

**Lifeline Assistance (Lifeline) Connection Assistance (Link-Up) Reporting  
Worksheet and Instructions, FCC Form 497****SUPPORTING STATEMENT**

This submission is being made pursuant to 44 U.S.C. 3507.

**A. Justification:*****Existing Information Collection Requirements***

. *Circumstances that make collection necessary.*

In its 2004 Report and Order and Further Notice of Proposed Rulemaking (*Lifeline Order*), the Commission directed for eligible telecommunications carriers (ETCs), to certify that their Lifeline and Link-Up subscribers are eligible for enrollment in the program.<sup>1</sup>

(a) States that operate their own Lifeline and Link-Up programs may develop their own certification procedures.

(b) For those states governed by the federal default Lifeline and Link-Up rules, consumers must provide documentation of income eligibility at enrollment.

(1) An officer of the ETC enrolling the consumer in the federal Lifeline and Link-Up program must certify, under penalty of perjury, that the ETC has procedures in place to review income documentation and that, to the best of his or her knowledge, the company was presented with documentation that the consumer's household income is at or below 135% of the Federal Poverty Guidelines (FPG).

(2) Certification procedures for program-based qualifications require consumers to self-certify, under penalty of perjury, that he/she participates in at least one of the following qualification programs: Medicaid, Food Stamps, Supplemental Security Income, Federal Public Housing Assistance, or the Low Income Home Energy Assistance Program.<sup>2</sup>

(3) ETCs also must verify their subscribers' continued eligibility for Lifeline.

(c) States that administer their own Lifeline and Link-Up programs may implement their own verification procedures to validate consumers' continued eligibility.

(d) In states that follow the federal default Lifeline and Link-Up rules, ETCs must verify annually the continued eligibility of a statistically valid sample of their Lifeline subscribers.

(1) Subscribers who are subject to this federal verification and qualify under program-based

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<sup>1</sup> See *Lifeline and Link-Up*, WC Docket No. 03-109, Report and Order and Further Notice of Proposed Rulemaking, 19 FCC Rcd 8302 (2004) (*Lifeline Order*).

<sup>2</sup> See 47 C.F.R. § 54.410.

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eligibility criteria must prove their continued eligibility by presenting in person or sending a copy of their Medicaid card or other Lifeline-qualifying public assistance card and self-certifying, under penalty of perjury, that they continue to participate in the Lifeline-qualifying public assistance program.

- (2) Subscribers who are subject to this federal verification and qualify under the income-based eligibility criteria must prove their continued eligibility by presenting current income documentation. These subscribers must also self-certify, under penalty of perjury, the number of individuals in their household and that the documentation presented accurately represents their annual household income.
- (3) An officer of the ETC must certify, under penalty of perjury, that the ETC has income verification procedures in place and that, to the best of his or her knowledge, the company was presented with corroborating documentation. The ETC must retain these records for at least 3 years.<sup>3</sup>

The *Lifeline Order* also requires ETCs to submit to Universal Service Administrative Company (USAC) proof that they certified that their Lifeline subscribers are eligible for Lifeline, and proof that they verified their subscribers' continued eligibility for Lifeline.

- (a) The *Lifeline Order* does not dictate the form in which ETCs are to submit their information; however, we have provided a sample certification and verification letter for carriers to use to submit the exact information that was requested in the *Lifeline Order*.
- (b) In addition, we note that although ETCs are allowed to ask for information to verify income-based eligibility, they are not required to keep records of the actual documents, but rather just a record that the appropriate documentation was presented.

47 C.F.R. Section 54.707 authorizes an audit of contributors and carriers by USAC. To that end, relevant data must be available to yield evaluative results. The collection of information associated with the certification and verification procedures for Lifeline/Link-Up provides relevant data.

- (a) In that connection, we require ETCs in federal default states to retain subscribers' self-certifications of eligibility, including self-certifications that income documentation accurately reflects household income, for as long as the subscriber receives Lifeline service from that ETC or until the ETC is audited by USAC.
- (b) Similarly, all ETCs are required to maintain records to document compliance with all Commission and state requirements governing the Lifeline/Link-Up programs for the three preceding calendar years and provide that documentation to the Commission or USAC upon request.
- (c) Also, ETCs must obtain certifications from the non-ETC reseller that it is complying with the

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<sup>3</sup> *Id.*

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Commission's Lifeline/Link-Up requirements, including the applicable federal or state certification and verification procedures.

- (d) Generally, consumers apply for Lifeline and Link Up support through their local telephone company. ETCs that have provided eligible consumers with Lifeline discounts file the [Lifeline and Link Up Worksheet](#) (FCC Form 497) with USAC to receive Low Income Program support that reimburses them for providing service at discounted rates.
- (e) In addition to the certification and verification requirements, the Commission issued a voluntary survey to gather data and information about state Lifeline/Link-Up programs in order to make more informed decisions in future Lifeline/Link-Up orders. Submission of this survey was voluntary for states. The survey was completed in 2005.

