (A) the name of the project or activity; (B) a description of the project or activity; (C) an evaluation of the completion status of the project or activity; (D) an estimate of the number of jobs created and the number of jobs retained by the project or activity; and (E) for infrastructure investments made by State and local governments, the purpose, total cost, and rationale of the agency for funding the

infrastructure investment with Recovery Act funds, and name of the person to contact at the agency if there are concerns with the infrastructure investment; and

- Detailed information on any subcontracts or subgrants awarded by the Awardee to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (Public Law 102-282), allowing aggregate reporting on awards below \$25,000 or to individuals.⁴

Submission of CPA Reports – Recipients of funding will be required to submit an annual CPA Audit report. Burden attributed to the CPA report consists of:

- Selection of a CPA firm, approved by the Agency
- Submission of the Auditor’s Report
- Plan of Corrective Action (if necessary)
- Submission of Peer Review Reports
- Scope Limitation (if applicable)
- Identification of Irregularities (if applicable)

Submission of Financial Information through the Broadband Collection and Analysis System - Recipients must submit to RUS thirty (30) calendar days after the end of each calendar year quarter, balance sheets, income statements, statements of cash flow, rate package summaries, and the number of customers taking broadband service on a per community basis utilizing RUS’ Broadband Collection and Analysis System (BCAS). BCAS is an electronic reporting system that is accessed through the internet.

GAAP System of Accounts – Recipients must adopt a GAAP system of accounts acceptable to RUS. The burden attributed to this is considered record-keeping burden.

Index of Records – Recipients will be required to develop and maintain an index of records and make it available to Agency staff as needed during a review of the recipients records.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection.

RUS is committed to meeting the requirements of 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.

RUS, working with National Telecommunications and Information Administration (NTIA), intends to collect the requested information via a user-friendly, internet-based version of the application form, which will be available through a website that will be known as the Broadband Portal.

⁴ Recovery Act, § 1512(c), 123 Stat. at 287.

RUS also will accept paper submission of applications requesting less than \$1 million in assistance, including loans, grants, and loan/grant combinations.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

Each application will be for a new project and new purpose, therefore information to determine economic and technical feasibility and broadband availability will be unique and will not be duplicated. RUS and NTIA have worked together to develop the application. Applicants that wish to be considered for both RUS' BIP program and NTIA's Broadband Technology Opportunities Program (BTOP) may submit one application and request that it be considered for both programs.

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

The Agency believes it has minimized the burden on both large and small entities and that the required information is the least amount needed to determine applicant eligibility and project feasibility.

RUS believes that the electronic application system will be convenient for all applicants, in part because that system will allow applicants to save and modify their draft applications easily. Nevertheless, entities with smaller proposals (less than \$1 million or where e-filing would present hardship) will have the option to file on paper if they are more comfortable submitting information in that manner.

6. Describe the consequences to Federal program or policy activities if the collection is not conducted or conducted less frequently, as well as any technical or legal obstacles to reducing burden.

Without the information requested, RUS could not make awards consistent with the purposes of the Recovery Act. RUS also could not determine whether applicants meet the requirements that the Recovery Act establishes for BIP financing.

Further, the information collected is the least amount of information necessary to ensure feasibility and repayment terms for loans and sustainability requirements for grants. Reporting by the recipients will enable the agency to conduct an appropriate level of monitoring to ensure compliance with the requirements of the awardees' loan and grant agreements.

For these reasons, if RUS did not request this information from applicants, the Agency would fail to comply with the Recovery Act, taxpayer money could be wasted, and BIP could not create the benefits that Congress and the President intended.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

a. Requiring respondents to report information more than quarterly.

There are no such requirements.

b. Requiring written responses in less than 30 days.

There are no such requirements.

c. Requiring more than an original and two copies.

There are no such requirements.

d. Requiring respondents to retain records for more than 3 years.

Records will be maintained until the loan/grant fund advance has been audited by RUS.

e. That is not designed to produce valid and reliable results that can be generalized to the universe of study.

This information collection does not involve statistical information.

f. Requiring use of statistical sampling which has not been reviewed and approved by OMB.

This information collection does not involve statistical sampling.

g. Requiring a pledge of confidentiality.

There is no such requirement.

h. Requiring submission of proprietary trade secrets.

There is no such requirement.

8. If applicable, identify the date and page number of publication in the Federal Register of the agency's notice soliciting comments on the information collection. Summarize public comments received and describe actions taken by the agency in response to these comments. Describe efforts to consult with persons outside the

Agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, reporting format (if any), and on data elements to be recorded, disclosed, or reported.

This is a new information collection for a new program. The Agency will publish a 60-day Notice in the Notice of Funds Availability seeking comments regarding the Agency's estimate of burden.

