2012 - SUPPORTING STATEMENT
(0572-0096)

7 CFR 1703, Subparts D, E, F, and G, Distance Learning and Telemedicine Loan and Grant Program

A. Justification

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

The Rural Utilities Service, an agency of the U.S. Department of Agriculture (USDA), is authorized by Chapter 1 of subtitle D of title XXIII of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa et seq.) to provide financial assistance for the purpose of financing the construction of facilities and systems to provide telemedicine services and distance learning services in sparsely populated rural areas. Financial assistance provided under the Distance Learning and Telemedicine (DLT) Loan and Grant Program consists of grants, cost of money loans, or both. The purpose of the DLT Loan and Grant Program is to encourage and improve telemedicine services and distance learning services in rural areas through the use of telecommunications, computer networks, and related advanced technologies by students, teachers, medical professionals, and rural residents. Section 6201 of Title VI of the 2008 Farm Bill (P.L. 110-246) amended 7 U.S.C. 950aaa *et seq*, by extending the term of the program to the year 2012. The Agency administers the DLT Loan and Grant Program through 7 CFR 1703, subparts D, E, F, and G.

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.

Respondents submit application packages to the Telecommunications Program in the Washington, DC office. The application packages are reviewed by the Program staff for eligibility of: (a) the applicant to apply for assistance,;(b) the project, including the equipment proposed for that project; and (c) the application package, with respect to demonstration of the regulatory requirements of the application process.

Eligible applicants under this Program are public and private, for-profit and not-for-profit rural community facilities operators, schools, libraries, hospitals, and medical facilities. The purpose of the information is to determine such factors as:

- Eligibility of the applicant’s organization;
- Eligibility of the application through a demonstration that it meets program requirements;

- Specific purpose of the proposed project;
- Compliance with other Federal regulations and policies concerning such areas as: environment, equal opportunity, architectural barriers, flood hazard areas, relocation assistance, drug-free work place, listing in the National Register of Historical Places, debarment and suspension, and lobbying restrictions;
- Cost of the project and degree of participation in the financing from other sources;
- Project feasibility;
- Who will carry out the purposes of the loan and/or grant;
- Time schedule for completion of the proposed project;
- Need for improved educational or medical facilities;
- Employment and economic effect on the rural community; and
- That legal requirements are satisfied.

FORMS CLEARED UNDER OTHER COLLECTION PACKAGES:

<u>Standard Form (SF) 424 – Application for Federal Assistance</u> (cleared under 4040-0004)
This standard Government form, prescribed by OMB Circular A-102, is used to apply for assistance under this program. Applicants use this form to project costs and expenses for the project. For loan and loan/grant applications, the applicant must submit a board of director's resolution authorizing the funding request.

<u>Request for Advance or Reimbursement – SF 270 (Cleared under 0348-0004)</u>

This standard form is used by the recipient of financial assistance to requisition the approved funds, as prescribed by 7 CFR Parts 3015 and 3016, Uniform Federal Assistance Regulations. The SF 270 Form is cleared under another package but the Agency is responsible to account for the burden hours.

<u>Audit Report – (Cleared under 0572-0095)</u>

Audit reports will be required in accordance with 7 CFR Parts 1773 and 3052 to determine that grant and/or loan funds have been utilized for approved purposes.

FORMS CLEARED UNDER THIS PACKAGE:

<u>Executive Summary</u>
The executive summary provides reviewers an overall view of the project area, the problems the residents face, and how the proposed project will address those problems. The summary includes:

- An abstract that concisely describes the project.
- An overview of the telecommunications system to be developed.
- A description of the participating sites and services territory, as well as the number of residents who will be served at each site. In particular, applicants should address whether the project duplicates an existing service. The Agency cannot fund duplicate facilities.
- A description of the types of distance learning or telemedicine services proposed.
- An explanation of how the project will address community needs, why the organization requires financial assistance, and how the project benefits rural residents.