***New Information Collection Requirements***

- (a) On August 29, 2007, the Commission released the 2007 Comprehensive Review of the Universal Service Fund Management, Administration and Oversight, WC Docket Nos. 05-195, 02-60, 03-109 and CC Docket Nos. 96-45, 02-6, 97-21, FCC 07-150 (*Comprehensive Review Order*). In the *Comprehensive Review Order*, the Commission took several steps to further safeguard the Universal Service Fund from waste, fraud, and abuse, including imposing document retention rules on all universal service programs and program contributors. One rule change requires service providers to retain records verifying the eligibility of a recipient for the program for as long as it provides Lifeline service to that customer, even after being audited.
- (b) A second change is the creation of a sample "Annual Lifeline Certification & Verification" letter (attached) that ETCs may use to comply with the certification and verification requirements adopted in the *Lifeline Order*. Although the use of this letter is optional, ETCs are encouraged to make use of it because it standardizes the collection of information and reduces the likelihood of errors in providing the information that is needed.
- (c) Furthermore, the Commission has made various minor editorial changes to update the FCC Form 497 to make it more clear and easier for ETCs to use and to reflect changes in the amount of the federal tariffed End User Common Line charge (EUCL).

Statutory authority is contained in sections 1, 4(i), 201-205, 214, 254, and 403 of the Communications Act of 1934, as amended, hereinafter referred to as "the Act." 47 U.S.C. Sections 1, 4(i), 201-205, 214, 254, 403; and 47 C.F.R. Sections 54.400 – 54.417 and 47 C.F.R. Section 54.707.

As noted on the OMB Form 83i, this information collection affects individuals or households, and thus, there are impacts under the Privacy Act. However, the information that is related to individuals or households is collected by a third party, the ETC. The FCC has no direct involvement in the collection of this information from individuals or households, although the Commission does require the ETC to abide by the requirements of 47 U.S.C. Section 222, which states that:

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In General -- Every telecommunications carrier has a duty to protect the confidentiality of proprietary information of, and relating to, other telecommunications carriers, equipment manufacturers, and customers, including telecommunication carriers reselling telecommunications services provided by a telecommunications carrier.

The Commission believes, therefore, that 47 U.S.C. Section 222 provides sufficient safeguards to protect the information on individuals or households that the ETC collects as part of its responsibilities. Because the FCC has no direct involvement in the collection of this information, the Commission is not required to complete a privacy impact assessment.

2. *Use of information.* All of the requirements contained herein are necessary to implement the congressional mandate for universal service. These reporting and recordkeeping requirements are necessary to verify that particular carriers and other respondents are eligible to receive universal service support.
3. *Technological collection techniques.* The FCC Form 497 and the Annual Lifeline Certification & Verification" letter will be available via the universal service website ([www.universalservice.org](http://www.universalservice.org)). USAC will mail copies of these forms to companies unable to access the website. Respondents may submit completed forms either electronically or by mail.
4. *Efforts to identify duplication.* There will be no duplication of information. The information sought is unique to each carrier or respondent and similar information is not already available. The Commission is using already-established reporting and recordkeeping requirements to satisfy certain statutory directives and eligibility criteria.
5. *Impact on small entities.* The collections of information may affect small entities as well as large entities. In the *Lifeline Order*, the Commission modified its rules to improve the effectiveness of the low-income support mechanism.
6. *Consequences if information is not collected.* Failing to collect the information would prevent the Commission from implementing Section 254 of the Act and may make it difficult for the Commission to ensure that only eligible entities receive universal service support.
7. *Special circumstances.* We do not foresee any special circumstances that would cause an information collection to be conducted under extraordinary circumstances.
8. *Federal Register notice; efforts to consult with persons outside the Commission.* Pursuant to 5 CFR Section 1320.8(d), the Commission placed a notice in the Federal Register to solicit public comment on the collection. See 73 FR 3252, January 17, 2008 (copy attached). No comments were received.
9. *Payments or gifts to respondents.* The Commission does not anticipate providing any payment or gift to respondents.
10. *Assurances of confidentiality.* The Commission is not requesting the respondents submit confidential information to the Commission. If the Commission requests information that the

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respondents believe is confidential, respondents may request confidential treatment of such information under section 47 C.F.R. Section 0.459 of the Commission's rules.

11. *Questions of a sensitive nature.* There are no questions of a sensitive nature with respect to the information collection described herein, nor are there any privacy impacts, as noted above.
12. *Estimates of the hour burden of the collection to respondents.* The following represents the hour burden on the collections of information:

***Existing or Revised Information Collection Requirements***

**a. FCC Form 497: (adjustment)**

- (1) Number of respondents: Approximately 1,800 eligible telecommunications carriers (ETCs) have to submit FCC Form 497.
- (2) Frequency of response: On occasion reporting requirements.<sup>4</sup>
- (3) Total Number of Responses Annually: 21,600
  - (a) ETCs (respondents) are required to provide one FCC Form 497 for each month in which they participate in the Lifeline and Link Up program. ETCs may either file forms for three months on a quarterly basis or file one form monthly.
  - (b) 1,800 ETCs x 12 submissions/annum = 21,600 responses.
- (4) Annual Burden per Respondent: 18 hours
- (5) Total Annual Burden: 32,400 hours
 

The Commission estimates that ETCs require approximately 18 hours annually (1.5 hours per month) to report all of the Lifeline and Link-Up Information:

1,800 carriers x 12 submissions x 1.5 hours each = 32,400 hours.
- (6) Total estimate of annualized cost to respondents for the hour burdens for collection of information: \$2,250,050.40.
- (7) Explanation of calculation: The Commission estimates that it will take 1,800 carriers approximately 1.5 hours to compile the required Lifeline and Link-Up information on the FCC Form 497. We also estimate that carriers will use "in house" staff equivalent to a GS-14, Step 5 (\$53.42/hour) Federal employee (plus 30% for administrative staff time and

<sup>4</sup> Although ETCs must file one FCC Form 497 for each month in which they request reimbursement, the forms are not required to be filed on a monthly basis. For example, an ETC may file 3 FCC Forms 497 each quarter.

