

**Lifeline Assistance (Lifeline) Connection Assistance (Link-Up) Reporting Worksheet and Instructions (47 CFR 54.400-54.417)**

## Part B of the Supporting Statement

**B. Collections of Information Employing Statistical Methods:**

1. This collection employs a statistical method in order to reduce the public burden. The universe of respondents is ETCs receiving Lifeline/Link Up support in federal default states.

The 2004 *Lifeline Order* requires certain ETCs to verify annually that a statistically valid sample of their Lifeline recipients receiving support continue to be eligible under the federal eligibility criteria. The 2004 *Lifeline Order*'s requirement applies only to those ETCs with Lifeline 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, Hawaii, Iowa, Indiana, Louisiana, New Hampshire, North Dakota, Northern Mariana Islands, and South Dakota. There are currently 388 ETCs in these states and territories. The total number of subscribers in these states and territories is approximately 250,000. The Commission anticipates that the number of ETCs and subscribers will continue to increase over time.

Because the 2004 *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.

ETCs should use the results of samples from previous years to determine the estimated proportion (P) of subscribers inappropriately taking Lifeline service. In all instances, the estimated proportion (P) should never be less than .01 or more than .06.

To simplify the calculation for respondents, the 2004 *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 attached for clarity.

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For example, 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 minimis* 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.

3. ETCs in federal default states with Lifeline subscribers are required by the Commission's rules to submit this information annually to USAC. The Administrator of the Universal Service mechanism 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. The Administrator provides training information on how to calculate the sample on its website. The sampling formula relies on the prior year's actual results. Use of the prior year's results will further the Commission's goal of making sure that only eligible subscribers receive support.

Contact names and phone numbers. For the statistical aspects of the design, the contact is Jay Bennett, Wireline Competition Bureau, Federal Communications Commission, Jay.Bennett@fcc.gov. His telephone number is (202) 418-2761.

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