

Small Business Administration
Supporting Statement for Paperwork Reduction Act Submission:
The Impact of Broadband Speed and Price on Small Business
(Solicitation SBAHQ-09-R-0013)

A. Justification

1. *Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.*

Pursuant to the Broadband Data Improvement Act (PL 110-385 Sec. (105)),¹ the U.S. Small Business Administration, Office of Advocacy (“Advocacy”) has been directed by Congress to conduct a study evaluating the impact of broadband speed and price on small businesses. Advocacy is further instructed to submit a report to the Senate Committee on Commerce, Science, and Transportation; the Senate Committee on Small Business and Entrepreneurship; the House of Representatives Committee on Energy and Commerce; and the House of Representatives Committee on Small Business containing the results of the study. This report must be submitted to Congress by October 10, 2010. Advocacy, in turn, has contracted (SBAHQ-09-R-0013) with Columbia Telecommunications Corporation (CTC) to complete this study and analysis.

To our knowledge, this will be the first national survey of its kind designed to quantify the availability and price of broadband for small businesses; understand how such businesses adopt, use, and sustain broadband services; and measure the differences of demand between urban and rural markets. Private sector carriers hold such data close and refuse to share them for both competitive and proprietary reasons. What public data do exist are questionable in their usefulness, in part because they exist at levels of generality that are too high to be accurate. Further complicating the data picture is the wide variation in broadband availability and cost in different geographic areas. We have found, for example, dramatic differences between urban areas where we have undertaken business surveys (such as in Seattle, Miami, Philadelphia, and San Francisco) and suburban areas (such as the suburbs of Charlotte and Cleveland). Rural areas (depending how one defines “rural”) are even more complex, as small towns in rural areas may have significant broadband availability but very high costs, while less populated areas may not even have adequate mobile phone service, let alone broadband. As a result of these business, technical, and geographic complications, much of the existing public data regarding small business use of broadband is incomplete at best, fundamentally inaccurate at worst.

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.*

The purpose of this information collection is to collect information on broadband speed, price and availability for small businesses in both rural and urban areas. This data will be developed as part of a rigorous written survey process. Specifically, Advocacy has contracted with CTC to conduct two written surveys (statistically based) to a randomly selected set of small businesses in both rural and

¹ The applicable statutory language is appended to this statement.

suburban/urban markets. These surveys will be distributed by mail to 5,000 small businesses in each market (10,000 total), with an anticipated 8 percent to 15 percent return rate. This data will be gathered for Advocacy to assess the state of broadband access for its stakeholders. This information will enable Advocacy to determine unmet needs and to guide future investment. The survey will be used to guide policy recommendations in this area.

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. Also describe any consideration of using information technology to reduce burden.*

The collection does not involve the use of electronic, mechanical or other technological collection techniques or other forms of information technology. For the type of data and population group, our experience suggests that written surveys (rather than telephone or e-mail surveys) are the best method to encourage participation while not overburdening the resources of small businesses. Over the past few years, it has become more challenging to conduct surveys over the telephone because potential respondents become easily annoyed at the interruption of a telephone survey request. We have found that mail surveys give potential respondents the opportunity to reply to the survey at their convenience, and to allow them to gather staff input if required. Advocacy considered using information technology to reduce burden, however, e-mail surveys are not methodologically appropriate in this instance. Given the nature of this research, the proposed market research must include small businesses that do not use the Internet as well as those that do. E-mail surveys would limit participation to those small businesses with some Internet capability and would result in an incomplete sampling and distorted data.

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.*

This is the first national survey of its kind. As such, there is no comprehensive database of the information that will be gathered in this survey. The survey data will be supplemented with available industry, government, and private resources to identify and avoid duplication. However, none of these secondary data sources can be relied upon exclusively to provide the required analysis. Data on broadband use is extremely temporal and broadband research designed to understand statistical differences between markets is limited. Even collectively, these data sets will serve only to provide validation and/or additional insights into the original survey data. It is not methodologically sound to rely exclusively on such sources.

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.*

This collection of information (survey) will impact small businesses, but the survey has been designed to minimize that burden.

Our experience demonstrates that the form of survey we have designed will reduce the burden on the potential respondent universe in two ways. First, the survey will be distributed in booklet form that allows for ease of navigation. It will take only 12 to 15 minutes to complete, and is therefore likely to result in more complete responses. A high response rate will reduce the need for any follow-up or repeat distributions. Second, the survey will be distributed to a selection of randomly selected small businesses in two groups (urban/suburban and rural) rather than to a random selection of businesses not subdivided by geography. As a result, we believe the survey as designed will achieve enough response from each target group that Advocacy will not have to repeat the process to gather the data it needs from both target groups.

