

**2013**  
**SUPPORTING STATEMENT**

**OMB Docket No. 0572-0142**  
**Broadband Initiatives Program**

This collection is a revision of a previously approved package.

**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 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.”<sup>1</sup> 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.<sup>2</sup> 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.”<sup>3</sup>

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.

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

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

<sup>3</sup> 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.**

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

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.<sup>4</sup>

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. Recipients of BIP Technical Assistance grants are not required to submit financial information on the grant through BCAS.

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<sup>4</sup> Recovery Act, § 1512(c), 123 Stat. at 287.

Generally Accepted Accounting Principles (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. 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. Recipients who have received a BIP Technical Assistance grant (19 recipients) are not required to submit this information for the Technical Assistance grant through BCAS.

**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.**

Information reported by recipients will be specific to projects funded under BIP and the financial and other information reported are specifically required to meet Recovery Act requirements and the requirements of the BIP loan/grant documents.

**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 reporting system will be convenient for all recipients. The information reported may be taken directly from the accounting records normally maintained by recipients; therefore, no additional burden is imposed that would impact small businesses or small entities. The agency estimates that according to the Table of Small Business Size Standards established by the Small Business Administration (SBA) which is matched to the [North American Industry Classification System NAICS](#) for industries, 111 (or 49 percent of the recipients) for this collection are considered small businesses, 22 (or 9.7 percent of the recipients) are tribes and 6 (or 2.6 percent of the recipients) are state/local governments.

**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.**

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 and other RUS, USDA and Federal reporting requirements; to ensure that BIP projects are being completed within the timeframes required by the Recovery Act; to ensure that loan funds are being used for approved purposes consistent with the requirements of the program and the Recovery Act; and to conduct rigorous and timely portfolio management and repayment of Federal loans.

For these reasons, if RUS did not request this information from recipients, 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.

There are no other special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.6.

**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 60 day Notice requesting comments was published in the *Federal Register*, at 77 FR 66433 on November 5, 2012. No comments were received in response to the 60-Day Notice.

RUS contacted three recipients to determine their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, reporting format and on data elements to be recorded, disclosed or reported. The three recipients and their contact information are as follows:

1. Warm Springs Telecommunications Company  
Benjamin Bisland  
541-553-3207  
[Ben.bisland@wstribes.org](mailto:Ben.bisland@wstribes.org)
2. Nex-Tech,  
Michael Pollock  
785-547-4281  
[mpollock@nex-tech.com](mailto:mpollock@nex-tech.com)
3. Halstad Telephone Cooperative  
Mark Forseth  
218-456-2125  
[markforseth@rrv.net](mailto:markforseth@rrv.net)

In general, the three recipients contacted agreed that the estimates were reasonable. Based on feedback from two respondents, RUS increased the hours per response for two categories: recipient reporting through Recovery.gov and Submission of Financial Information through BCAS. One respondent (Warm Springs) stated that it is difficult to obtain DUNS numbers for subcontractors or vendors for Recovery.gov reporting and thought that the instructions for Recovery.gov could be clearer (this reporting portal is not

managed or controlled by USDA). The respondent from Halstad Telephone believes that the BCAS collection is too frequent and he is not always clear on what data is required to file. RUS will review its reporting instructions to ensure that they are understood by respondents. The respondent from Nex-Tech/Rural Telephone stated that there is some redundancy of the information requested between the BCAS reporting system and the RUS Form 479. He also suggested that an annual submission for BCAS information would be better than quarterly; however, RUS believes that quarterly reporting is required for ensuring completion of projects and compliance with requirements.

**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 a sensitive nature.

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

In the previous submission, applications were being accepted by the Agency which is no longer the case. The *total annual burden and record keeping hours* from the previous collection total of 631,272 to 12,000 for this collection is a -619,272 reduction in hours. (Please see separate spreadsheet)

1. The cost to respondents is estimated to be \$532,248 The Agency based the cost estimate on its experience with its existing Broadband Loan Program recipients. \_  
BCAS and Recovery.gov reporting  
Professional time @\$54.83/hr x 5,520 hours = \$302,662

The wage rate used is from the May 2011 Occupational Employment and Wage Estimates at [http://www.bls.gov/oes/oes\\_dl.htm](http://www.bls.gov/oes/oes_dl.htm). National 4-digit NAICS Industry-Specific estimates are used and the industry used is Wired Telecommunications Carriers (517100). For “professional” time an hourly wage of \$54.83 for “Managers, All Other (11-9199)” is used.

2. \_CPA audits, submission of auditors report, index of records and recordkeeping  
Professional time @\$35.43/hr x 6,480 hours = \$229,586

The wage rate used is from the May 2011 Occupational Employment and Wage Estimates at [http://www.bls.gov/oes/oes\\_dl.htm](http://www.bls.gov/oes/oes_dl.htm). National 4-digit NAICS Industry-Specific estimates are used and the industry used is Wired Telecommunications Carriers

(517100). For “professional” time an hourly wage of \$35.43 for “Accountants and Auditors (13-2011)” is used.

Total annualized cost to respondents = \$532,248

**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.**

The cost to the Federal Government directly associated with this information collection is estimated to be \$149,693 based on the following calculations:

Review of CPA Reports

- Review of audit report \$48.35/hour (GS 13, step 5, accountant) x 6 hours X225 audits	= \$ 65,272
- Review of audit report \$48.35/hour (GS 13, step 5, loan specialist), x 2 hours x 225 audits	= \$ 21,757
- Processing \$20.53/hour (GS 6, step 5, clerical) x 2 hours X 225 audits	= \$ 9,238
- Review of BCAS reporting \$48.35 /hour (GS 13, step 5, loan specialist) x 4 hours x 206 reports	= \$ 39,840
- Review of Recovery.gov reporting \$48.35/h hour (GS 13, step 5, loan specialist) x 1 hours x 281 reports	= \$ 13,586
<u>Total annualized cost to the Federal Government:</u>	<u>= \$149,693</u>

**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 collection. The *total annual burden and record keeping hours* from the previous collection total of 631,272 to 12,000 is a -619,272 hours reduction for this collection package. (Please see separate spreadsheet.)

The previous *annual burden* hour total of 631,272 to 6,600 reflects a decrease of -624,672 hours. Hours have been reduced because the application process for the BIP program has been closed and no applications will be accepted in the future. (The hours for submitting loan applications that were included in the previous collection burden estimate have been removed.)

*Recordkeeping hours* for this collection have also decreased by -3240 from a previous total of 8,640 to 5,400. Also, the *number of respondents* for preparation of loan documents, reporting requirements and accounting requirements has been adjusted from 1800 respondents to 225 respondents as this is the actual number of BIP awardees. This is a decrease of -1575 respondents. (Please note: Some of the 225 respondents manage more than one project. For purposes of estimating recipient reporting requirements under the Recovery Act, the number of respondents is 282, as the recipients must report on a “per project” basis, whereas the other reporting and auditing requirements are determined on an awardee basis.)

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

Recipient reporting under the Recovery Act is available to the public at [www.Recovery.gov](http://www.Recovery.gov).

**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.

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**B. Collection of Information Employing Statistical Methods.**

This collection does not involve statistical methods.