

**2024 SUPPORTING STATEMENT
PAPERWORK REDUCTION ACT SUBMISSION
RURAL BROADBAND LOANS, LOAN/GRANT COMBINATIONS, AND LOAN
GUARANTEES (7 CFR Part 1738)
OMB NO. 0572-0154**

A. Justification

1. Circumstances that make the collection of information necessary.

The Rural Utilities Service (RUS) is authorized by Title VI, Rural Broadband Access, of the Rural Electrification Act of 1936, as amended (RE Act), to provide loans, loan/grant combinations, and loan guarantees to fund the cost of construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in eligible rural areas in the States and Territories of the United States. The regulation for this program, 7 CFR part 1738, prescribes the types of loans available, facilities financed, and eligible applicants, as well as minimum equity requirements to be considered for a loan. In addition, 7 CFR part 1738 outlines the process through which RUS will consider applicants under the priority consideration required in Title VI.

The term of the loan or loan/grant combination is based on the expected composite economic life based on the depreciation rates of the facilities financed. The term of the loan or loan/grant combination can be as high as 35 years. These loans are secured by a first lien on the borrower's broadband system. In the interest of protecting loan security and accomplishing the statutory objective of a sound program of rural broadband service access, Title VI of the RE Act further requires that RUS make or guarantee a loan only if there is reasonable assurance that the loan, together with all outstanding loans and obligations of the borrower, will be repaid in full within the time agreed; the information gathered in this collection will help RUS determine that reasonable assurance.

This package is a 3-year renewal package for the following: 1) Rural Broadband loan or loan/grant combinations (7 CFR part 1738) and 2) Public Notice requirements for the Telecommunication Infrastructure and the Community Connect programs. All other burden associated with the Telecommunication Infrastructure and Community Connect programs will remain under their current packages.

2. Indicate how, by whom, and for what purposes 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.

Lending entities who wish to participate in this program must submit an application and/or certain information to Rural Development (RD). This information will be used to determine an applicant's eligibility to borrow under the terms of the RE Act and that the applicant complies with statutory, regulatory, and administrative eligibility requirements for loan assistance. This

information is also used by RUS to determine that the Government's security for loans is reasonably adequate and that the loans will be repaid within the time agreed.

The regulation, 7 CFR part 1738, is an active regulation and includes this collection. The program has been dormant since 2020 due to lack of funding and competing obligations. The program has included a place holder of 1 respondent in the burden worksheet for the broadband application, broadband public notice, and loan documents to keep the package active as it is possible that additional funding for the program will be approved.

System for Award Management (SAM) Registration and General Certifications and Representations.

At the time of application, each applicant must have an active registration in SAM before submitting its application in accordance with 2 CFR 25. This registration must be current, accurate and complete at all times during which the applicant has an active Federal award or an application under consideration.

The Rural Broadband Program Application Guide

The Guide provides applicants with needed information, definitions and details for completing and submitting an application. The guide can be found on the agency web site:

rd.usda.gov/programs-services/rural-broadband-access-loan-and-loan-guarantee. Eligible entities may be either a nonprofit or for-profit organization and must take one of the following forms: corporation; limited liability company (LLC); cooperative or mutual organization; Indian tribe or tribal organization as defined in 25 U.S.C. 450b; or State or local government, including any agency, subdivision or instrumentality thereof. Individuals or partnerships are not eligible entities.

Online Application Portal

In accordance with 7 CFR part 1738, applicants must submit an application using the online application intake system, which can be found on the program website. Applications must contain those items set forth in the regulation and further explained in the Application Guide. Staff use the intake system (1) as formal notification of an applicant's desire to obtain financing from RUS and (2) in determining the preliminary eligibility of an applicant. The intake system also includes the necessary certification and notification requirements of the joint OMB/Treasury Circular A-129 and asks specifically about Federal debt delinquency.

The information collected within the online system is as follows:

Congressional Districts - This information shall include both the districts where the applicant's headquarters are located and the ones that cover the service territory proposed by the project.

Executive Summary - The executive summary should be a brief description of the proposed project. It should state the reason why the system is needed and the qualifications of the

applicant that demonstrate the ability to construct and operate a broadband system. It should also state the number and names of the rural areas to be served, the proposed type of broadband system that will be deployed and the overall cost of the broadband system.