On March 12, 2009, RUS and NTIA published a joint request for information concerning their respective programs. *See* 74 Fed. Reg. 10716 (Mar. 12, 2009). In response to this request, several parties commented in detail on which information the agencies should require applicants to provide, and many expressed opinions concerning individual portions of the application.⁵ Several commenters urged RUS to limit the application to the items required by statute.⁶ A few commenters suggested the type of two-step application process that RUS and NTIA has implemented.⁷ Many commenters also provided input concerning coordination between RUS and NTIA.⁸ RUS has reviewed and considered these comments.

As described above, RUS and NTIA consulted extensively with one another to design an application form that would obtain the necessary data while minimizing the burden on the applicant. RUS and NTIA also have consulted generally with the Federal Communications Commission.

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

No such decision has been made.

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

No assurances have been made. Information submitted to RUS is covered by the provisions of the Freedom of Information Act (5 U.S.C. 552).

11. Provide additional justification for any question of a sensitive nature, such as sexual behavior or attitudes, religious beliefs, and other matters that are commonly considered private.

⁵ These comments ranged from comprehensive lists of items that should be on the application, *see, e.g.*, New Jersey Division of Rate Counsel (Apr. 8, 2009), to comprehensive suggested scoring frameworks, *see, e.g.*, City and County of San Francisco at 8-16, 22 (Apr. 13, 2009), to comments that only referred to a few specific pieces of the application, *see e.g.*, Nebraska Rural Independent Companies at 7 (Apr. 13, 2009) (stating that an applicant "should be required to document the up-front and ongoing costs of the proposed project as well as the applicant's own up-front and ongoing funding that is available for the project").

⁶ *See, e.g.*, Frontier Communications at 19-20 (Apr. 13, 2009).

⁷ *See, e.g.*, Embarq at 15 (Apr. 13, 2009).

⁸ *See, e.g.*, Farmers Mutual Telephone Company at 9 (Apr. 13, 2009).

There are no questions of this nature.

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

Based on the Agency's experience with the current Broadband Loan Program, the Agency estimates that Burden associated with this information collection will average 189,837 hours with a cost to respondents of \$8,542,665. The cost to respondents is based on an average of \$45 an hour. The Agency based the burden hour estimate and cost estimate on its experience with its existing Broadband Loan Program. See the spreadsheet included with this information collection package for a detailed breakout of the burden hours.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information.

(a) Total capital and start-up cost component (annualized over its expected useful life); and

There are no capital or start-up costs involved with this collection.

(b) Total operation and maintenance and purchase of services component.

There are no operation and maintenance, or purchase of services costs involved with this collection.

14. Provide estimates of annualized cost to the Federal Government.

Up to three percent of the \$2.5 billion in budget authority was authorized for Salary and Expenses to operate the BIP program. RUS anticipates awarding a contract worth \$20 to \$30 million for assistance in the administration of the program. The contractor will be responsible for multiple levels of program implementation and administration, including the processing of applications, training and outreach, and post award monitoring system development.

Additionally, the cost to the Federal Government directly associated with this information collection is estimated to be \$5,627,143 based on the following calculations:

Initial review of applications for priority, eligibility, and completeness:

Engineer review – \$39.70* X 500 applications X 80 hours = \$1,588,000

Loan Analyst review - \$39.70* X 500 applications X 80 hours = \$1,588,000

Recommendation to Operations Chief - \$49.22** X 500 applications X 1.5 hours = \$36,915

* GS 12, step 5

** GS 14, step 1

Complete review of application:

Engineer review – \$39.70* X 125 applications X 240 hours = \$1,191,000

Loan Analyst review - \$39.70* X 125 applications X 240 hours = \$1,191,000

* GS 12, step 5

** GS 14, step 1

Clerical time on various functions:

\$19.75* X 2 hours X 500 applications = \$19,750

* Secretary GS 7, step 1

Review of CPA Reports

Review of audit report	@\$47/hour X 6 hours X100 audits	\$28,200
Processing	@20.14/hour X 2 hours (clerical) X 100 audits	<u>\$ 4,028</u>

Attributed to an Accountant – GS 13, step 5)

Attributed to a clerical-type – GS 6, step 5)

15. Explain the reasons for any program changes or adjustments reported in items 13 or 14 of the OMB Form 83-1.

There are no program changes or adjustments because this is a new collection

16. For collection of information whose results will be published, outline plans for tabulation and publication.

The Agency will publish a list of successful applicants which will include general information regarding the project.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

RUS is not seeking approval to refrain from displaying the expiration date.

18. Explain each exception to the certification statement identified in item 19 on OMB 83-1.

There are no exceptions.

B. Collection of Information Employing Statistical Methods.

This collection does not involve statistical methods.