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overhead) to prepare the report:

$$\begin{aligned}
 1,800 \text{ carriers} \times 12 \text{ submissions/year} \times 1.5 \text{ hours/submission} \times \$53.42/\text{hour} &= \$1,730,808.00 \\
 30\% \text{ administrative staff time and overhead} &= \underline{\$519,242.40} \\
 \text{Total} &= \$2,250,050.40
 \end{aligned}$$

**b. Certification of income eligibility upon enrollment: (adjustment)**

- (1) Number of respondents: 176,800 respondents (1,800 ETCs and 175,000 subscribers)
- (a) Upon enrollment in federal default states, subscribers who qualify for the Lifeline/Link-Up program based on income criteria must self-certify that they are eligible.
  - (b) ETCs are required to keep one certification per subscriber who qualifies for the Lifeline/Link-Up program based on income criteria.
  - (c) The Commission estimates that the number of subscribers in federal default states has increased since the last submission due to the natural population increase and to increased participation in the Lifeline and Link-Up programs.
  - (d) Approximately 175,000 subscribers are located in federal default states.<sup>5</sup>
  - (e) ETCs in all states must annually file one company certification with USAC, demonstrating their compliance with certification and verification requirements.
  - (f) ETCs may submit this certification using the sample optional “Annual Lifeline Certification & Verification” letter, which will be provided on USAC’s website.
  - (g) There are approximately 1,800 ETCs to whom the collection requirements apply.
- (2) Frequency of response: One time and annual reporting requirements.
- (a) One time for subscribers at their initial enrollment.
  - (b) Annually, ETCs with income-qualifying subscribers must submit one self-certification concerning the company’s compliance with certification and verification rules to USAC. ETCs may submit this certification using a sample optional “Annual Lifeline Certification & Verification” letter, which will be provided on USAC’s website.
- (3) Total Number of Responses Annually: 176,800

<sup>5</sup> See *Lifeline Order* at Appendix K, at K-23. The following states are currently federal default states: American Samoa, Delaware, Guam, Hawaii, Iowa, Indiana, Louisiana, New Hampshire, Northern Mariana Islands, Puerto Rico and the US Virgin Islands.

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- (a) One time certification requirement.

The Lifeline and Link-Up regulations require ETCs to collect a self-certification from the Lifeline/Link-Up applicant (subscriber) at the time of enrollment.

The Commission estimates that approximately 175,000 subscribers will submit their information annually, as required by this one-time certification requirement to the ETCs.

175,000 subscribers x 1 one-time certification = 175,000 responses

- (b) The Commission also estimates that approximately 1,800 ETCs, which collect the certification information from subscribers, will file one self-certification concerning the company's compliance with certification and verification rules to USAC on an annual basis. ETCs may submit this certification using a sample optional "Annual Lifeline Certification & Verification" letter, which will be provided on USAC's website.

1,800 ETCs x 1 annual report = 1,800 responses

Total: 175,000 subscribers' responses + 1,800 ETCs' responses = 176,800 responses

- (4) Annual Burden per Respondent: 0.08 hours (5 minutes) for subscribers and 0.5 hours (30 minutes) for ETCs.

- (5) Total Annual Burden: 14,900 hours

- (a) Although the Commission has not designed a means for the ETC to gather the required documentation for income-based eligibility upon enrollment in the Lifeline/Link-Up program, we believe the easiest and most time-efficient method would be for ETCs to require the enrolling subscriber to read and sign a preprinted certification.

We estimate that reading and signing a certification will take 0.08 hours (approximately 5 minutes) to complete:

175,000 subscribers x 0.08 hours/ETC certification = 14,000 hours.

- (b) Similarly, we estimate that the ETC officer will take no longer than 0.5 hours (approximately 30 minutes) to certify the company's compliance with the certification and verification rules. ETCs may use the sample optional "Annual Lifeline Certification & Verification" letter, which will be available on USAC's website.

The self-certification will state that the ETC is complying with the relevant Commission or state rules concerning review of documentation and maintenance of records:

1,800 ETCs x 0.5 hours = 900 hours.

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Total: 14,000 hours + 900 hours = 14,900 hours.

- (6) Total Estimate of Annualized Cost to Respondents for the burden for collection of information: \$62,501.40.
- (7) Explanation of calculation: In federal default states, approximately 175,000 subscribers participate in the Lifeline program based on the income eligibility criteria. We estimate that enrolling subscribers will spend 0.08 hours (approximately 5 minutes) reading and signing the required certification provided by the ETC.

