

SUPPORTING STATEMENT

This submission is being made to extend a currently approved collection.

A. Justification:

1. *Circumstances that make collection necessary.* Under the schools and libraries universal service support mechanism (also known as the e-rate program), eligible schools, libraries, and consortia that include eligible schools and libraries, may receive discounts for eligible telecommunications services, Internet access, and internal connections. In its December 2003 Third Report and Order, in CC Docket No. 02-6, 18 FCC Rcd 26912, the Federal Communications Commission (FCC or Commission), addressed several matters related to the e-rate program. With respect to the information collections, the Commission adopted a rule that limits an entity's ability to transfer equipment purchased with universal service funds. The Commission found it appropriate to amend its rules to prohibit, except as provided below, the transfer of equipment purchased with discounts from the schools and libraries universal service support mechanism. E-rate program support recipients are expected to use all equipment purchased with universal service discounts at the particular location, for the specified purpose for a reasonable period of time. The Commission found, however, that it would be wasteful to prevent recipients from transferring equipment that, after a reasonable period of time, has been replaced or upgraded. The Commission, therefore, permitted recipients to freely transfer equipment to other eligible entities three years or more after the purchase of such equipment. Consistent with the Communications Act of 1934 as amended, such transfers must not be in consideration of money or anything else of value.

In agreement with commenters, the Commission found recipients may have legitimate reasons, due to the closing of a school or other eligible facilities, to transfer internal connections equipment within three years of the equipment purchase date. For example, due to a natural disaster, a school district may conclude that its needs are best served by temporarily or permanently closing a particular school and transferring its students, as well as any valuable equipment purchased with supported discounts, to other locations. Similarly, a school district may choose to close, remodel, or consolidate a particular school to meet changing demographic needs or fiscal realities, and thereby transfer the students and useable school property to a nearby school. Likewise, a county or municipality may choose to close a library branch for financial reasons. Under these circumstances, the Commission found that it would be economically rational and consistent with the goals of the schools and libraries program for the support recipient to transfer any equipment it has purchased with universal service discounts to another eligible location where the equipment may be used effectively. Thus, the Commission concluded that a recipient may transfer equipment purchased with universal service discounts to other eligible entities if the particular location where the equipment was originally installed is permanently or temporarily closed. In these limited circumstances, the Commission noted that it is not necessary for the transferring and receiving entities to have comparable discount levels, as long as each is eligible under the schools and libraries program. **In the event that a recipient is permanently**

or temporarily closed and equipment is transferred, the transferring entity must notify the Universal Service Administrative Company (USAC) of the transfer, and both the transferring and receiving entities must maintain detailed records documenting the transfer and the reason for the transfer for a period of five years. The Commission instructed USAC to verify compliance with this requirement as part of its beneficiary audit reviews. In order to enable USAC to verify compliance with this transfer prohibition, the Commission required all recipients of internal connections support to maintain asset and inventory records for a period of five years sufficient to verify the actual location of such equipment.

Pursuant to 44 U.S.C. 3507 of the Paperwork Reduction Act of 1995, the FCC sought approval for this information collection and OMB approved the collection on July 13, 2004. The Commission now seeks an extension of this currently approved collection. As reflected in the OMB Form 83-I submitted with this extension request, the Commission was able to refine its initial 2004 estimates of the affected public, annual recordkeeping and reporting hour burden, and the primary purpose for the information collection. First, the primary affected public is state, local, or tribal government and other affected public include for-profit and non-profit businesses and institutions. Second, the number of respondents is approximately 100, which is less than the 600 originally estimated. Third, the primary purpose for this information collection is for regulatory or compliance purposes.

Statutory authority for this collection of information is contained in Sections 1, 4(i), 4(j), 201-205, 214, 254, and 403 of the Communications Act of 1934, as amended.

As noted on the OMB Form 83-I, this information collection does not affect individuals or household; thus, there are no impacts under the Privacy Act.

