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SUPPORTING STATEMENT

This submission is being made pursuant to 44 U.S.C. 3507 of the Paperwork Reduction Act of 1995 to revise existing collection 3060-0806 (FCC Forms 470 and 471).

A. Justification:

1. The Communications Act of 1934, as amended by the Telecommunications Act of 1996 (Act), directed the Commission to take steps necessary to establish support mechanisms to ensure the delivery of affordable telecommunications service for all Americans, including consumers in high cost areas, low-income consumers, rural health care providers, and eligible schools and libraries. Section 254(h) of the Act, as implemented by the Federal Communications Commission (Commission) in its *Universal Service Order* (CC Docket No. 96-45, FCC 97-157), established, *inter alia*, the federal universal service support mechanism for schools and libraries. Under the schools and libraries support mechanism (also known as the E-rate program), eligible schools, libraries, and consortia that include eligible schools and libraries may apply for discounts for telecommunications services, Internet access, internal connections, and basic maintenance of internal connections. FCC Forms 470 and 471 are required to determine eligibility by schools and libraries for discounts under the program so that they can purchase eligible services.

The Commission is revising this collection in an effort to streamline the application process for the E-Rate program and to remove outdated and unneeded questions. We propose revising the forms by removing questions that were originally intended to assist service providers but are no longer useful and by removing questions that are outside the scope of the information needed to process E-Rate applications. We further propose limiting data collection to information that is not already available through other USAC forms or review processes. Finally, applicants will be required to include their FCC Registration Numbers and consultants must provide their contact information, when applicable.

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.

a. Submission of FCC Form 470 “Description of Services Requested and Certification.”

Applicants in the E-rate program must submit an FCC Form 470 with a description of the services needed to USAC, which administers the fund. The information from the FCC Form 470 is then posted on USAC’s website for all potential competing service providers to review. After waiting 28 days, the applicant can enter into an agreement for services. See 47 CFR § 54.504(b). Applicants and consultants completing the FCC Form 470 must provide basic information on the form, including contact information and demographic information to assist in the processing of the application.

Pursuant to section 254(h) of the Telecommunications Act of 1996, 47 U.S.C. § 254(h), as amended by the No Child Left Behind Act of 2001, 20 U.S.C. §§ 7801(18) and (38), schools and libraries must certify, the Form 470, under oath, *inter alia*, that:

- (1) the applicant is an eligible school or library or consortium;
- (2) the supported services are covered by a technology plan, or the applicant is properly exempted from having such a plan;

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- (3) the applicant will conduct a competitive bidding process in accordance with Commission rules;
- (4) the funding will be used for educational purposes;
- (5) the applicant has not received anything of value from the service provider, other than the requested services, in connection with the request for services;
- (6) the applicant has the necessary resources to use the services purchased effectively;
- (7) the signatory has the authority to submit the request on behalf of the applicant; and
- (8) the applicant has complied with applicable federal, state, and local procurement laws

These certifications on the FCC Form 470 are important to maintain the integrity of the E-rate program and are necessary to ensure that only eligible entities receive support under the program. See 47 CFR § 54.504(b)(2).

b. Submission of FCC Form 471 “Services Ordered and Certification.”

The FCC Form 471 must be filed each year by all E-rate applicants. Once a school or library has complied with the Commission’s competitive bidding requirements and entered into an agreement for eligible services, it must file an FCC Form 471 application to notify USAC of the services that have been ordered, the service providers with whom the applicant has entered into an agreement, and an estimate of the funds needed to cover the discounts to be given for eligible services. See 47 CFR § 54.504(c). Applicants must now provide their FCC Registration Number. See 47 CFR §§ 1.8002 and 1.8003.

Besides basic information about the applicant or consultant filling out the form, the form gathers information about the broadband services that the school or library is currently using to help USAC determine the technological needs of the E-rate program. Since economically disadvantaged schools and rural schools receive a greater share of E-rate program funding, the form also contains a discount calculation worksheet for certifying the percentage of students eligible in that school for the national school lunch program (or other acceptable indicators of economic disadvantage determined by the Commission). See 47 CFR § 54.505(b)(1). Similarly, libraries must make certifications about students eligible for national school lunch programs in nearby areas. See 47 CFR § 54.505(b)(2). Since rural schools and libraries receive slightly more funding than urban participants, the FCC Form 471 requires applicant’s demographic location. See 47 CFR § 54.505(b)(3).