The Commission estimates that the 1,800 ETCs will take 0.5 hours (approximately 30 minutes) to certify company compliance with the relevant federal or state regulations. We estimate that the ETCs will use “in house” staff equivalent to a GS-14, Step 5 (\$53.42/hour) Federal employee, plus 30% for administrative staff time and overhead):

$$\begin{aligned}
 1,800 \text{ ETCs} \times 1 \text{ submission/ETC} \times 0.5 \text{ hrs/certification} \times \$53.42/\text{hr} &= \$48,078.00 \\
 30\% \text{ administrative staff time and overhead} &= \underline{\$14,423.40} \\
 \text{Total} &= \$62,501.40
 \end{aligned}$$

**c. Verification of continued eligibility: (adjustment)**

- (1) Number of Respondents: 26,800 respondents (1,800 ETCs and 25,000 subscribers)
- (a) The Commission has increased its estimates for the number of ETCs and subscribers due to the increase in the numbers of participating ETCs and due to the natural population increase and to increased participation in the Lifeline and Link-Up programs.
- (b) We now believe that there are approximately 1,800 ETCs and 25,000 subscribers who are subject to the verification procedures.<sup>6</sup>
- (c) ETCs in states that mandate state Lifeline support must comply with state verification procedures to validate consumers’ continued eligibility for Lifeline.
- (e) ETCs in states that do not mandate state Lifeline support may either verify directly with a state that particular subscribers continue to be eligible by virtue of participation in a qualifying program or income level or they may survey a statistically valid sample of their eligible subscribers to determine continued eligibility.

<sup>6</sup> In the previous submission, the Commission had estimated that there would be 471 ETCs and 21,320 subscribers in 2005, the first year of this verification procedure. We had also estimated that, in subsequent years, there would be approximately 400 ETCs and between 7,175 and 34,300 subscribers.



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- (f) An officer of the eligible telecommunications carrier must certify, under penalty of perjury, that the company has income verification procedures in place and that, to the best of his or her knowledge, the company was presented with corroborating documentation.
- (g) The eligible telecommunications carrier must retain records of these certifications.
- (h) Subscribers who are subject to the verification procedures and qualify under program-based eligibility criteria must prove their continued eligibility by presenting in person or sending a copy of their Lifeline-qualifying public assistance card and self-certifying, under penalty of perjury, that they continue to participate in the Lifeline-qualifying public assistance program.
- (i) Subscribers who are subject to the verification procedures and qualify under the income-based eligibility criteria must prove their continued eligibility by presenting current income documentation.
- (j) These subscribers must also self-certify, under penalty of perjury, the number of individuals in their household and that the documentation presented accurately represents their annual household income.
- (k) To facilitate ETC compliance with the verification rules, the Commission, as noted above, has created a sample optional “Annual Lifeline Certification & Verification” letter, which will be provided on USAC’s website. This document was developed to create a single, easy-to-understand, and easy to fill-out document for the ETCs to report their compliance with the certification and verification requirements.
- (l) As required by the Commission’s rules in 47 C.F.R. Section 54.410(c)(2), ETCs in federal default states are required to either verify directly with a state that particular subscribers continue to be eligible by virtue of participation in a qualifying program or income level or they may survey a statistically valid sample of their eligible subscribers to determine continued eligibility.
- (m) Using OMB-mandated values, the *Lifeline Order* specifies the number of subscribers that will constitute a statistically valid sample.<sup>7</sup>
  - (1) In 2007, there were a total of 13,000 subscribers in the combined statistically valid samples for ETCs in federal default states.
  - (2) In addition, subscribers in non-federal default states may be subject to state verification procedures.
  - (3) We estimate that there will be 12,000 subscribers subject to state verification

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<sup>7</sup> See *Lifeline Order* at Appendix J, at J-1, J-2.

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requirements in non-federal default states.

(4) Accordingly, we estimate that there will be a total of 25,000 subscribers subject to some form of verification requirement.

(2) Frequency of Response: Annual reporting requirement.

- (a) Annually, subscribers who are subject to the verification procedures federal default states must present certain documentation.
- (b) Additionally, if such subscribers qualify under the income-based eligibility criteria, they must also make certain self-certifications.
- (c) In addition, subscribers in non-federal default states will be subject to state verification requirements.
- (d) Annually, ETCs in federal default states must verify continued eligibility directly with the state, or conduct a survey of a statistically valid sample of subscribers.
- (e) ETCs in non-federal default states must comply with state verification procedures.
- (f) ETCs in federal default states with income-qualifying subscribers must submit one self-certification concerning the company's compliance with certification and verification rules to USAC.
- (g) ETCs may submit this certification using a sample optional "Annual Lifeline Certification & Verification" letter, which will be provided on USAC's website.
- (h) ETCs must also retain records of these certifications.

(3) Total Number of Responses Annually: 26,800

- (a) 25,000 subscribers x 1 response (presentation of documentation and self-certification) = 25,000 responses
- (b) 1,800 ETCs x 1 response = 1,800

Total: 25,000 subscriber responses + 1,800 ETC responses = 26,800 responses

(4) Annual Burden per Respondent: 0.25 hours (15 minutes) for subscribers and 3.5 hours for ETCs

(5) Total Annual Burden: 12,550 hours

- (a) Subscribers: 0.25 hours (15 minutes).

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- (1) We estimate that reading and signing the self-certification and showing a qualifying document will take a subscriber approximately 0.25 hours (approximately 15 minutes).
- (2) We note that subscribers in non-federal default states must comply with state verification procedures, and we estimate that the state procedures will take approximately the same amount of time as the federal procedures.

0.25 hours x 25,000 subscribers = 6,250 hours

(b) ETCs: 3.5 hours.