Scoring Criteria Documentation

Scoring is primarily a requirement for 100% Grants. However, 100% Loans and Combos must demonstrate that they meet the same minimum Rurality score required for a 100% Grant.

The applicant must provide information on four objective scoring criteria with the aid of worksheets and provide written documentation for the subjective criteria. The agency uses this information, as part of the competitive scoring process, to decide which projects receive funding. The four objective criteria are:

- *Rurality*: measures the comparative population sparsity of the project service area;
- *NSLP:* measures the economic need of the area based on the National School Lunch Program;
- *Leveraging*: measures the financial resources available to the applicant; and
- *EZ/EC*: measures whether any part of the project is located in an area that is part of a USDA-designated Empowerment Zone (EZ), Enterprise Community, and/or Champion Community.

Proposed Scope of Work

The scope of work is used to measure the performance of the recipient and the success of the project. It describes project activities, who is responsible for the activities, and the timetable to complete the project.

Grant Applicants

The applicant must provide a narrative description demonstrating the feasibility of the project. The applicant should address their technical and programmatic expertise in undertaking and completing the project and how they will ensure project sustainability.

The applicant needs to address what resources will be devoted to the project and how they are sufficient to sustain the project. The narrative description should include all assumptions and the following information:

- A budget and descriptions of the project’s revenues and expenses;
- Evidence of cost-sharing arrangements among hub and end-user sites, if applicable;
- Identification of any other items that may affect feasibility or sustainability of the project; and
- For applicants under §1703.103(a)(2)(ii) of Subpart D, an explanation of the economic analysis justifying the rate structure to ensure that the benefits, including cost savings, of the financial assistance are passed through to those receiving telemedicine or distance learning services.

Financial Information

The applicant must provide a summary explaining how the enclosed financial information supports the applicant’s need for the funding requested for the project. The applicant must show its financial ability to complete the project; demonstrate project feasibility; and provide evidence that it can execute a loan note with a maturity period greater than one year. Applicants, including all members of a consortium, must provide an income statement and balance sheet for the most recent annual reporting period preceding the date of application. When the applicant is a partnership, company, corporation, or other entity, current balance sheets are needed from each of the entities that have at least a 20 percent interest. When the applicant is a consortium, a current balance sheet is needed from each member of the consortium and from each of the entities that have at least a 20 percent interest in such member of the consortium.

Statement of Experience

If applicable, the applicant must provide a written narrative describing its capability and experience operating an educational, health care, or any project similar to the proposed project.

Funding Commitments from Other Sources (Grants Only)

In addition to the funds requested from RUS, the applicant must provide evidence that all funds are committed and will be used for the proposed project. For example, a letter from the organization providing the matching funds is sufficient to meet this requirement.

Telecommunications System Plan & Scope of Work (TSP)

A TSP is a requirement of a complete application. The TSP provides the reviewer with a thorough understanding of the project. The TSP, in tandem with the *Budget*, is the foundation of the application. In particular, it shows the sites (hubs, hub/end-users, or end/users) that will participate in the project and shows where the equipment will be located. In addition, the TSP shows how the equipment is interconnected and how it accomplishes the distance learning or telemedicine purposes of the project. It includes:

1. A description of the types of distance learning and telemedicine services proposed and a statement that the project is either for a distance learning or telemedicine purpose.
2. A general description of the telecommunications facilities proposed for the project, including an explanation of how they will enable the project's interconnection with other networks, if that is relevant. This discussion should cover the entire project, including interconnected sites for which no grant or match funds are budgeted.
3. A map and/or a network diagram of the telecommunications system, and how the distance learning or telemedicine equipment relates to that system. For fixed site projects, each site must be represented on the map/diagram. For non-fixed sites projects, the applicant provides a map of its official service territory.
4. A list that can be cross-referenced with the map/diagram and every line-item in the Budget, including detailed descriptions of each line-item.
5. Documentation of discussions with various technical sources, such as consultants, engineers, product vendors or internal technical experts.
6. A discussion of whether the project will duplicate any adequate, established telemedicine or distance learning services. In particular, applicants are to thoroughly discuss any DLT grants received from the Agency in the previous two fiscal years and how they would affect the project proposed in the application. They need to identify any sites in their application that are included in another application during the same cycle.
7. A description of the consultations with the appropriate telecommunications carriers (including interexchange carriers, cable television operators, enhanced service providers, providers of satellite services and telecommunications equipment manufacturers and distributors) and the anticipated role of these providers in the proposed telecommunications system.
8. Scope of Work – The scope of work explains what the applicant plans to do from an implementation standpoint. It includes the specific activities to be performed, whom will carry out the activities, and the timeframes for accomplishing the project objectives and activities.

