

SUPPORTING STATEMENT

A. Justification:

1. The Federal Communications Commission (FCC), in accordance with the Communications Act of 1934, as amended, is required to assess and collect regulatory fees from its licensees and regulatees in order to recover its costs incurred in conducting enforcement, policy and rulemaking, international and user information services.

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.

Statutory authority to collect this information is 47 U.S.C. 159.

2. The purpose for the requirements are to:
 - a) facilitate the statutory provision that non-profit entities be exempt from payment of regulatory fees; and
 - b) facilitate the FCC's ability to audit regulatory fee payment compliance.

In order to develop a *Schedule of Regulatory Fees*, the FCC must, as accurately as possible, estimate the number of fee payment entities and distribute the costs.

- a) These estimates must be adjusted to account for any licensees or regulatees that are exempt from payment of regulatory fees.
- b) The FCC is requiring all licensees and regulatees that claim exemption as non-profit entities to provide one-time only documentation sufficient to establish their non-profit status.
- c) The FCC is requesting that it be similarly notified if for any reason that status changes.
- d) The documentation necessary to provide to the Commission will likely take the form of an Internal Revenue Service (IRS) Determination Letter, a state charter indicating non-profit status, proof of church affiliation indicating tax exempt status, etc.

The FCC is requiring licensees or regulatees to maintain and to make available, upon request, for inspection such records they would normally keep in the course of doing business. This will enable the FCC to conduct any audits deemed appropriate to determine whether fee payments were made correctly, and it will help ensure compliance with the FCC fee exemption policies.

3. The FCC does not specify how licensees and regulatees' records should be maintained, nor does the Commission restrict how the information is submitted to the FCC. Such records may be kept in electronic form and submitted in whatever medium is most practical. The Commission believes that 50 percent of non-profit licensees and regulatees maintain their recordkeeping documentation and submit this information on paper and the other half of the licensees or regulatees submit it electronically.
4. The Commission does not impose a similar information collection on the respondents. No similar data are available.

5. Although the Commission believes that this information collection affects few small businesses, *i.e.*, there is not a significant economic impact on “small entities”. In conformance with the Paperwork Reduction Act of 1995, the Commission has put forth every effort to minimize the burden on all respondents including small businesses. The Commission has limited the information requirements to that absolutely necessary for evaluating and processing the documentation and to ensure compliance.
6. If the non-profit data were not collected, the FCC must either arbitrarily reduce the estimated fee payment entities which would result in a higher fee payment unit/charge, or the FCC is at risk of failing to collect the full amount of regulatory fees mandated by Congress. Likewise, subscriber regulatory fees would have to be increased for those who do pay to offset those that do not.
7. It is critical that the FCC continue to obtain the non-profit documentation. This is required for newly licensed or operating non-profit entities who are filing for exempt status within 60 days of receipt of license, authorization, permit, or of commencing operation.
8. The Commission published a notice in the Federal Register to start the 60-day comment period on October 13, 2011 (76 FR 63617). No comments were received in response to the notice.
9. Respondents will not receive payments or gifts.
10. Licensees or regulatees concerned about disclosure of sensitive information in any submissions to the FCC may request confidential treatment pursuant to Section 0.459 of the Commission’s rules. See 47 CFR 0.459.
11. No private matters of a sensitive nature were addressed.
12. The estimated number of respondents/responses has increased, and as a result, the total hourly burden on all respondents (as a whole) has increased.

The Commission estimates that:

Total Number of Respondents (*i.e.*, non-profit entities): **5,300.**

This estimate is based on the number of claims received in the Commission in recent years for non-profit status from licensees and regulatees.

The FCC is requiring all “non-profit” licensees and regulatees to maintain for inspection, upon request, such records as they would normally keep in the course of doing business and those used to compute the amount of the regulatory fees payment for a period of two years from the time the fee payment was made. This will allow adequate time for the FCC to conduct any audits deemed appropriate to determine whether fee payments were correct.

Of these 5,300 respondents, the Commission estimates that:

- a) 95% or are not-for-profit institutions
- b) 5% are State, local, or tribal Governments

The Commission also estimates the following:

- a) 5,300 non-profit licensees and regulatees (respondents) will spend approximately 30 minutes (or 0.50 hours) annually to maintain these records:

5,300 respondents x 0.50 hours/annum for recordkeeping = **2,650 hours.**

i) 2,650 hours x 0.95 not-for-profit institutions = 5035 hours

ii) 2,650 hours x 0.05 State, local, or tribal governments = 265 hours

- b) In any year, the Commission may require approximately ten percent (10%) of the non-profit licensees and regulatees (respondents) to submit documentation to the FCC, as required, attesting/certifying to their “non-profit” status.