Legal Opinion - A legal opinion shall be prepared in accordance with the sample format as shown in the appendix of the Application Guide.

Property Schedule - A Real Property Schedule shall include the legal descriptions of all the real property owned by the applicant. It should be categorized into real property, leased-property, easements, and rights-of-way.

Corporate Structure - This documentation needs to contain the following information:

- Articles of Incorporation or Organization – A certified copy of the Articles of Incorporation or Organization of the applicant should be included.
- By-laws or Operating Agreement – Attach a copy. If the applicant is a Limited Liability Company (LLC), the applicant must submit either LLC agreement for all members of the applicant’s LLC or an opinion of counsel which certifies that the applicant’s agreement does not conflict with any of the LLC agreements of the applicant’s members.
- Board of Directors or Managing Members – include a list of the board members and a brief biography to highlight their experience within the industry and community.
- Management Experience and Compensation – include information on the key personnel who will manage the company and the project as outlined in the RUS Bulletin 1738-1, Application Guide.
- Organizational Chart - include an organizational chart showing the key personnel who manage or will manage the company and/or this project and the number of employees in each division or department managed by those personnel.
- Parent and Subsidiaries – include an organizational chart illustrating all the other entities (parent/subsidiaries) that are affiliated with the applicant and clearly indicate the relationships between these entities and the applicant. An accompanying narrative should briefly indicate any services the affiliate will be providing to the applicant.

Board Resolution - A Board of Directors’ resolution or other document authorizing the funding request should be included.

Service Area Maps and Demographic Data - Applicants must use the RUS mapping tool to designate and submit maps of their service area and provide additional demographic data about those service areas. The service areas should also be classified and listed under the following categories: new or existing, and funded or non-funded. For each service area, the name of the County and the respective State; the area’s population; the number of Households (HH) in the area; and the number of Businesses (Bus) in the area should be indicated.

Compliance Certificates - These forms need to be certified by the applicant to ensure compliance with Federal statutes and regulations:

- Equal Opportunity and Nondiscrimination Certification
- Certification Regarding Architectural Barriers
- Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Certification
- Certification Regarding Lobbying for Contracts, Grants, Loans, and Cooperative Agreements
- Certification Regarding Flood Hazard Area Precautions

Outstanding Federal Debt - List all outstanding Federal Debt and attach a copy of the loan documents.

Equity- RUS requires that as a condition to financing that an applicant have equity in an amount equal to 10 percent of the request loan amount at the time of application. If an applicant's balance sheet does not demonstrate the required equity, include an investor's unconditional legal commitment to cover the shortfall by providing additional equity. This will include a letter from the investor indicating the investor's commitment, the timing for providing the investment, the amount of the investment, and all terms and conditions associated with the investment.

This should indicate all the appropriate categories that will be used to satisfy the credit support requirement. For each category that is used, the dollar amount for that category should be indicated. In addition, if the applicant is an existing telecommunications company, if the company has had a positive cash flow from operations for the previous two calendar years preceding the date of the application this should be indicated.

Competitive Analysis- The applicant must submit a competitive market analysis for each proposed service area. It shall contain a list of all existing service providers and all resellers competing in the applicant's proposed service area, and information on each competitor's service offerings and pricing, the area that is being covered and a description of the quality of services being provided.

The analysis shall be a narrative that describes the applicant's strategic approach for how it intends to successfully compete against existing service providers. It should compare the applicant's offering with their competition's and describe how the applicant will successfully win new customers, including those of its competitors.

Financial Position- RUS will approve a loan only if, in RUS's sole judgment, the loan will be repaid according to its terms and within the time agreed upon. It is the applicant's responsibility to provide RUS with sufficient financial information and supporting justification to determine that the loan will be feasible and adequately secured. Long-term forecast analysis should be based on knowledge of the external and internal factors that affect a company's operations. Historical financial statements and the projections should be prepared by a financial consultant, accountant or individual familiar with preparing these types of financial statements and supporting schedules. The applicant must submit evidence of the preparer's qualifications.

Network Design- The Network Design of the application shall include all the technical information on the applicant's existing and proposed systems. Applicant shall provide a Network Design Certification in accordance with the Application Guide.

Network Diagrams- Existing and proposed network diagrams shall be included in the application and provide the level of detail found in the Application Guide.