Equal Opportunity and Nondiscrimination Certification

This information is required by U.S. Title VI of the Civil Rights Act of 1964, as amended, section 504 of the Rehabilitation Act of 1973, as amended, the Age

Discrimination Act of 1975, as amended, and Executive Order 11246, Equal Employment Opportunity, as amended.

<u>Certificate Regarding Architectural Barriers</u>

This information is required by the Architectural Barriers Act of 1968, as amended.

<u>Certificate Regarding Flood Hazard Area Precautions</u>

If the project is in an area subject to flooding, flood insurance must be provided to the extent available and required under the Flood Disaster Protection Act of 1973, as amended.

<u>Certification Regarding Uniform Relocation Assistance</u>
This certification assures that the recipient of financial assistance will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Certification

<u>Certification Regarding Drug-Free Workplace Requirements Alternative I – For Grantees Other than Individuals</u>

This certification is required by the regulations implementing section 5151-5160 of the Drug-Free Workplace Act of 1988 (7 CFR 3017.600).

<u>Certification Regarding Debarment, Suspension, and Other Responsibility Matters – Primary Covered Transactions</u>

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension (7 CFR 3017.510).

<u>Certification Regarding Lobbying for Contracts, Grants, Loans, and Cooperative Agreements</u>

This certification is required by U.S.C. Title 31, Section 1352 for financial assistance in excess of $100,000. If the applicant is engaged in lobbying activities, a completed disclosure form, Disclosure of Lobbying Activities, is also required (7 CFR Part 3018).

Non Duplication of Services Certificate

Applicants must certify that the facilities financed with the funding received will not duplicate adequate telemedicine and/or distance learning services.

Environmental Impact and Historic Preservation

The applicant must provide details of the project's impact on the environment and historic preservation. The application must contain a separate section entitled "Environmental Impact of the Project." Applicants may use Attachment 12 or 13 of the Application Guides to help in complying with this requirement.

Evidence of Legal Authority to Contract with the Government

The applicant must provide evidence demonstrating its legal authority to enter into a grant agreement with RUS and perform the activities proposed by the project. Satisfactory documentation includes, but is not limited to, Articles of Incorporation, Bylaws, Board Resolutions, excerpts from State Statutes, or an attorney's opinion of counsel.

Evidence of Legal Existence

The applicant must provide evidence demonstrating that it is legally recognized under State and Federal law. Satisfactory documentation includes, but is not limited to, certificates from the Secretary of State, State statutes or laws establishing your organization.

Federal Debt Certification

The applicant must provide certification that it is not delinquent on any Federal debt and understands the actions the government may take if it fails to make scheduled payments.

Consultation with USDA State Director – Rural Development (Grants Only)

The applicant must provide evidence that it has consulted with the USDA State Director – Rural Development concerning the availability of other sources of funding available at the State or local level.

State Strategic Plan Conformity (Grants Only)

The applicant must provide evidence from the USDA State Director – Rural Development that the application conforms with the State strategic plan as prepared under section 381D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.). (The applicant should indicate if such a plan does not exist.)

AWARDED GRANTS AND LOANS ONLY

Updated Information for Preparing Legal Documents and Execution of Legal Documents

After an applicant has been selected for a grant and/or loan, the Agency will prepare a Grant Agreement, a Combination Loan/Grant and Security Agreement, or a Loan and Security Agreement, outlining any agreement, certifications, legal opinions and terms and conditions for the grant and/or loan. Execution of these documents is necessary to protect the integrity of the program and the interest of the parties.

