



441 G St. N.W.  
Washington, DC 20548

B-331973

March 24, 2020

The Honorable Pat Roberts  
Chairman  
The Honorable Debbie Stabenow  
Ranking Member  
Committee on Agriculture, Nutrition, and Forestry  
United States Senate

The Honorable Collin C. Peterson  
Chairman  
The Honorable K. Michael Conaway  
Ranking Member  
Committee on Agriculture  
House of Representatives

Subject: *Department of Agriculture, Rural Utilities Service: Rural Broadband Loans, Loan/Grant Combinations, and Loan Guarantees*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Agriculture, Rural Utilities Service (RUS) entitled “Rural Broadband Loans, Loan/Grant Combinations, and Loan Guarantees” (RIN: 0572-AC46). We received the rule on February 25, 2020. It was published in the *Federal Register* as an interim final rule; request for comments on March 12, 2020. 85 Fed. Reg. 14393. The effective date of the rule is May 11, 2020.

The interim final rule with request for public comments amends the regulations governing the Rural Broadband Program, previously referred to as the Rural Broadband Access Loan and Loan Guarantee Program, to implement the Agricultural Improvement Act of 2018. Pub. L. No. 115-334, 132 Stat. 4490 (2018). According to RUS, the interim final rule makes several substantive changes including changing the title of the program to Rural Broadband Program; adding “loan/grant combinations” as an eligible award category; revising the requirement time to complete the build-out of the broadband system; revising eligible service areas to open up starting after October 1, 2020; outlining the required broadband lending speeds, which are tied to the term of the award; and outlining the conditions under which applicants would be eligible to receive loans with subsidized interest rates.

Enclosed is our assessment of RUS's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shari Brewster, Assistant General Counsel, at (202) 512-6398.

A handwritten signature in cursive script that reads "Shirley A. Jones". The signature is written in black ink and is positioned above the typed name.

Shirley A. Jones  
Managing Associate General Counsel

Enclosure

cc: Michele Brooks  
Director, Regulations Management Team  
and Rural Development  
Department of Agriculture

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE  
ISSUED BY THE  
DEPARTMENT OF AGRICULTURE,  
RURAL UTILITIES SERVICE  
ENTITLED  
“RURAL BROADBAND LOANS, LOAN/GRANT  
COMBINATIONS, AND LOAN GUARANTEES”  
(RIN: 0572-AC46)

(i) Cost-benefit analysis

The Department of Agriculture, Rural Utilities Service (RUS) described the economic impacts of this interim final rule. RUS determined that the main economic impact of this rule is the potential annual transfer associated with the \$350 million of authorized funding. RUS stated that given the speculative nature of assumptions about the future time stream of costs, benefits, and transfer other than these amounts as constant annual levels, applying the 3 percent and 7 percent discount rates would produce results equivalent to the annual estimates reported in the rule. Specifically, RUS estimated this rule would have an annual cost of \$2,189,350.

RUS described the qualitative benefits of the rule because, according to RUS, any estimate of the benefits would be speculative and based on the projected increase in the number of applications. RUS stated that the benefits of this rule include more service to underserved areas, more consistent technology, and speed of service.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603-605, 607, and 609

RUS determined that this rule is not subject to RFA because no law requires that a proposed rule be published for this rulemaking initiative.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

RUS determined that this rule contains no federal mandates, as defined under the Act, for state, local, and tribal governments or the private sector.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

RUS published this rule as an interim final rule with request for comment. RUS has not previously published a proposed rule under this RIN and did not discuss the requirements of the Act in this interim final rule. RUS stated that comments are due on or before May 11, 2020.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501-3520

RUS determined that this interim final rule contains an information collection requirement (ICR) under the Act. RUS stated that it submitted the ICR to the Office of Management and Budget

(OMB) for review. The ICR is entitled, "7 CFR 1738, Rural Broadband Program" (OMB Control Number 0572-0154). RUS stated that the estimated total annual burden on respondents will be 20,942 hours.

Statutory authorization for the rule

RUS promulgated this interim final rule pursuant to sections 901 to 918c of title 7, United States Code.

Executive Order No. 12,866 (Regulatory Planning and Review)

RUS determined that this interim final rule is economically significant under the Order and submitted it to OMB for review.

Executive Order No. 13,132 (Federalism)

RUS determined that this interim final rule does not have any substantial direct effect on the states, on the relationship between the federal government and the states, or on the distribution of power and responsibilities among the various levels of government. RUS also determined that this rule does not impose substantial direct compliance costs on state and local governments.