- (1) ETCs in federal default states may verify directly with a state that particular subscribers continue to be eligible or they may they may survey a statistically valid sample of their eligible subscribers to determine continued eligibility.
- (2) Although we do not design a specific means, we believe the most time efficient method for verifying continued eligibility would be for ETCs to survey the statistically valid sample of subscribers, review documentation and collect self-certifications.
- (3) We estimate that it will take ETCs in federal default states approximately 3.5 hours to collect and compile the verification data, make the required certifications, and retain records of the certifications.
- (4) ETCs may use the sample optional “Annual Lifeline Certification & Verification” letter to submit the information to USAC.
- (5) ETCs in non-federal default states must comply with state verification procedures, which may vary widely.
- (6) However, we estimate that the state verification procedures will take the same amount of time to perform as the federal verifications.

3.5 hours x 1,800 ETCs = 6,300 hours

Total: 6,250 hours/subscribers + 6,300 hours/ETCs = 12,550 hours

- (6) Total estimate of annualized cost to respondents for the burden for collection of information: \$437,509.80
- (7) Explanation of calculation: In both federal default states and non-federal default states, we estimate that the subscribers will take approximately 0.25 hours (15 minutes) to comply with federal or state verification procedures.

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In both federal default states and non-federal default states, we estimate that 1,800 ETCs will take approximately 3.5 hours to comply with federal or state verification procedures. We estimate that the ETCs will use “in house” staff equivalent to a GS-14, Step 5 (\$53.42/hour) Federal employee, plus 30% for administrative staff time and overhead):

$$\begin{aligned}
 1,800 \text{ ETCs} \times 1 \text{ submission/ETC} \times 3.5 \text{ hrs} \times \$53.42/\text{hr} &= \$ 336,546.00 \\
 30\% \text{ administrative staff time and overhead} &= \underline{\$ 100,963.80} \\
 \text{Total} &= \$ 437,509.80
 \end{aligned}$$

**d. Voluntary survey of state Lifeline/Link-Up programs:<sup>8</sup> (no program changes or adjustments)**

(1) Number of respondents: 55 (50 states and 5 territories).

(2) Frequency of response: Annual reporting requirement.

(3) Total Number of Responses Annually: 55

50 states x 1 response/annum = 50 responses

5 territories x 1 response/annum = 5 responses

Total: 50 + 5 = 55 responses

(4) Annual Burden per Respondent: 2.5 hours

(5) Total Annual Hourly Burden per Respondent: 138 hours

55 respondents x 2.5 hours/survey = 138 hours

(6) Total Estimate of Annualized cost to respondents for the burden for collection of information: \$8,079.50.

(7) Explanation of calculation: The Commission estimates that the 55 states and territories (respondents) will use “in house” staff equivalent to a GS-13, Step 5 Federal employee (plus 30% for administrative staff time and overhead) to complete this survey:

$$\begin{aligned}
 55 \text{ states and territories} \times 1 \text{ submission/annum} \times 2.5 \text{ hrs/survey} \times \$45.20/\text{hr} &= \$6,215.00 \\
 30\% \text{ administrative staff time and overhead} &= \underline{\$1,864.50} \\
 \text{Total} &= \$8,079.50
 \end{aligned}$$

<sup>8</sup> At this time, the annual voluntary survey of state Lifeline/Link-Up programs is not being used. However, the Commission wishes to retain this information collection requirement as presently designed in the event that it decides to employ it in the future. This information collection requirement was approved by OMB in the Notice of Action on 05/12/2006.

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***New Information Collection Requirements<sup>9</sup>***

**e. 47 C.F.R. § 54.417 – Lifeline record keeping. (New)**

(1) Number of Respondents: Approximately 1,800 ETCs

(2) Frequency of Response: Recordkeeping.

Each telecommunications carrier must keep records verifying the eligibility of a recipient of low-income support for as long as it provides Lifeline service to that customer, even after being audited.

(3) Total Number of Responses Annually: 1,800

1,800 ETCs x 1 recordkeeping requirement/annum = 1,800 responses

(4) Annual Burden per Respondent: 1 hour

(5) Total Annual Burden: 1,800 hours.

The Commission estimates that each ETC requires approximately 1 hour annually to maintain its records.

1,800 ETCs (respondents) x 1 recordkeeping requirement/annum x 1 hour = 1,800 hours

(6) Total estimate of annualized cost to respondents for the hour burdens for collection of information:  
\$50,146.20

(7) Explanation of calculation: We estimate that it will take 1,800 carriers approximately 1 hour to maintain the records. The Commission estimates that these carriers (respondents) will use “in house” staff equivalent to a GS-7, Step 5 Federal employee (\$21.43/hour), plus 30% administrative staff time and overhead, to maintain these records:

1,800 carriers x 1 recordkeeping requirement/yr x 1 hour/yr x \$21.43/hour = \$38,574.00

30% administrative staff time and overhead = \$11,572.20

Total =

\$50,146.20

<sup>9</sup> See *Comprehensive Review Order*, FCC 07-150 (requiring ETCs to retain records verifying the eligibility of a recipient for the Lifeline program for as long as the ETC provides Lifeline service to that customer and even after being audited.).