Pursuant to section 254(h) of the Telecommunications Act of 1996, 47 U.S.C. § 254(h), as amended by the No Child Left Behind Act of 2001, 20 U.S.C. §§ 7801(18) and (38), schools and libraries must certify in the Form 471, under oath, *inter alia*, that:

- (1) the applicant is an eligible school or library or consortium;
- (2) the applicant has the necessary resources to use the services purchased effectively;

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- (3) the supported services are covered by a technology plan, or the applicant is properly exempted from having such a plan;
- (4) the applicant will conduct a competitive bidding process in accordance with Commission rules;
- (5) the funding will be used for educational purposes;
- (6) the applicant acknowledges the penalties for not complying with program rules;
- (7) the applicant acknowledges that the program is conditional on serving the most disadvantaged schools and libraries;
- (8) the applicant complies with document retention requirements;
- (9) the signatory has the authority to submit the request on behalf of the applicant; and
- (10) the applicant understands and will comply with all other E-rate program rules and requirements.

See 47 CFR § 54.504(c)(1). As noted on the OMB Form 83i, this information collection does not affect individuals or households; thus, there are no impacts under the Privacy Act.

2. The information in these collections is used by USAC to administer the basic functions of the E-rate program, including facilitating the purchase of services by E-rate applicants, collecting information on the services ordered and certifying compliance with fundamental E-rate program rules. All the requirements contained herein are necessary to implement the congressional mandate for universal service.
3. Applicants will be able to electronically file or mail their submissions. Copies of the forms will be available on the Administrator's website.
4. There will be no duplication of information. The information sought is unique to each respondent and similar information is not already available.
5. Entities directly subject to the requirements in the forms are primarily schools and libraries. The forms have been designed to impose the least possible burden on the respondents.
6. Failing to collect the information, or collecting it less frequently, would prevent the Commission from implementing section 254 of the 1996 Act and ensuring that schools and libraries receiving discounted Internet access, Internet services, and internal connections are eligible to participate and are doing so in accordance with applicable rules and regulations.
7. Applicants are required to retain records filed with the administrator for five years. The records are needed in the event the applicant is audited. If an applicant is audited, it should be able to demonstrate to the auditor how the entries in its application were provided.
8. The Commission published a public notice pursuant to 5 CFR § 1320.8, and a notice was also published in the *Federal Register* on May 24, 2010, 75 FR 28806. No comments were received in response to the notice.

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9. There will be no payments or gift to respondents.
10. The FCC does not request that respondents submit confidential information to the FCC. If the FCC 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 FCC's rules.
11. The request does not address any matters of a sensitive nature.
12. The following represents the hour burden on the collections of information:
- a. “Submission of FCC Form 470 “Description of Service Requested and Certification.”
- (1) Number of respondents: Approximately 35,000 public school districts, private schools and public library systems.
- (2) Frequency of response: On occasion reporting requirements.
- (3) Total Number of Responses Annually: 70,000 responses
- Each school and library must submit an FCC Form 470, describing the services desired, to the Administrator before entering into an agreement for E-rate supported services.
- 35,000 respondents x 1 FCC Form 470 filing/annum = 35,000 responses
- Each school and library must also maintain records pertaining to the information on FCC Form 470 for five years.
- 35,000 respondents x 1 recordkeeping requirement/annum = 35,000 responses
- 35,000 reporting responses + 35,000 recordkeeping responses = 70,000 responses
- (4) Annual burden per response: 122,500 hours.
- The Commission estimates that this requirement will take approximately three hours and that 35,000 FCC Forms 470 will be filed by schools and libraries (respondents) each year.
- 35,000 respondents x 3 hours/FCC Form 470 submission/annum = 105,000 hours
- The Commission also estimates that the 35,000 schools and libraries (respondents) will maintain records pertaining to the information they file on FCC Form 470 each year, as part of the five year recordkeeping requirement. We estimate that the recordkeeping requirement will take 30 minutes (0.5 hours) annually.
- 35,000 respondents x 0.5 hours = 17,500 hours
- 105,000 hours + 17,500 hours = 122,500 hours
- (5) Total “In House” Costs: \$7,210,385

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The Commission estimates that respondents use staff equivalent to a GS-13/Step 5 (\$48.99/hour) Federal employee, plus 30% for administrative staff time and overhead, to complete and file FCC Form 470.

$$105,000 \text{ hours} \times \$48.99/\text{hour} = \$5,143,950$$

The Commission also estimates that respondents use staff equivalent to a GS-7/Step 5 (\$23/hour) Federal employee, plus 30% for administrative staff time and overhead, to comply with the five-year recordkeeping requirement.

$$17,500 \text{ hours} \times \$23/\text{hour} = \$402,500$$

$$\$5,143,950 + \$402,500 = \$5,546,450$$

$$30\% \text{ overhead} = \underline{\$1,663,935}$$

$$\text{Total: } \$7,210,385$$

b. Submission of FCC Form 471 “Services Ordered, Certification, and Termination.”

