

SUPPORTING STATEMENT

0572-0127

Broadband Grant Program

This is an extension of a currently approved collection.

A. Justification

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

The United States Department of Agriculture (USDA) Rural Development administers loan and grant programs through the Rural Utilities Service (Agency). The Agency is requesting approval for this collection in support of the Broadband Grant Program.

The provision of broadband service is vital to the economic development, education, health, and safety of rural Americans. Congress has recognized the need to facilitate the deployment of broadband service in unserved rural areas. *The Agency administers this program through 7 CFR 1739, subpart A.*

The Agency provides financial assistance in the form of grants to eligible entities that propose, on a “community-oriented connectivity” basis, to provide broadband service that fosters economic growth and delivers enhanced educational, health care, and public safety services to extremely rural, lower income communities. The Agency gives priority to rural areas that it believes have the greatest need for broadband services. Grant authority is utilized to deploy broadband infrastructure to extremely rural, lower income communities on a “community-oriented connectivity” basis. The “community-oriented connectivity” concept integrates the deployment of broadband infrastructure with the practical, everyday uses and applications of the facilities. This broadband access is intended to promote economic development and provide enhanced educational and health care opportunities. The Agency provides financial assistance to eligible entities that are proposing to deploy broadband service in rural communities where such service does not currently exist and who will connect the critical community facilities including the local schools, libraries, hospitals, police, fire and rescue services and who will operate a community center that provides free and open access to residents.

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.

Applications will be submitted by entities to the Agency via electronic or hard copy. The applicant will submit a grant application that contains the following items:

- (a) An Application for Federal Assistance. A completed Standard Form 424;
- (b) An executive summary of the Project. A general project overview that addresses the following categories:
 - A description of why the Project is needed;
 - A description of the applicant;
 - An explanation of the total Project costs;
 - A general overview of the broadband telecommunications system to be developed, including the types of equipment, technologies, and facilities to be used;
 - Documentation describing the procedures used to determine the unavailability of existing Broadband Service; and
 - A list of the Critical Community Facilities that will take service from the Applicant at the Broadband Grant Speed, and evidence that any remaining Critical Community Facility located in the PFSA has rejected the offer;
- (c) Scoring Criteria Documentation. A narrative, with documentation where necessary, addressing the elements listed in the scoring criteria of 7 CFR 1739.17;
- (d) System design. A system design of the Project that is economical and practical, including a detailed description of the facilities to be funded, technical specifications, data rates, and costs. In addition, a network diagram detailing the proposed system must be provided. The system design must also address the environmental requirements specified in 7 CFR 1794;
- (e) Service Area Demographics. The following information about the PFSA:
 - A map, submitted electronically through RUS' web-based Mapping Tool, which identifies the Rural Area boundaries of the PFSA; and
 - The total population, number of households, and number of businesses located within the PFSA;
- (f) Scope of work. A description of the scope of work, which at a minimum must include:
 - The specific activities and services to be performed under the Project;
 - Who will carry out the activities and services;
 - A construction build-out schedule and project milestones, showing the time-frames for accomplishing the Project objectives and activities on a quarterly basis; and

- A budget for all capital and administrative expenditures reflecting the line item costs for Eligible Grant Purposes and other sources of funds necessary to complete the Project;

(g) Community-Oriented Connectivity Plan. A community-oriented connectivity plan consisting of the following:

- A listing of all participating Critical Community Facilities to be connected. The applicant must also provide documentation that it has consulted with the appropriate agent of every Critical Community Facility in the PFSA, and must provide statements from each one as to its willingness to participate, or not to participate, in the proposed Project;
- A description of the services the applicant will make available to local residents and businesses; and
- A list of any other telecommunications provider (including interexchange carriers, cable television operators, enhanced service providers, wireless service providers and providers of satellite services) that is participating in the delivery of services and a description of the consultations and the anticipated role of such provider in the Project;

(h) Financial information and sustainability. A narrative description demonstrating the sustainability of the Project: from the commencement of construction to completion, and beyond the grant period; the sufficiency of resources; how and when the matching requirement is met; and the expertise necessary to undertake and complete the Project.

