

SUPPORTING STATEMENT

**OMB Docket No. 0572-_____
Broadband Initiatives Program
Rural Libraries, Technical Assistance and Satellite – Broadband Initiatives
Program**

This supporting statement covers a new collection of information. The Agency is requesting emergency clearance.

A. Justification

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

The American Recovery and Reinvestment Act of 2009 (the “Recovery Act”) 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.

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

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 for the Satellite, Rural Library Broadband, and Technical Assistance Grants offered through the Broadband Initiatives Program. Specifically, as listed in question 2 below and on Form 36, this information collection includes application requirements as well as other associated reporting requirements.

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.

The Recovery Act directs RUS to monitor recipient's progress, including through a quarterly reporting requirement.

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.

This supporting statement covers the application process and related burden for three separate grant opportunities under the Broadband Initiatives Program as follows:

Rural Libraries Application

Each applicant for a grant will complete one application form. A complete application will include the following:

- a. The identity of the Applicant, and co-Applicant, if any, and general Applicant and project information;
- b. A description of the project that will be made public consistent with the requirements of the Recovery Act;
- c. The estimated dollar amount of the funding request;
- d. An executive summary of the project as detailed in the application;
- e. A certification that no broadband connection exists to the rural library, and that the rural library has or will receive a Community Facilities award;
- f. A description of the quality of the service being provided;
- g. A description of the benefits to the community or communities to be served by the rural library broadband connection; and
- h. A completed Environmental Questionnaire.

RUS intends to use the information collected from the application form to evaluate whether an applicant is eligible for funding. 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 to RUS in paper (or hard copy) format. Applications for Rural Library Broadband grants will be evaluated in terms of the benefit to the rural library benefitting from the grant, as well as the benefits to the community to be served. The quality of the broadband service being provided, the length of any proposed free service or additional discounted service, the conditions of the community to be served, such as unemployment rate or income levels, and the reasonableness of costs will all be considered as a whole. RUS, in its discretion, may increase or decrease the requested award amount based on its evaluation of the reasonableness of the costs and the level of funding available for this program.

Grant Documents – Successful applicants will execute 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

Technical Assistance Application

Each applicant for a grant will complete one application form. A complete application, which must not exceed twenty (20) consecutively numbered, 8.5x11-inch pages of single-spaced, standard 12-point type with 1-inch margins, must provide the following information:

- a. An overview of the plan to address the following USDA key strategy: Use of broadband and other critical infrastructure as a strategy to facilitate local entrepreneurship and expansion of market opportunities for small businesses;
- b. The description of the identified Region or USDA Region in need of assistance;
- c. An explanation of the economic integration and cohesion that will be created in the Region or USDA Region with the Award. Proposals with detailed plans for a market study, engineered broadband network, or pro forma financial analysis will be favored. The qualifications of consultants to provide such work should also be addressed;
- d. Evidence of resources which will be used to implement the regional economic and community development strategies, such as letters of endorsement from State and local governments, educational institutions, and the private and nonprofit sectors;
- e. The identity of communities within the Region or USDA Region that would be eligible under RUS' Infrastructure Telecommunications, Rural Broadband Access, Community-Oriented Connectivity Broadband, and/or Distance Learning and Telemedicine grant and loan programs, and basic data regarding population, numbers of households, numbers and types of businesses, local revenue and employment should be provided;
- f. The amount of the grant request, supported by a detailed budget estimate to create the plan;

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

g. A list the objectives of the plan and why the objectives are important. This section should also include any background or introductory information that would help explain the objectives.

h. An outline of the research design, methods, analytical tools, and techniques that the applicant intends to use in meeting the objectives stated above. Methods must be clearly stated so that the agency can evaluate the appropriateness of the applicant's approach and tools to be used. A statement such as: "we will evaluate the data using the usual statistical methods" is not specific enough for evaluation.

i. Describe the expected results, benefits, and outcomes the applicant expects to achieve if awarded the grant and the potential benefits of the results to the communities and region served in the plan. A clear, concise description will help the agency understand the merits of the proposal; and

j. Discuss other information relevant to the potential success of the project. This should include facilities, personnel expertise/experience, project schedules, proposed management, interactions with other institutions, etc. Applications for multi-investigator projects must identify project management and the functions of each investigator in each team and describe plans to communicate and share data.