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<b>Existing Information Collection Requirements</b>	<b>Number of Respondents</b>	<b>Number of Responses</b>	<b>Total Burden Hours</b>	<b>“In House” Costs</b>
a. Form 497	1,800	21,600	32,400	\$2,250,050.40
b. Certification of income eligibility upon enrollment	176,800	176,800	14,900	\$62,501.40
c. Verification of continued eligibility	26,800	26,800	12,550	\$437,509.80
d. Voluntary survey of state Lifeline/Link-Up programs	55	55	138	\$8,079.50
<b>New Information Collection Requirements</b>				
e. Lifeline recordkeeping (47 C.F.R. § 54.417)	1,800	1,800	1,800	\$50,146.20

**Total Number of Respondents: 201,855**

**Total Number of Responses Annually: 227,055**

**Total Annual Hourly Burden for items a - e: 61,788 hours**

**Total Annual “In House” Costs: \$2,808,287.30**

13. *Estimates of the cost burden of the collection to respondents.*

(1) Total capital start-up costs component annualized over its expected useful life: \$0.

The collections will not require the purchase of additional equipment.

(2) Total operation and maintenance and purchase of services component: \$0.

(3) Total annualized cost requested: \$0.

14. *Estimates of the cost burden to the Commission.* The Commission will not incur any costs because the information is collected by an outside administrator (USAC).

15. *Program changes or adjustments.* The Commission has revised this information collection, as follows:

(a) The total number of respondents is now estimated to be 201,855, a decrease of 1,116,200 respondents (“adjustment”), which reflects the Commission’s re-estimation of the number of respondents (subscribers) who are likely to participate in the Lifeline/Link-Up programs.

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- (b) The total number of responses annually is now estimated to be 227,055 responses, a decrease of 1,091,000 responses (“adjustment”). This difference reflects the Commission’s re-estimation of the decrease in the number of respondents and the resulting decrease in the number of responses. This difference also reflects the addition of the new information collection requirement (e), as explained in Question 12(e) above (“program change”).
  - (c) The total annual hour burden is now estimated to be 61,788 hours, a decrease of 39,706 hours (“adjustment”). This difference reflects the decrease in the number of respondents and responses per the Commission’s re-estimation of these two estimates, and an increase of 1,800 hours due to the addition of the new information collection requirement (e), as explained in Question 12(e) above (“program change”).
  - (d) There is no change to the Commission’s estimate that there are no “annual costs” for respondents.
  - (e) The Commission notes that it inadvertently omitted “states and territories” (“government”) as a respondent group in the previous submission. This “revision” corrects that oversight.
  - (f) Although the prior submissions have indicated that there is a monthly reporting requirement, the Commission has re-evaluated this issue and decided that there is no monthly reporting requirement. Although ETCs must file one FCC Form 497 for each month in which they request reimbursement, the forms are not required to be filed on a monthly basis. For example, an ETC may file 3 FCC Forms 497 each quarter.
  - (g) The Commission has determined that there are no third party disclosure requirements.
16. *Collections of information whose results will be published.* This information may be made public through reports from USAC for the Commission, although the Commission does not have specific plans for doing so at this time.
17. *Display of expiration date for OMB approval of information collection.* The Commission seeks continued approval not to display the expiration date of OMB approval on the form. Display of the expiration date would not be in the public interest because we would have to destroy all unused forms previously printed and have to update the electronic copy. This would constitute waste and would not be cost effective. Instead, the Commission will use the edition date on the FCC Form 497 and the “Annual Lifeline Certification & Verification” letter.
18. *Exceptions to the certification statement for Paperwork Reduction Act submissions (Item 19 of OMB Form 83-1).*
- (a) As discussed above, the requirement in the *Lifeline Order* directs ETCs to submit proof to USAC that they certified that their Lifeline subscribers are eligible to receive Lifeline support, and that they verified their subscribers’ continued eligibility in the Lifeline program. Although the *Lifeline Order* did not dictate the form in which carriers are to submit their information, we developed a sample “Annual Lifeline Certification & Verification” letter to make it easier for ETCs to provide the exact information set forth in the *Lifeline Order*. Use of this document is

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optional (voluntary).

- (b) In addition, in the *Comprehensive Review Order*, the Commission extended the time period for certain recordkeeping requirements. Each telecommunications carrier must keep records verifying the eligibility of a recipient of low-income support for as long as it provides Lifeline service to that customer, even after being audited—this requirement is addressed in 12.e. above.
- (c) Furthermore, the Commission notes the following changes since publication of the 60 day Notice in the Federal Register:
- (1) The total number of respondents is now estimated to be 201,855, and not 181,855 as reported in the Notice.
  - (2) The total number of responses is now estimated to be 227,055, and not 181,855 as reported in the Notice.
  - (3) The total annual hour burden is now estimated to be 61,788, and not 48,619 as reported in the Notice.
  - (4) The respondent groups also include “states and territories” (governments).
  - (5) The estimated time per response now ranges from 0.08 hours (five minutes) to 3.5 hours.
  - (6) The frequency of response now includes on occasion, annual, one-time, and recordkeeping. The Notice reported that there was monthly and third party disclosure, but since then, the Commission re-evaluated the information collection requirements and decided that there were no monthly or third party disclosure requirements.