The following financial information is required:

- If the applicant is an existing company, it must provide complete copies of audited financial statements, if available, for the two fiscal years preceding the application submission. If audited statements are unavailable, the applicant must submit unaudited financial statements for those fiscal years. Applications from start-up entities must, at minimum, provide an opening balance sheet dated within 30 days of the application submission date; and
- Annual financial projections in the form of balance sheets, income statements, and cash flow statements for a forecast period of five years, which prove the sustainability of the Project for that period and beyond. These projections must be inclusive of the applicant's existing operations and the Project, and must be supported by a detailed narrative that fully explains the methodology and assumptions used to develop the projections, including details on the number of subscribers projected to take the applicant's services. Applicants submitting multiple applications for funding must demonstrate that each Project is feasible and sustainable on its own, funds are available to cover each of the matching requirements and that all Projects for which funding is being requested are financially feasible as a whole;

(i) Statement of Experience. A statement of experience which includes information on the owners' and principal employees' relevant work experience that would ensure the success of the Project. The applicant must also provide a written narrative demonstrating

its capability and experience, if any, in operating a broadband telecommunications system;

(j) Legal Authority. Evidence of the applicant's legal authority and existence, and its ability to enter into a grant agreement with the RUS, and to perform the activities proposed under the grant application;

(k) Additional Funding. Evidence that funding agreements have been attained, if the Project requires funding commitment(s) from sources other than the grant. An applicant submitting multiple applications for funding must demonstrate its financial wherewithal to support all applications, if accepted, and that it can simultaneously complete and operate all of the Projects under consideration. Additionally, commitments for outside funding must be explicit that they will be available if all applications are not funded;

(l) Federal Compliance. Evidence of compliance with other federal statutes and regulations including, but not limited to the following:

- 7 CFR part 15, subpart A--Nondiscrimination in Federally Assisted Programs of the Department of Agriculture--Effectuation of Title VI of the Civil Rights Act of 1964;
- 7 CFR part 3015--Uniform Federal Assistance Regulations;
- 2 CFR 417—Nonprocurement Debarment and Suspension;
- 7 CFR part 3018--New Restrictions on Lobbying;
- 2 CFR 421 – Requirements for Drug-Free Workplace (Financial Assistance);
- Certification regarding Architectural Barriers;
- Certification regarding Flood Hazard Precautions;
- An environmental report/ questionnaire, in accordance with 7 CFR 1794;
- A certification that grant funds will not be used to duplicate lines, facilities, or systems providing Broadband Service;
- Federal Obligation Certification on Delinquent Debt; and
- Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants.

In addition, successful applicants will enter into a Grant Agreement with the Agency.

RUS will use the submitted information to determine the following:

- a) That broadband service in the area does not already exist and that the proposed service will meet the needs of the community; and
- b) That the funds needed to complete the project are adequate based on the grant amount requested, taking into consideration any additional funding proposed by the applicant from other sources.

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.

The Agency is committed to 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. Applicants may apply electronically through www.Grants.gov. In addition, beginning with applications accepted in fiscal year 2013, the Agency is now requiring that applications that are submitted in hard copy also include a copy of the application on electronic media. An electronic version of the application will assist in more efficient review of the application.

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 for new purposes; therefore, no existing data exists.

5. 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.

The NAICS Code for Wired Telecommunications Carriers is 517110 and for Wireless Telecommunications Carriers (except Satellite) is 517210. The size standards in number of employees for each of those codes is 1,500. Normally grantees applying for this program will fall below this threshold.

The Agency believes it has minimized the burden on small entities and that the required information is the least amount needed to monitor the grant funds.

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.

The submission of the requested information is required at the time the application for the grant is made and is project specific and therefore, could not be submitted less frequently. Also, once funding for a specific unserved area has been made, no future funding for that particular area would be available again.

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.