- (1) Number of respondents: Approximately 45,000 public school districts, private schools and public library systems.
- (2) Frequency of response: Annually.
- (3) Total Number of Responses Annually: 90,000 responses.

Each school and library must submit FCC Form 471, describing the services desired, to the Administrator.

$$45,000 \text{ respondents} \times 1 \text{ FCC Form 471 filing/annum} = 45,000 \text{ responses}$$

Each school and library must also maintain records pertaining to the information on FCC Form 471 for five years.

$$45,000 \text{ respondents} \times 1 \text{ recordkeeping requirement/annum} = 45,000 \text{ responses}$$

$$45,000 \text{ reporting responses} + 45,000 \text{ recordkeeping responses} = 90,000 \text{ responses}$$

- (4) Total Annual Hourly Burden: 202,500 hours

The Commission estimates that this requirement will take approximately 4 hours and that the 45,000 schools and libraries (respondents) will file FCC Form 471 once a year.

$$45,000 \text{ respondents} \times 1 \text{ submission/annum} \times 4 \text{ hours/form preparation} = 180,000 \text{ hours}$$

The Commission also estimates that the 45,000 schools and libraries (respondents) will maintain records pertaining to the information they file on FCC Form 471 each year, as part of the five year recordkeeping requirement. We estimate that the recordkeeping requirement will take 30 minutes (0.5 hours) annually.

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45,000 respondents x 0.5 hours = 22,500 hours

180,000 hours + 22,500 hours = 202,500 hours

(5) Total "In House" Costs: \$12,136,410

The Commission estimates that respondents use staff equivalent to a GS-13/Step 5 (\$48.99/hour) Federal employee, plus 30% for administrative staff time and overhead, to complete and file FCC Form 471.

180,000 hours x \$48.99/hour = \$8,818,200

The Commission also estimates that respondents use staff equivalent to a GS-7/Step 5 (\$23/hour) Federal employee, plus 30% for administrative staff time and overhead, to comply with the five-year recordkeeping requirement.

22,500 hours x \$23/hour = \$517,500

\$8,818,200 + \$517,500 = \$9,335,700

30% overhead = \$2,800,710

Total: \$12,136,410

Total Number of Respondents: 45,000

Total Number of Responses Annually: 160,000

Total Annual Hourly Burden: 325,000 hours

Total "In House" Costs: \$19,346,795

13. Total Annual Costs to Respondents:

(1) Total annualized capital/start-up costs: \$0.00.

The collections will not require the purchase of additional equipment.

(2) Total operation and maintenance and purchase of service component (O&M) costs: \$0.00.

The collections will not result in additional operation or maintenance expenses.

(3) Total annualized cost requested: \$0.00

14. There will be few, if any costs to the Commission because notice and enforcement requirements are already part of Commission duties. Moreover, there will be minimal cost to the federal government since an outside party will administer this program.

15. The Commission notes the following changes that have affected the information collection burdens:

(1) Questions on the forms that were originally intended to assist service providers but are no longer useful have been removed.

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- (2) Questions from the forms that are outside the scope of the information needed have been removed.
 - (3) Data collection is now limited to information that is not already available through other USAC forms or review processes.
 - (4) Almost all respondents now use the electronic version of these forms which is quicker to quicker. Also, with the electronic forms, information and data from outside sources can be imported to the forms' fields without manually filling in the information.
 - (5) Due to the E-rate program's funding cap, fewer schools and libraries, etc., are now applying for E-rate funding and, thus, filling out FCC Form 470 and 471 applications.
 - (6) Applicants are now required to provide their FCC Registration Number and consultants provide their contact information, when applicable.
16. The Commission will make the information required by 47 CFR § 54.504 publicly available on the Internet. Other non-proprietary information will likely be made publicly available although the Commission does not have specific plans for doing so at this time.
17. The Commission seeks continued approval to not display the expiration date for OMB approval of this information collection. Display of the expiration date on the forms and instructions would not be in the public interest because, after the approval period, we would have to destroy all of the unused forms bearing the expiration date. This would constitute waste and would not be cost effective.
18. The Commission notes that, pursuant to the *Fifth Report and Order*, applicants are required to retain certain records longer than three years. Applicants must retain records five years to be able to demonstrate to the auditor how the entries in their application were provided.

B. Collections of Information Employing Statistical Methods:

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