2. *Use of information.* The purpose of this collection of information is to promote the goal of preventing waste, fraud, and abuse. If an eligible service or equipment component of a service is transferred due to the permanent or temporary closure of a school or library, the transferor must notify USAC of the transfer. To enable USAC to verify compliance with the equipment transfer prohibition as part of its beneficiary audit review the transferring and receiving entities must maintain detailed records documenting the transfer and the reason for the transfer for a period of five years.

3. *Technological collection techniques.* In an effort to reduce any burden created by this information collection requirement, USAC's Schools and Libraries Division shall permit respondents to file the notification letter concerning the transfer of equipment by email, fax, or mail.

4. *Efforts to identify duplication.* There is no duplication of information. The information sought is unique to each respondent and similar information is not already available.

5. *Impact on small entities.* The collections of information are being imposed on public school districts, private schools, and public library systems. This collection of information does not impose burden on small entities.

6. *Consequences if information is not collected.* Failure to collect the information would prevent

the Commission from implementing section 254 of the 1996 Act and from being able to ensure that the goals of affordable telecommunication service and access to advanced telecommunication services are met by means that enhance, rather than distort, competition.

7. *Special circumstances.* Not applicable. The collections are not designed in any known manner to be inconsistent with the OMB's guidelines.

8. *Federal Register notice; efforts to consult with person outside the Commission.* The Commission placed a notice in the Federal Register as required by 5 CFR 1320.8. See 72 FR 11875, dated March 14, 2007 (copy attached).

9. *Payments or gifts to respondents.* The Commission does not anticipate providing payments or gifts to respondents.

10. *Assurance of confidentiality.* The Commission does not request that respondents submit confidential information to the Commission. If the Commission does request applicants to submit information that the respondents believe is confidential, respondents may request confidential treatment of such information under section 0.459 of the Commission's rules.

11. *Questions of a sensitive nature.* The request does not address any matters of a sensitive nature.

12. *Estimates of the hour burden of the collection to respondent.* The following represents the hour burden on collection of information:

(1) Number of Respondents: Approximately 100 public school districts, private schools, and public library systems.

(2) Frequency of Response: On occasion reporting, third party disclosure, and recordkeeping requirement. We require the recipient, who closes permanently or temporarily and transfers equipment to another eligible entity, to notify the Administrator of a transfer.

(3) Annual Burden per Respondent: 1 hour. Total Annual Burden: **100 hours.**

(4) Total estimate of annualized cost to respondents for the hour burden for collection of information: \$4,000.

(5) Explanation of calculation: We estimate that this obligation will take approximately 1 hour and will occur on occasion for public school districts, private schools, public library systems, and service providers. 100 (number of respondents) \times 1 (hours to prepare notification letter) \times 1 (number of submissions) \times $\$40$ per hour (including administrative staff time and overhead) = $\$4,000$.

Note: Because this requirement can occur each time a transfer is made, for example purposes only, we will use 1 notification per year.

13. *Estimates of the cost burden of the collection to respondents.* We estimate that there will be no capital or start-up costs for this requirement. We do not believe that this requirement will necessitate any additional equipment. We estimate that there will be no operation, maintenance, or purchase of services cost for this requirement.

14. *Estimates of the cost burden to the Commission.* There will be few, if any, costs to the

Commission because the notice and enforcement requirements are already part of Commission duties. Moreover, there will be minimal costs to the Federal government since an outside party will administer this program.

15. *Program changes or adjustments.* The public burden for the collections contained herein is an adjustment decrease of -500 hours.

16. *Collections of information whose results will be published.* The Commission will make any non-proprietary information publicly available on the Internet as the Commission deems appropriate.

17. *Display of expiration date for OMB for Paperwork Reduction Act submission (Item 19 of the OMB Form 83-I.* The OMB control number, expiration date and title will be published in 47 CFR 0.408.

18. *Exception to the certification statement for Paperwork Reduction Act submission (Item 19 of the OMB Form 83-I.* Not applicable.

B. Collections of Information Employing Statistical Methods:

The Commission does not anticipate that the collections of information will employ statistical methods.