

SUPPORTING STATEMENT

This information collection (IC) is being submitted to the Office of Management and Budget (OMB) as a revision of a currently approved collection. The Commission has made changes to FCC Forms 472, 473, and 474 and associated instructions to ensure consistency with our current rules and orders and improve the clarity of the forms. For all three forms, the Commission is reporting a 15,015 hour increase in the total annual burden which is due to an adjustment increase in the number of respondents, responses, and certifications.

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 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 (“billed entities” or “applicants”), may apply for discounts for eligible telecommunications services. FCC Forms 472, 473 and 474 are required to facilitate the processing of discounted payments for services procured under the E-rate program.

FCC Form 472 (Billed Entity Applicant Reimbursement (BEAR) Form). Billed entities may pay the full amount for eligible services directly to the service providers and then, once services have been received, seek reimbursement from the Universal Service Administrative Company (USAC) to cover the amounts of the discounts for which they have qualified. The FCC Form 472 is used by the billed entity to request such reimbursement from USAC. Upon approval of the submitted FCC Form 472, USAC disburses payments to the service provider to cover services that have been properly invoiced and the service provider, in turn, is required to refund the discounted portion of those services to the applicant no later than 20 days after reimbursement by USAC. The information on FCC Form 472 is needed to enable this reimbursement process. This information includes the amount paid for approved services delivered on or after the actual services start date, as reported on the FCC Form 486 (OMB Control No. 3060-0853). In preparing and submitting its FCC Form 472, the applicant must obtain the written acknowledgement of the service provider to confirm that the service provider understands its obligation to provide the approved, reimbursed discount to the applicant and to follow E-rate program rules. Without the signed acknowledgement of the service provider, the FCC Form 472 will not be processed. We have made minor administrative revisions to the FCC Form 472 and associated instructions to ensure consistency with the Commission’s rules and improve the clarity of the instructions. We have also added a

certification to the FCC Form 472 that requires services providers to certify compliance with all E-rate rules. *See* 47 C.F.R. §§ 54.500-523 (2013).

FCC Form 473 (Service Provider Annual Certification Form). Regardless of which payment method above is used to seek reimbursement for the discounted portion of eligible services, the FCC Form 473 must be filed by service providers to attest that the invoices submitted under the E-rate program comply with the FCC's rules governing the E-rate program. Service providers must annually submit an FCC Form 473 for each of their service provider identification numbers (SPIN). Service providers on average have approximately one SPIN. We have modified the existing certification regarding recordkeeping on the FCC Form 473 to ensure consistency with Section 54.516, which requires service providers to retain documentation for at least five years after the last day of the delivery of discounted services and we have modified the language regarding production of documents to the Universal Service Administrative Company (USAC or the Fund Administrator). *See* 47 C.F.R. § 54.516 (2013). We have added a certification requiring service providers to certify that they have properly allocated eligible and ineligible service components. *See* 47 C.F.R. § 54.504 (e)(1) and (2). We have added a certification requiring service providers to attest that they will not pay any part of the non-discount share that is to be paid by applicants. *See* 47 C.F.R. § 54.523. We have also added certifications regarding the prohibition against kickback, gifts, and participation while suspended or debarred. *See* 41 U.S.C. § 8701; 47 C.F.R. § 54.503, 54.511(b). Finally, we have also added a certification to the FCC Form 473 that requires services providers to certify compliance with all E-rate rules. *See* 47 C.F.R. §§ 54.500-523 (2013). The instructions to the FCC Form 473 have been revised to reflect the changes to the FCC Form 473.

FCC Form 474 (Service Provider Invoice (SPI) Form). As an alternative to paying in full for eligible services, the billed entity can pay only the amounts for eligible services that have been discounted already by the service provider. Under this alternative, once services have been received, service providers seek payment from USAC to cover the amounts of the discounts for which the billed entity qualified. Service providers use the FCC Form 474 to request direct payment for invoices submitted for services that are in compliance with the rules of the E-rate program. The information on the FCC Form 474 must be received by USAC before a participating service provider can receive payment for the discounted portion of its bill for eligible services to eligible entities. Subsequent to receipt and review of the FCC Form 474, USAC will authorize payment based on the invoices. We have made minor administrative revisions to the FCC Form 474 and associated instructions to ensure consistency with the Commission's rules and to improve the clarity of the instructions. We have also added three certifications to the FCC Form 474 that requires services providers to certify compliance with all E-rate rules and also verify that the service providers' FCC Form 473 certifications are correct. *See* 47 C.F.R. §§ 54.500-523 (2013).

This revision request also updates the respondent numbers and burden hours for the FCC Forms 472, 473, and 474, to reflect more accurate information recently obtained from USAC regarding participation in the E-rate program.

As noted in the OMB Form 83i, this information collection does not affect individuals or households; thus, there are no impacts under the Privacy Act.