**B. Collections of Information Employing Statistical Methods:<sup>10</sup>**

1. The universe of respondents are ETCs receiving Lifeline/Link-Up support in federal default states.

The *Lifeline Order* requires certain eligible telecommunications carriers (ETCs) to verify annually that a statistically valid sample of their Lifeline/Link-Up recipients receiving support continue to be eligible under the federal eligibility criteria. The *Lifeline Order*'s requirement applies only to those ETCs with Lifeline/Link-Up customers from “federal default states.” A federal default state is a state or territory that either (1) has adopted the federal eligibility criteria for Lifeline/Link-Up, or (2) does not have its own state-based Lifeline/Link-up program.

Federal default states and territories include: American Samoa, Delaware, Guam, Hawaii, Iowa, Indiana, Louisiana, New Hampshire, Northern Mariana Islands, Puerto Rico and the US Virgin

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<sup>10</sup> The Commission developed this statistical methodology, which was part of the previous submission in 2005. The Commission has not made any revisions or other changes to this methodology since OMB issued its Notice of Action (05/12/2005) approving the previous submission.



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Islands. There are currently 356 ETCs in these states and territories. The total number of subscribers in these states and territories is approximately 167,300. We anticipate that the number of ETCs and subscribers will continue to increase over time.

Because the *Lifeline Order* requires ETCs to submit the results of their sampling, we estimate that the response rate will exceed 95%.

2. Each year, ETCs in federal default states are required to verify the continued eligibility of a statistically valid sample of their Lifeline customers. The size of the statistically valid sample varies based on the number of Lifeline subscribers (N) and the previously estimated proportion of Lifeline subscribers inappropriately taking Lifeline service (P).

For ETCs with 400,000 Lifeline subscribers or less, the appropriate sample size is calculated pursuant to the following formula:  $\text{sample size} = N / (1 + \{[N-1]/n\})$ . N is the number of Lifeline subscribers and  $n = 2.706 * P * (1 - P) / .000625$ , where P is the previously estimated proportion of Lifeline subscribers inappropriately taking Lifeline service. We note that the values 2.706 and .000625 in this formula are mandated by OMB.

In the first year, all ETCs used a value of .01 for the proportion P of subscribers inappropriately taking Lifeline service. In subsequent years, ETCs should use the results of samples from previous years to determine this estimated proportion. In all instances, the estimated proportion P should never be less than .01 or more than .06.

To simplify the calculation for respondents, the *Lifeline Order* provides a table of sample sizes created using this formula. The table uses two variables N (number of Lifeline subscribers) and P (previously estimated proportion of Lifeline subscribers inappropriately taking Lifeline service). To determine the correct sample size, respondents select the box that matches its number of Lifeline subscribers N and the proportion P. If the exact values for N and P are not listed on the table, ETCs are directed to round up to the nearest value on the table. The table is set out below for clarity.

Thus, if an ETC found in the prior year that 3.8 percent of its 9,500 Lifeline subscribers inappropriately took Lifeline service, the ETC would use a sample size of 164 (value using 10,000 customers and proportion .04). The ETC in this example would be required to sample 164 subscribers to verify the subscribers' continued eligibility under the federal eligibility criteria.

Because the adjustment for the number of Lifeline subscribers is *de minimus* above 400,000 subscribers, ETCs with more than 400,000 Lifeline subscribers must use a specific formula to calculate the sample size. For ETCs with more than 400,000 Lifeline subscribers, the ETC will determine a statistically valid sample size using the following formula:

$$\text{Sample Size} = 2.706 * P * (1 - P) / .000625.$$

P is the previously estimated proportion of Lifeline subscribers inappropriately taking Lifeline service. As described above, ETCs with more than 400,000 subscribers should use a value of .01 for

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P in the first year. In subsequent years, ETCs should use the actual value from the prior year. Currently, no ETC in the federal default states has more than 400,000 Lifeline/Link-Up subscribers.

3. ETCs in federal default states with Lifeline subscribers are required by our rules to submit this information annually. USAC will be able to determine which ETCs have not submitted the required information and will follow up by letter with those who have not responded.
4. Information on how to perform the sampling is available on USAC's website at <http://www.usac.org/res/documents/li/pdf/appendix-J-statistically-valid-sample.pdf>.
5. Contact names and phone numbers. For the statistical aspects of the design, the contact is Alexander Belinfante, Wireline Competition Bureau, Federal Communications Commission, [Alexander.belinfante@fcc.gov](mailto:Alexander.belinfante@fcc.gov). His telephone number is (202) 418-0940.

For the collection of the completed samples, the contact is Pamela Gallant, Director, Low Income Programs, Universal Service Administrative Company, [pgallant@universalservice.org](mailto:pgallant@universalservice.org). Her phone number is (202) 776-0200.