Evidence of Fidelity Bond Coverage

Fidelity bonds are required for an amount equal to 15 percent of the greatest amount of funds on hand by a recipient of financial assistance. This is to ensure that if funds are somehow lost, stolen, misappropriated, etc., that the actual loss to the recipient of financial assistance will be mitigated and that purposes of the grant and/or loan will continue.

Project Performance Report

This information will allow RUS to ensure that the interests of the government are being protected and the goals and objectives of the program are being met. The report will be prepared by the recipient of financial assistance on an annual basis while the grant and/or loan funds are being expended to report on the progress in implementing the project; this will include information on the comparison of actual accomplishments to the objectives established for the period, reasons why established objectives may have not been met, descriptions of any problems, delays or adverse conditions, and timetables established for the next reporting period.

Recordkeeping Requirements

Recipients of financial assistance must maintain financial management systems and retain financial records in accordance with terms and conditions of the grant or loan. Grantee and borrower records must include an accurate accounting and must document how these funds are used.

3. <u>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</u>.

The Agency accepts electronic applications through Grants.gov. Applications were first accepted electronically in Fiscal Year 2005. The table below shows the electronic submission statistics for the last four years.

FY /	Total Apps /	Grants.gov apps /	percentage
2011	210	36	17.14%
2010	234	13	5.56%
2009	211	18	8.53%
2008	190	14	7.37%
cumulative	845	81	9.59%

4. <u>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</u>.

The documentation required by this collection deals with a specific project that the applicant will be completing, no general data collection is involved. There are no similar programs conducted across the Federal Government in which a duplication of information would already exist.

5. <u>If the collection of information impacts small businesses or other small entities (item 5 of OMB Form 83-1), describe any methods used to minimize burden</u>.

The Agency has tried to design the format of the information required in order to minimize the burden on small entities. In addition, the Agency has compiled user friendly Application Guides to enable entities to create a successful application package. The Telecom Program believes that the information collected is the minimum needed by the Agency to approve grants/loans and monitor the grantee/borrower performance.

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.

If the collection of information were conducted less frequently, it could have an effect on the Agency's ability to administer the grant and loan program. The Agency must determine that the grant/loan funds are to be used by the eligible applicants for authorized purposes.

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 is no requirement to respond more than quarterly, unless information is needed from the applicant, in which case the applicant has 15 working days to provide the information.

b. Requiring written responses in less than 30 days.
There is no requirement for a response in less than 30 days, except for those applicants that appeal the scoring process, in which case they have 10 days to file an appeal of the scoring results.

c. Requiring more than an original and two copies.
An original and two copies of the application are sent to USDA, plus a copy to the State Government point of contact.

d. Requiring respondents to retain records for more than 3 years.
There is no such requirement because projects are required to be completed within 3 years..

e. That is not designed to produce valid and reliable results that can be generalized to the universe of study.
This collection does not involve a survey.

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

g. Requiring a pledge of confidentiality.
There is no requirement for a pledge of confidentiality.

h. Requiring submission of proprietary trade secrets.
There is no requirement for submission of proprietary trade secrets.

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.

As required by 5 CFR 1320,8(d), a Notice to request public comments was published on May 7, 2012 at 77 FR 26735. No comments were received.

RUS has contacted the following three program recipients to determine their views on the information collection:

Jack Dennis
Manager of Grants and Development
Wayne Memorial Hospital
601 Park Street
Honesdale, PA 18431-1445
(570)251-6533
FAX (570)253-8993

Amy Sheele
Executive Director
Graham Children's Health Service of Toe River
202 Medical Compus Drive
Burnsville, NC 28714
(828)682-7899
gchs@trhd.dst.nc.us

Becky Heisinger
Grant Finance Manager
Avera Health
3900 W Avera Ave.
Sioux Falls, SD 57108-4799
(605)322-4588
FAX (605)322-4522
Becky.Heisinger@avera.org

All three offered favorable comments on the application process for the DLT program.