Project Costs and Buildout Timeline- Provide detailed information on the project capital investment, including detailed project costs, build-out timeline, and project milestones.

Environmental Report- RUS is responsible for implementing the requirements of the National Environmental Policy Act of 1969 (NEPA), as amended; the Council on Environmental Quality Regulations for Implementing the Procedural Provisions of NEPA and certain related Federal environmental laws, statutes, regulations, and Executive Orders (EO) that apply to RUS programs. The policies and procedures set forth in [7 CFR part 1970](#), Environmental Policies and Procedures, assist RUS with making decisions that are based on an understanding of environmental consequences, and taking action that protects, restores and enhances the environment. Applicants are responsible for ensuring that proposed actions are in compliance with all appropriate RUS requirements. Therefore, applicants must prepare environmental documentation in accordance with [7 CFR part 1970](#), for any facilities that will be constructed with broadband loan funds.

License and Agreements- Applicants must provide the information for all applicable licenses and agreements and provide supporting documentation.

Public Notice Survey

The agency will post a public notice filing at rd.usda.gov/programs-services/rural-broadband-access-loan-and-loan-guarantee. Incumbent service providers in the area may respond to the public notice filing by providing a public notice response. The filer must provide specific information and provide mapping of their service territory as required by 7 CFR 1738.204(b). The agency estimates that on average 3 public notice filings will be submitted per application received. Due to changes in the Farm Bill, the telecommunication infrastructure and Community Connect public notice portion has been included in this package as well.

- Remaining burden for the telecommunication infrastructure can be found under 0572-0079.
- Remaining burden for the Community Connect program can be found under 0572-0127.

Preparation and Execution of Loan Documents

Applicants whose applications are chosen for funding will be required to execute loan documents with the agency. Post loan construction and advance requirements and procedures are cleared in Docket 0572-0059, Telecommunications System Construction Policies and Procedures.

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

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. The Agency requires the use of the RD Apply Online Application Intake System for submitting requests for financial assistance to provide increased opportunities for citizens to access federal government program information and services.

4. Describe efforts to identify duplication.

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. Where an existing borrower requests a new loan, certain organizational information, maintained in RUS files, will not need to be resubmitted, as listed in the application guide.

5. If the collection of information affects small businesses or other small entities, describe the methods used to minimize the 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. It is estimated that 100 percent of the respondents qualify as small businesses.

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

The required information is submitted at the time of application and is necessary for RUS to make a prudent loan decision; therefore, this information cannot be submitted less frequently.

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

- a. **Requiring respondents to report information to the agency more often than quarterly.**

There are no such requirements.

- b. **Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it.**

There are no such requirements.

- c. **Requiring respondents to submit more than an original and two copies of any document.**

There are no such requirements.

- d. **Requiring respondents to retain records for more than 3 years.**

Records will be maintained until the loan fund advance has been audited by RUS in accordance with 7 CFR part 1767, which is generally less than a 3-year period.

- e. **Not using statistical sampling.**

This information collection does not involve statistical information.

- f. **Requiring use of statistical data classification that has not be reviewed and approved by Office of Management and Budget (OMB).**

This information collection does not involve statistical sampling.

- g. **Requiring a pledge of confidentiality that is not supported by authority in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.**

There is no such requirement.

- h. **Requiring respondents to submit proprietary trade secrets or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permissible by law.**

There is no such requirement.

8. **Comments on Agency's notice in the Federal Register and efforts to consult with persons outside the Agency to obtain their views on the availability of data, frequency of**

collection, the clarity of the instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

The document was published in the Federal Register on May 1, 2024 [89 FR 35055]. No comments were received.

In addition, the Agency contacted the following individuals at organizations that have participated in the program in the past to obtain their feedback on their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, etc:

1. Manager, Union Telephone Company
2. Engineer, Empower Telecom, Inc.
3. Manager, Sierra Telephone Company, Inc.

All three generally agreed that the estimate was reasonable for an average-sized project considering the effort required to gather and input the required data. They further indicated that the environmental review is the largest contributing factor to the engineering time required to complete the information collection.