The Commission estimates that respondents will spend approximately 30 minutes (or 0.50 hours) annually preparing and submitting their documentation to the FCC.

530 respondents x 0.50 hours/annum for document preparation and submission = **265 hours.**

i) 265 hours x 0.95 not-for-profit institutions = 503.50 hours

ii) 265 hours x 0.05 State, local, or tribal governments = 26.50 hours

Total Annual Hourly Burden:

2,650 recordkeeping hours + 265 reporting hours = 2,915 hours.

Total Number of Responses:

5,300 recordkeeping responses + 530 reporting responses = 5,830 responses.

i) 5,300 recordkeeping responses x 0.95 not-for-profit institutions = 5,035 responses

ii) 530 reporting responses x 0.05 State, local, or tribal governments = 265 responses

13. The Commission estimates that non-profit licensees and/or regulatees will perform the recordkeeping and reporting requirements using “in-house” staff. Thus, there is no capital/start up costs or operations and maintenance costs. We estimate the in-house costs to be the following:

- a) Each respondent’s recordkeeping staff will earn an hourly salary equivalent to a GS-9-Step 5 in the Federal government, or \$28.13 per hour.

i) 5,035 not-for-profit institutions x 0.50 hours/recordkeeping x \$28.13/hour = \$70,817.28

ii) 265 State, local, or tribal govts x 0.5 hours/recordkeeping x \$28.13/hour = \$3,727.23
\$74,544.50

- b) Each respondent’s staff preparing and submitting the documentation attesting/certifying “non-profit” status will earn an hourly salary equivalent to a GS-14/Step 5 in the Federal Government, or \$57.33 per hour.

**3060-0812, Exemption from Payment of Regulatory Fees
When Claiming Non-Profit Status**

December 2010

- i) 5,035 not-for-profit institutions x 0.50 hours/reporting x \$57.33/hour = \$14,432.83
- ii) 265 State, local, or tribal govts x 0.5 hours/reporting x \$57.33/hour = \$759.62
\$15,192.45

Total “In House” Staff Cost: \$74,544.50 + \$15,192.45 = \$89,736.95

14. Cost to the Federal Government:

- a) The FCC will incur the costs of preparing, printing and distributing a Public Notice announcing this requirement.

One GS-14, Step 5, Management Analyst using one-half of an hour to write the Public Notice will cost \$28.67 (\$57.33/hour x 0.5 hour).

Printing cost is \$95.46 per 1,000 x 0.5 (500 copies) = \$47.73.

- b) The FCC will use approximately four (4) staff persons at the GS-9/Step 5 (\$28.13 per hour) to review these document submissions, which will require approximately two (2) hours per submission.

1 GS-14/Step 5 x 0.5 hours/annually for public notice preparation x \$57.33/hour = \$28.67.

4 GS-9/Step 5’s to review 530 document submissions @\$28.13 per hour:
(\$28.13/hr x 530 documents x 2 hours/submission) = \$29,817.80

Public Notice Preparation	\$28.67
Printing Costs	\$47.73
Cost of Reviewing Document Submissions	<u>\$29,817.80</u>
Subtotal	\$29,894.20
Overhead (30%)	<u>\$ 8,968.26</u>
Total Federal Government Costs	\$38,862.46

15. a) There is no change in the reporting and record keeping requirements.

- b) We have disaggregated the burden and number of responses into the “not-for-profit institutions” and the “State, local, or tribal governments” to fit the ROCIS template calculation matrix.
- c) The estimated number of respondents/responses, however, has increased, as a result, the hourly burden on all respondents as a whole has increased.
- d) The estimated number of respondents/responses is now estimated to be 5,300, an increase of 800 from the 4,500 respondents/responses reported in the previous submission three years ago. This increase is mainly due to more entities (respondents) having claimed non-profit status pursuant to IRS code and state authority in the past three years.

The burden hours for each non-profit entity remain the same; however, the aggregate burden hours for all respondents have increased due to estimated increase in non-profit entities, by 440 hours—from 2,475 hours to 2,915 hours.

16. The data will not be published for statistical use.
17. We are requesting continued OMB approval to not display the expiration date for OMB approval of the information collection. This will alleviate the Commission from having to update the OMB expiration date when they publish the Public Notice announcing this requirement. The Commission publishes the OMB control number, title and OMB expiration date in 47 CFR 0.408.
18. There are no exceptions to the certification statement identified in item 19.

B. Collections of Information Employing Statistical Methods:

There were no statistical methods employed.