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

Advocacy, at the request of Congress, is seeking to evaluate the impact of broadband and speed and price on small business and to make recommendations for improvements related to both. The results of the survey will provide essential data to guide upcoming policy decisions considered by SBA, the FCC, other agencies, and Congress. Given the dearth of comprehensive data, these policy recommendations (and eventual improvements) cannot be

made absent the survey collection. Advocacy is undertaking this collection to fully comply with the intent of the legislation.²

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

- * requiring respondents to report information to the agency more often than quarterly;*
- * requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;*
- * requiring respondents to submit more than an original and two copies of any document;*
- * requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years;*
- * in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;*
- * requiring the use of a statistical data classification that has not been reviewed and approved by OMB;*
- * that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or*
- * requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.*

None of the special circumstances described in question 7 is applicable to this collection. This is a one-time, written survey. Respondents will be asked to submit a single copy based on readily available information. Respondents will not be required to retain records, submit confidential information, or take a pledge of confidentiality. The proposed collection is for a statistically valid data classification with a 95 percent confidence interval with a tolerance less than +/- 5 percent.

² See Broadband Data Improvement Act, PL 110-385, Sec. 105 (2008) (mandating survey collection and reporting to the Senate Committee on Commerce, Science, and Transportation, the Senate Committee on Small Business and Entrepreneurship, the House of Representatives Committee on Energy and Commerce, and the House of Representatives Committee on Small Business by October 10, 2010).

8. *If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden. 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, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported. Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.*

SBA published a notice in the Federal Register soliciting comments on this information collection on December 4, 2009 (74 FR 63804). The comment period ended on February 2, 2010. No comments have been received. A copy of this Federal Register notice is included with this submission.

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

Survey respondents will not receive any payment or gift.

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

The survey documents indicate to respondents that the identity of respondents will not be made public. The responses are essentially anonymous and any information collected will be protected to the extent permitted by law.

11. *Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.*

The collection will not include any questions of a sensitive nature.

12. *Provide estimates of the hour burden of the collection of information. The statement should:*
- * Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.*
 - * If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.*
 - * Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 13.*

Columbia Telecommunications Corporation (CTC) has pre-tested the collection instrument with nine respondents and determined a response time of 12 to 15 minutes. This is consistent with CTC's experience implementing 50 similar instruments over the course of a decade. The collection will be issued to 5,000 respondents in each market (rural and suburban/urban). Based on CTC's experience implementing similar collections, we anticipate an 8 percent to 15 percent response rate. Assuming 1,000 responses (10 percent response rate) and a high-end estimate of the time required to complete each survey, the total hour burden of the collection is 250 hours.

SBA anticipates that in general the office manager of participating respondents will complete the survey. Using the Bureau of Labor Statistics' latest national compensation survey, the average office manager earned \$35.33 per hour. Thus, the total estimated cost to respondents would be approximately \$8,833.

13. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

* The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

* If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collections services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use 10/95 existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

* Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

Excluding the hours noted above, there are no additional costs to respondents or recordkeepers.

14. Provide estimates of annualized costs to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

There are no costs to the Federal government other than the purchase of a one-time research study (contract No. SBAHQ-09-C-0050, awarded on September 25, 2009) for \$195,970. While there will be some cost for an Advocacy employee to review the draft report for the contractor, having the information available will ultimately save costs by reducing research time and collection costs for Advocacy.

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

This is a new information collection request.

16. *For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.*

We plan to distribute the survey as soon as OMB clearance has been granted. The paperwork will be transmitted to OMB on February 3rd. The responses are due 30 days after receipt of package. The analysis of the survey will occur over an eight-week period and provide a basis for a draft report to be submitted to Advocacy by July 31, 2010. A final publication will be submitted by August 30, 2010. Pursuant to the Broadband Data Improvement Act, the results of the survey and related analysis will be reported to the Senate Committee on Commerce, Science, and Transportation; the Senate Committee on Small Business and Entrepreneurship; the House of Representatives Committee on Energy and Commerce; and the House of Representatives Committee on Small Business by October 10, 2010 (i.e., two years after enactment of the applicable statute).

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.*

Not applicable.

18. *Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.*

This collection of information complies with the certification statement.