The statutory authority for this collection of information is contained in sections; 1, 4(i), 4(j), 201-205, 214, 254, 312(d), 312(f), 403 and 503(b) of the Communications Act of 1934, as amended. 5 U.S.C. §§ 553(b)(3), 601-612; 15 U.S.C. §§ 1, 632; 44 U.S.C. § 3506(c)(4); 47 U.S.C. §§ 1, 4(i), 4(j), 201-205, 214, 254, 312(d), 312(f), 403, 503(b).

2. The purpose of FCC Form 472 is to establish the process and procedure for an eligible entity to seek reimbursement from the service provider for the discounts on services paid in full. After receiving an invoice from the service provider, together with an FCC Form 472, USAC is able to verify the eligible service and approved amounts that should be reimbursed and can make the appropriate payment to the service provider. The FCC Form 472 is also used to ensure that each service provider has provided discounted services within the current funding year for which it submits an invoice to USAC and that invoices submitted from service providers for the costs of discounted eligible services do not exceed the amount that has been approved.

The purpose of FCC Form 474 is to establish the process and procedure for a service provider to seek payment for the discounted costs of services it provided to billed entities for eligible services. After receiving an invoice from the service provider, together with an FCC Form 474, USAC is able to verify that the eligible and approved amounts can be paid. The FCC Form 474 is also used to ensure that each service provider has provided discounted services within the current funding year for which it submits an invoice to USAC and that invoices submitted from service providers for the costs of discounted eligible services do not exceed the amount that has been approved.

The purpose of FCC Form 473 is to establish that the participating service provider is eligible to participate in the E-rate program and to confirm that the invoices submitted by the service provide are in compliance with the E-rate rules. The FCC Form 473 is also used by USAC to assure that the dollars paid out by the universal service fund go to eligible providers.

All of the requirements contained herein are necessary to implement the congressional mandate for universal service.

3. Copies of the forms will be available via USAC's web site (<http://www.usac.org/sl/tools/forms/default.aspx>) or through a request to USAC's Client Service Bureau. In an effort to reduce any burden created by this information collection requirements, USAC permits electronic filing of FCC Forms 472 and 474, including the electronic filing of invoices by service providers with the Form 474. Currently, the FCC Form 473 is filed manually (in paper form).

4. There is no duplication of information. The information sought is unique to each respondent and similar information is not already available.
5. Entities subject to the requirements in these forms are schools, libraries and service providers participating in the E-rate program. The forms have been designed to impose the least possible burden on the respondents.
6. Failure to collect the information requested on the FCC Forms 472, 473 and 474 would prevent schools, libraries, and service providers from being reimbursed for eligible services from the E-rate program. Without the requested information, USAC will not be able determine a carrier's eligibility in the E-rate program or how much support it should receive.
7. FCC Forms 472, 473, and 474 may be submitted by applicants and/or service providers on a frequent basis depending on the E-rate service needs of each applicant and service provider. We estimate that FCC Form 472 may be filed approximately four times annually (per applicant), the FCC Form 473 may be filed approximately one time annually (per service provider), and FCC Form 474 may be filed approximately 33 times annually (per service provider).
8. Pursuant to 5 CFR 1320.8(d), the Commission placed a notice in the Federal Register to solicit comment on February 6, 2013. *See* 60-Day PRA Notice for Collection 3060-0856, 78 Fed. Reg. 8527 (Feb. 6, 2013). We received no PRA comments on the 60-Day Notice.

We also published a Bureau public notice on March 8, 2013. *See Wireline Competition Bureau Seeks Comment on Revisions to FCC Forms 472, 473, and 474*, CC Docket No. 02-6, Public Notice, 28 FCC Rcd 2210 (Mar. 8, 2013). We received comments on the Public Notice from the Schultz Group, PLLC, Sprint Nextel Corporation, State E-rate Coordinators' Alliance, the United States Telecom Association, and CSM Consulting, Inc. and reply comments from Edline LLC and the National Cable & Telecommunications Association. Specifically, commenters argued that some of the proposed certifications as presented in the Public Notice went beyond the rules and that other proposed certifications imposed obligations on service providers that were actually applicant obligations. Commenters raised questions about their ability to certify to certain E-rate rules and their ability to certify to future actions. Finally, commenters provided specific administrative changes for all three FCC Forms. We have considered the comments and reply comments received and submit to OMB proposed revisions to the FCC Forms 472, 473, and 474 that reflect the existing obligations of applicants and service providers under the Schools and Libraries Program rules. We have deleted language presented in the Public Notice that appeared to impose obligations beyond our rules and clarified certifications to ensure that the certifying entity was only attesting to its own obligations under the rules.

9. Not applicable. There will be no payments of gifts to respondents.

10. 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 the Commission's rules, 47 C.F.R. § 0.459.

11. There are no questions of a sensitive nature with respect to the information collected.

12. The following represents the hour burden on collection of information:

a. **FCC Form 472 – Billed Entity Applicant Reimbursement Form:**

(1) Number of Respondents: Approximately 18,000 billed entities, which include public school districts, private schools, public library systems, and consortia.