In addition to contacting the individuals listed above, the Agency periodically reviews procedures to determine if any paperwork requirements can be eliminated without lessening the Government's security of the Agency's loans portfolio. Agency staffs, including General Field Representatives (GFRs), Field Accountants (FAs), and headquarters staff often discuss paperwork requirement issues with our borrowers, national trade organizations, and supplemental lenders at various meetings, conferences, etc. RUS GFRs and FAs have direct personal contact with borrowers in connection with their responsibilities in fulfillment of RD requirements, including completing an application in the online application intake system.

Suggestions and comments are always considered by the Agency, and RUS remains committed to pursuing further reductions in both the burdens placed upon our borrowers/customers and the total volume of regulations imposed.

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

No payments or gifts were provided to respondents, including no remuneration of contractors or grantees.

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 by borrowers and applicants is covered by the provisions of the Freedom of Information Act (5 U.S.C. 552).

The Agency published a Privacy Act of 1974; System of Records in the Federal Register on May 14, 2019 (84 FR 21315). A copy of that document can be found at <https://www.govinfo.gov/content/pkg/FR-2019-05-14/pdf/2019-09874.pdf>.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior or attitudes, religious beliefs, and other matters that are commonly considered private.

The information collected does not contain any questions of a sensitive nature such as sexual behavior, religious beliefs, or other matters commonly considered private.

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

The table below, Total Cost of Burden, summarizes the estimated average burden associated with this information collection. The attached Burden Spreadsheet includes details on the estimates. The cost per hour identified below was calculated using the mean wage rate from the May 2023 National Occupational Employment and Wage Estimates found at www.bls.gov/oes/current/oes_nat.htm, plus the fringe benefit rate of 29.1 percent obtained at www.bls.gov/news.release/pdf/ecec.pdf. The table below summarizes how the wage rate was calculated.

Total Cost of Burden	
Burden Item	Estimated Yearly Average Burden
Number of Respondents	90
Annual responses:	273
Total hours:	831
Cost per hour:	\$52.44
Total Annual Cost:	\$43,577.64

13. Provide an estimate for the total annual cost burden to the respondents or recordkeepers resulting from the collection of information.

There are no capital and start-up costs or operations and maintenance costs associated with this collection.

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

RUS estimates that each of the loans issued under the Rural Broadband Loans, Loan/Grant Combinations, and Loan Guarantees require approximately 1,513 hours for cumulative documents cleared under this package, and that a total of 504 hours is required annually for review. Wage rates are based on experience and calculated at a rate of \$60.83/hr. (GS 13/5) plus 36.25% for benefits for loan specialists, \$63.43/hr. (GS 14/1) plus 36.25% for benefits for branch chiefs, and \$25.45/hr. (GS 7/1) plus 36.25% for benefits for administrative assistants for the locality pay area of Washington-Baltimore-Northern Virginia. The estimated rate of cost of total benefits for civilian Federal Government employees is 36.25%¹ for percentage of benefits as a portion of total hourly wage and was provided by the OMB Memoranda referenced in the footnote below. RUS estimates the cost to the Federal Government to administer the activities of this program to be \$105,523.74 per year. A breakdown of the costs to the Federal Government to administer this program is as follows:

Wage Category	Hourly Wage and Benefits	Hours	Cost of Burden
National Office Loan Specialist GS 13, Step 5	\$82.88	623	\$51,634.24
National Office Branch Chief or Attorney GS 14, Step 1	\$86.42	445	\$38,456.90
National Office Administrative Assistant GS 7, Step 1	\$34.68	445	\$15,432.60
Cost to Federal Government			\$105,523.74

¹ Cost of total benefits as a percentage of total hourly compensation for civilian Federal Government employees exceeds that of private sector employees. OMB Memoranda indicate that the total Federal civilian position full fringe benefit cost factor is 36.25% See OMB Memoranda M-08-13 (March 11, 2008).

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

Since 2020 there has not been a funding round for the Rural Broadband program, consequently, there have not been any applications or awards in that time. The program has included a place holder of 1 respondent in the burden worksheet for the broadband application, broadband public notice, and loan documents to keep the package active as it is possible that additional funding for the program will be approved. This explains the decrease in burden hours.

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.

N/A

18. Explain each exception to the certification statement in identified in item 19 of OMB 83-I.

There are no exceptions to the certification.

B. Collection of Information Employing Statistical Methods.

This collection does not employ statistical methods.