Grant Documents – Successful applicants will execute 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.⁵

Satellite Application

Each applicant for a grant will complete one application form. A complete application will include the following, broken out to the extent possible for each Satellite Region being applied for, if not a National Application:

⁵ Recovery Act, § 1512(c), 123 Stat. at 287.

- a. The identity of the Applicant or co-applicants and general Applicant and project information including:
 - i. A description of the project that will be made public consistent with the requirements of the Recovery Act;
 - ii. The Congressional District of the Applicant's headquarters;
- b. An executive summary of the project, including the Satellite Region(s) for which the Applicant is applying, whether it is a National Application, and the number of unserved rural premises proposed to be served by the applicant within the Satellite Region(s);
- c. A description of the Applicant's ability to cover the entire Satellite Region(s) being applied for;
- d. A description of the proposed service offerings, including quality of service, transmission speed, associated pricing plans for a Basic Service Package, an Expanded Service Package, and a Commercial Service Package, how its rates will be affordable to low-income households, and how the service will be marketed throughout the entire Satellite Region(s) being applied for.;
- e. Resumes of key management personnel, a description of the organization's readiness to manage a broadband services network, and an organizational chart showing any parent organizations and/or subsidiaries and affiliates;
- f. A legal opinion that addresses the Applicant's ability to enter into the award documents; describes all material pending litigation matters; and addresses the Applicant's ability to pledge security as required by the award documents;
- g. The total amount of the proposal, the amount which the Applicant is requesting in assistance, and the proposed subscriber amount (note only regional applications may contain distinct proposed subscriber amounts);
- h. Pro Forma financial analysis related to the sustainability of the project, including subscriber estimates and proposed service offerings in addition to broadband Internet access; annual financial projections including balance sheets, income statements, and cash flow statements and supporting assumptions for a five-year forecast period as applicable; and evidence of committed sources of capital funding required to sustain the operation;
- i. Historical financial statements, Certified Public Accountant (CPA) audits if applicable, for the previous two calendar years;
- j. Certifications required in the application;
- k. The pricing package being offered to critical community facilities, if any;
- l. A list of all outstanding and contingent obligations, including copies of existing notes, loan and security agreements, and guarantees;
- m. A detailed description of working capital requirements and the source of these funds;
- n. 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.

RUS intends to use the information collected from the application form to evaluate whether an applicant is eligible for funding. 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 to RUS in paper (or hard copy) format. Regional and National Applications will be evaluated on the strength of their proposals and the extent to which unserved rural premises will benefit under their proposals. The price of the service to the end-user, the proposed subscriber amount, the length of any proposed discounted service, the quality and transmission speed of the proposed services, especially the Basic Service Package, how potential requests for service will be handled, and the amount of outside investment in the project will all be considered as a whole.

Successful Applicants will be notified of the details of the award, and must accept the offer within the time specified in the grant offer. Applicants that are not able to do so will be rejected, and the next qualifying Applicant may be selected for the Satellite Region.

Grant Documents – Successful applicants will execute 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.⁶

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)

⁶ Recovery Act, § 1512(c), 123 Stat. at 287.

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.

Due to the stringent timelines associated with Recovery Act funding obligation deadlines and the low response rate for these particular grant programs, the Agency did not create an electronic application submission portal for this program. However, the Agency will post an application template on the BroadbandUSA.gov website to allow for easier completion by applicants.

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.

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 application will be convenient for all applicants.

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 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' 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 Request for Proposals seeking comments regarding the Agency's estimate of burden.

- 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.**

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 and the Broadband Initiatives first and second round funding announcements, the Agency estimates that Burden

associated with this information collection will average 8,235 hours for reporting and 192 hours for recordkeeping for a total 8,427 hours.

The cost to respondents is estimated to be \$379,215. 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 grant programs. 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 has awarded a contract worth approximately \$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 at the direction of the Agency.

Additionally, the cost to the Federal Government directly associated with this information collection is estimated to be \$93,892 based on the following calculations:

Review of applications for eligibility and completeness:

Analyst review - $\$39.70^* \times 134 \text{ applications} \times 16 \text{ hours} = \$85,117$

Recommendation to Operations Chief - $\$49.22^{**} \times 83 \text{ applications} \times 1.5 \text{ hours} = \$6,128$

* GS 12, step 5

** GS 14, step 1

Clerical time on various functions:

$\$19.75^* \times 1 \text{ hours} \times 134 \text{ applications} = \$2,647$

* Secretary GS 7, step 1

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.