There are no such requirements.

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 statistical information.

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

This collection does not involve statistical information.

g. Requiring a pledge of confidentiality.

There are no such requirements.

h. Requiring submission of proprietary trade secrets.

There are no such requirements.

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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.

In accordance with 5 CFR 1320.8(d), the Agency published a Notice and Request for Comments in the *Federal Register* on July 10, 2013, at 78 FR 41363. No comments were received.

In addition to the published notice in the *Federal Register*, the agency has conducted outreach activities at which prospective applicants have been informed about the procedures and requirements of the program. For fiscal year 2013, the Agency conducted webinars for potential applicants on June 18th, June 25th, and July 2nd. Also, in the course of reviewing applications, program staff has received informal feedback from applicants on the process.

The Agency contacted three awardees from fiscal year 2012. These individuals all agreed with the agency's estimate of burden. The contacts were:

Jim Ronyak
Confederated Tribes of the Colville Indian Reservation
1 Colville Street
Nespelem, WA 99115
509-634-2242
Jim.ronyak@colvilletribes.com

James Campbell
Inter Mountain Cable, Inc.
20 Laynesville Rd.
Harold, KY 41635
606-479-6254
jcamp@gearheart.com

Phil Lambert
Q Wireless LLC
3701 Communications Way
Evansville, IN 47715
812-449-3229
Phillip.lambert@qwirelessbb.com

9. Explain any decision to provide any payment or gift to respondents, other than remuneration 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 assurance has been made. Information submitted to the Agency by borrowers is covered by 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.

The Agency estimates the hour burden on respondent to be 14,442 hours, determined as follows:

90 grant applications X 160 hours =	14,400	hours
21 grant agreements/Certificates of Authority X 2 hours =	42	hours
Total hours =	14,442	hours

The Agency estimates the cost on respondents to be \$434,646.96, determined as follows:

14,400 hours X \$30.05 X 29.4% (\$127,220)	= \$559,940
42 hours X \$45.88 X 29.4% (\$567)	= \$2493.96
	= \$ 1,926.96
Total cost	= \$562,433.96

The Department of Labor, Bureau of Labor Statistics, May 2012 National Occupational Employment and Wage Estimates wage rates were used as the basis for the cost estimates. The median hourly earnings for General and Operations Manager Occupations are \$45.88, median hourly earnings for Business and Financial Operations Occupations are \$30.05 Historical data provided the Bureau of Labor Statistics, Employer Cost for Employee Compensation Supplemental Tables Historical Data December 2006 – September 2012 is utilized to calculate the total cost of benefits. Benefits as a percentage of total compensation for private trade, transportation, and utilities industry workers were 29.4% of total hourly compensation. See, <http://bls.gov/ncs/ect/sp/ecsuphst.pdf>, Page 91.

Summary of Cost to the Public

Total Annual Hours	Total Hourly Wages	Total Benefits Costs	Total Respondents' Cost
14,442	\$434,646	\$ 127,787	\$ 562,433

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 is 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 to collect and evaluate this information is estimated to be \$100,360 based on the following calculations:

Preliminary Application review:

90 applications X 12 hours = 1,080 hours @ *\$48 per hour x *36.25% = \$70,632.

Final Application review and award:

21 applications X 14 hours = 294 hours @* \$48 per hour x *36.25% = \$19,228.

Travel Costs associated with verification of sites

21 applications X \$500 = \$10,500

*The salary of \$48 per hour is based on a loan analyst (GS 13/5). 36.25% represents cost of benefits for Federal Employees as provided in OMB Memorandum M-08-13.

Summary of Cost to the Government

Total Annual Hours	Total Hourly Wages	Total Benefits Costs	Travel Costs	Total Govt. Cost
1374	\$65,952	\$23,908	\$ 10,500	\$ 100,360

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

This is an extension of a currently approved collection, there are no changes other than updates to cost to respondents and the Federal government.

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

There are no plans for publications.

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.

There is no such approval 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 collection does not involve statistical methods.