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**Sample Size Table**

(N) Number of Lifeline Subscribers	Previously Estimated Proportion of Subscribers Inappropriately Taking Lifeline Service (P) <sup>11</sup>										
	0.01	0.015	0.02	0.025	0.03	0.035	0.04	0.045	0.05	0.055	0.06
<b>400,000</b>	43	64	85	106	126	146	166	186	206	225	244
<b>100,000<sup>12</sup></b>	43	64	85	105	126	146	166	186	206	225	244
<b>90,000</b>	43	64	85	105	126	146	166	186	205	224	244
<b>70,000</b>	43	64	85	105	126	146	166	186	205	224	243
<b>60,000</b>	43	64	85	105	126	146	166	185	205	224	243
<b>30,000</b>	43	64	85	105	125	146	165	185	204	223	242
<b>20,000</b>	43	64	85	105	125	145	165	184	204	223	241
<b>15,000</b>	43	64	84	105	125	145	164	184	203	222	240
<b>10,000</b>	43	64	84	104	124	144	164	183	202	220	238
<b>9,000</b>	43	64	84	104	124	144	163	182	201	220	238
<b>8,000</b>	43	63	84	104	124	144	163	182	201	219	237
<b>7,000</b>	43	63	84	104	124	143	162	181	200	218	236
<b>6,000</b>	43	63	84	104	123	143	162	180	199	217	235
<b>5,000</b>	43	63	83	103	123	142	161	179	198	215	233
<b>4,000</b>	42	63	83	103	122	141	160	178	196	213	230
<b>3,000</b>	42	63	83	102	121	139	158	175	193	209	226
<b>2,000</b>	42	62	81	100	119	136	154	170	187	202	218

<sup>11</sup> For the first year of verification, ETCs should assume that this percentage is .01, if there is no evidence to assume a different percentage. In subsequent years, ETCs should use the results of samples from previous years to determine this estimated percentage

<sup>12</sup> Sample sizes for ETCs with less than 400,000 Lifeline subscribers are calculated pursuant to the following formula: sample size =  $N/(1+\{[N-1]/n\})$ . N is the number of Lifeline subscribers. n is  $(2.706 * P*(1 - P)) / .000625$ , where P is the estimated percentage of Lifeline subscribers inappropriately taking Lifeline service. ETCs may choose to calculate their sample sizes using these formulas.

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**Sample Size Table**

**Previously Estimated Proportion of Subscribers Inappropriately Taking Lifeline Service (P)**

<b>(N) Number of Lifeline Subscribers</b>	<b>0.01</b>	<b>0.015</b>	<b>0.02</b>	<b>0.025</b>	<b>0.03</b>	<b>0.04</b>	<b>0.04</b>	<b>0.045</b>	<b>0.05</b>	<b>0.06</b>	<b>0.06</b>
<b>1,500</b>	42	61	80	99	116	133	150	166	181	196	210
<b>1,000</b>	41	60	78	96	112	128	142	157	171	184	196
<b>900</b>	41	60	78	95	111	126	140	154	168	180	192
<b>800</b>	41	59	77	94	109	124	138	151	164	176	187
<b>700</b>	41	59	76	92	107	121	134	147	159	170	181
<b>600</b>	40	58	74	90	104	118	130	142	154	164	174
<b>500</b>	40	57	73	88	101	113	125	136	146	155	164
<b>400</b>	39	55	70	84	96	107	118	127	136	144	152
<b>300</b>	38	53	66	79	89	98	107	115	122	129	135
<b>200</b>	36	49	60	70	78	85	91	97	102	106	110
<b>150</b>	34	45	54	62	69	74	79	83	87	90	93
<b>120</b>	32	42	50	57	62	66	70	73	76	78	81
<b>100</b>	30	39	46	52	56	60	63	65	68	69	71
<b>90</b>	29	38	44	49	53	56	59	61	63	64	66
<b>80</b>	28	36	41	46	49	52	54	56	58	59	60
<b>70</b>	27	34	39	42	45	48	49	51	52	54	55
<b>60</b>	25	31	35	39	41	43	44	46	47	48	48
<b>50</b>	23	28	32	34	36	37	39	40	40	41	42
<b>40</b>	21	25	27	29	31	32	32	33	34	34	34
<b>35</b>	20	23	25	27	28	28	29	30	30	30	31
<b>30</b>	18	21	22	24	24	25	26	26	26	27	27
<b>25</b>	16	18	19	20	21	21	22	22	22	23	23
<b>20</b>	14	15	16	17	17	18	18	18	18	18	19

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**Sample Size Table**

**Previously Estimated Proportion of Subscribers Inappropriately Taking Lifeline Service (P)**

<b>(N) Number of Lifeline Subscribers</b>	<b>0.01</b>	<b>0.015</b>	<b>0.02</b>	<b>0.025</b>	<b>0.03</b>	<b>0.04</b>	<b>0.04</b>	<b>0.045</b>	<b>0.05</b>	<b>0.06</b>	<b>0.06</b>
<b>17</b>	12	14	14	15	15	15	16	16	16	16	16
<b>15</b>	11	12	13	13	13	14	14	14	14	14	14
<b>13</b>	10	11	11	12	12	12	12	12	12	12	12
<b>11</b>	9	10	10	10	10	10	10	10	10	11	11
<b>10</b>	8	9	9	9	9	9	9	10	10	10	10
<b>9</b>	8	8	8	8	8	9	9	9	9	9	9
<b>8</b>	7	7	7	8	8	8	8	8	8	8	8
<b>7</b>	6	6	7	7	7	7	7	7	7	7	7
<b>6</b>	5	6	6	6	6	6	6	6	6	6	6
<b>5</b>	5	5	5	5	5	5	5	5	5	5	5
<b>4</b>	4	4	4	4	4	4	4	4	4	4	4
<b>3</b>	3	3	3	3	3	3	3	3	3	3	3
<b>2</b>	2	2	2	2	2	2	2	2	2	2	2
<b>1</b>	1	1	1	1	1	1	1	1	1	1	1