(2) Frequency of Response: On occasion and third party disclosure. Once, for each set of services which have been approved for discounts to be provided by various service providers. We have found that in the past year, the average was about 4 times per respondent, so we use this as the basis for our calculations. We estimate that the annual total number of responses will be 72,000 for this form. $18,000$ (number of respondents) \times 4 (number of submissions required) = $72,000$.

(3) Annual Burden per Respondent: 1 hour per submission \times 4 filings \times 18,000 respondents. **Total Annual Burden: 72,000 hours.**

(4) Total estimate of annualized cost to respondents for the hour burden for collection of information: **\$2,880,000.**

(5) Explanation of calculation: We estimate that this obligation will take approximately 1 hour and will occur 4 times a year for 18,000 billed entities. $18,000$ (number of respondents) \times 4 (number of submissions required) \times 1 (estimated hour burden) \times \$40 per hour (including administrative staff time and overhead) = \$2,880,000.

b. **FCC Form 473 – Service Provider Annual Certification Form:**

(1) Number of Respondents: Approximately 5,480 service providers.

(2) Frequency of Response: Annual and third party disclosure. We estimate that the annual total number of responses will be 5,480 for this form. $5,480$ (number of respondents) \times 1 (average number of SPINs) = $5,480$.

(3) Annual Burden per Respondent: 1 hour. **Total Annual Burden:** 1 hour per submission \times 1 filing \times 5,480 respondents. **Total Annual Burden: 5,480 hours.**

(4) Total estimate of annualized cost to respondents for the hour burden for collection of information: \$219,200.

(5) Explanation of calculation: We estimate that this obligation will take approximately 1 hour and will occur once a year for 5,480 service providers. $5,480$ (number of respondents) \times 1 (number of submissions required) \times 1 (estimated time burden) \times \$40 per hour (including administrative staff time and overhead) = \$219,200.

c. **FCC Form 474 – Service Provider Invoice Form:**

(1) Number of Respondents: Approximately 2,445 service providers.

(2) Frequency of Response: On occasion and third party disclosure. The frequency depends on the preference of the service provider to seek reimbursement from the Fund Administrator. The form may be prepared as infrequently as one time per year for each set of services which have been approved for discounts to be provided by various service providers, or as frequently as monthly. We have found that in the past year, the average was about 33 times per service provider, so we use this as the basis for our calculations. We estimate that the annual total number of responses will be approximately 80,685 for this form. $2445 \text{ (number of respondents)} \times 33 \text{ (maximum number of submissions estimated)} = 80,685$.

(3) Annual Burden per Respondent: 1 hour \times 33 (average number of submissions) \times 2,445. Total Annual Burden: 80,685 hours.

(4) Total estimate of annualized cost to respondents for the hour burden for collection of information: \$ 3,227,400.

(5) Explanation of calculation: We estimate that this obligation will take approximately 1.5 hours and will occur once a month. $2,445 \text{ (number of respondents)} \times 33 \text{ (maximum number of submissions estimated)} \times 1 \text{ (estimated hour burden)} \times \$40 \text{ per hour (including administrative staff time and overhead)} = \$3,227,400$.

Total Number of Respondents = 18,000 + 5,480 + 2,445 = 25,925 Respondents.

Total Number of Responses = 72,000 + 5,480 + 80,685 = 158,165 Responses.

Total Annual Burden = 72,000 + 5,480 + 80,685 = 158,165 Hours.

13. (a) Total capital start-up costs component annualized over its expected useful life: \$0. The collections will not require the purchase of additional equipment. (b) Total operation, maintenance and purchase of services component: \$0. The collections will not result in additional operating or maintenance expenses.

14. There will be few, if any, costs to the Commission because the notice and enforcement requirements are already part of the Commission's duties. Moreover, there will be minimal costs to the federal government since USAC administers this program.

15. A burden change is requested. The public burden for the collection contained herein is now **158,165** burden hours which is an increase of **15,015** burden hours. For FCC Forms 472 and 474, the adjustment is due to updated information based on actual participation in the E-rate program. Specifically, for the FCC Form 472, the Commission increased the number of respondents to 18,000 based on the actual number of billed entity numbers for calendar year 2011. For the FCC Form 474, the Commission increased the number of respondents to 2,445 based on the actual number of service providers filing FCC Forms 474 in calendar year 2011. For the FCC Form 473, the adjustment is due to updated information based on actual participation in the E-rate program which was 5,480 service providers filing the FCC Form 473, as well as the certification added to the form to ensure compliance with the Commission's rules. By recalculating the formulas, this changed our total annual burden to 158,165 hours.

16. The results of this information collection are not published.

17. The Commission seeks continued approval not to display the expiration date for OMB approval of the information collections. This is necessary so that when the OMB expiration date changes, the Commission does not have to update electronic versions or destroy paper stocks. Finally, the Commission publishes a list of all OMB-approved information collections, including this one, in 47 C.F.R. § 0.408.

18. There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods:

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