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

Payments or gifts are not provided to respondents.

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

The information collection does not require confidentiality. Information submitted to RUS by borrowers 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 a sensitive nature.

12. Provide estimates of the burden hours for this collection of information.

Based on program experience of the past three years, it is estimated that an average of 210 grant applications will be submitted annually, and 100 grants will be awarded. At present no funds are appropriated for loans or loan/grant combos. We estimate the total burden required to comply with this collection of information is approximately 57 hours for each grant application. Award recipients are estimated to require an additional 8.5 hours for reporting and 12,638 hours of burden for recordkeeping activities to comply with this collection of information. A breakdown of the reporting and recordkeeping requirements is provided on the attached Summary of Information Collection. Cost estimates are based on experience, discussion with program staff that operates the program, and comments from grant recipients.

The ‘Cost to the public’ wage figures used are from the "May 2011 Occupational Employment and Wage Estimates" at http://www.bls.gov/oes/oes_dl.htm. National 4-digit NAICS Industry-Specific estimates are used. The table (spreadsheet) is nat4d_M2011_dl.xlsm from the zip file oesm11in4.zip. The industry used is Wired Telecommunications Carriers. For ‘Professional’ time an hourly wage of $54.83 for ‘Managers, All Other (11-9199)’ is used. For ‘Clerical’ time an hourly wage of $20.44 for ‘Office and Administrative Support Workers, All Other (43-9799)’ is used.

The following is a breakdown of the costs to the public:

COST TO THE PUBLIC

1. Reporting

Professional				
210 grant applicants	X	41.29 hours	X $54.83 =	$475,425
Clerical				
210 grant applicants	X	10.32 hours	X $20.44 =	$ 44,298
Professional				
100 recipients	X	9.20 hours	X $54.83 =	$ 50,444
Clerical				
100 recipients	X	2.30 hours	X $20.44 =	$ 4,701

2. Recordkeeping

Professional				
100 recipients	X	2.80 hours	X $54.83 =	$ 15,352
Clerical				
100 recipients	X	5.20hours	X $20.44 =	$ 10,629
TOTAL COST TO THE PUBLIC			**=**	**$600,849**

13. Provide an estimate of the total annual cost burden to respondents or record keepers 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 and/or start-up costs components associated with this collection.

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

There are no operation and maintenance and/or purchase of services component associated with this collection.

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

The cost to the Federal government is estimated to be $135,894. Costs are based on experience and calculated at a rate of $48.35/hr (GS – 13/5) for professional time and $20.63/hr (GS-6/5) for clerical time. RUS anticipates receiving 210 applications and making awards to 100 recipients. RUS has also included Administrative and Travel costs which are used to promote the program across the U.S. These costs were calculated using the OPM pay scale from 2012, when this package was completed.

COST TO THE FEDERAL GOVERNMENT

Travel & Administrative				$ 13,000
Professional Review of Applications				
210 Applications	X 7 hrs.	X $48.35	=	$71,075
Clerical Time Spent on Applications				
210 Applications	X 4 hrs.	X $20.63	=	$17,329
Post Award Professional Time	100 X 5 hrs.	X $48.35	=	$24,175
Post Award Clerical Time	100 X 5 hrs.	X $20.63	=	$10,315
TOTAL COST TO THE GOVERNMENT			**=**	**$135,894**

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

This is a revision of a currently approved information collection package. The total annual burden hours for this collection are 12,638.

There was a reduction in the number of respondents from 230 to 210 resulting in an adjustment decrease of -490 burden hours. Also, there is a program change decrease of -150 hours to correct the previous incorrectly reported 250 recordkeepers to 100 recordkeepers for the Project Performance Report.

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

There are no plans for publication.

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.

No such approval is requested.

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 information collection does not employ statistical methods.