

SUPPORTING STATEMENT

This submission is being made pursuant to 44 U.S.C. 3507 of the Paperwork Reduction Act of 1995 to obtain the Office of Management and Budget (OMB) approval to extend the requirements for information collection 3060-0806 (FCC Forms 470 and 471).

A. Justification:

1. The Commission received OMB approval for revisions to this information collection under emergency processing on October 27, 2014, 79 FR 69057, November 20, 2014. 5 C.F.R. § 1320.13. The Commission now submits this request to extend the requirements in this information collection under the regular processing requirements.

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, school districts, libraries, and consortia that include eligible schools and libraries may apply for discounts ranging from 20 percent to 90 percent of the pre-discount price of eligible services, based on indicators of need. Eligible school and library applicants may seek funding on an annual basis by seeking competitive bids on desired services and submitting requests for funding for those services by filing the FCC Forms 470 and 471 with the Universal Service Administrative Company (USAC), the current administrator of the E-rate program.

- On July 23, 2014, the Commission released the *E-rate Modernization Order* to adopt new rules and procedures to reorient the E-rate program to focus support on high-speed broadband for schools and libraries while also taking steps to streamline the program for the upcoming 2015 funding year. (WC Docket No. 13-184, FCC 14-99; 79 FR 49160, August 19, 2014). The *E-rate Modernization Order* required revisions to some of the information collected on the existing FCC Forms 470 and 471. The following describes the revisions to the information collection requirements which received OMB approval:
 - Moved FCC Forms 470 and 471 to a new electronic filing platform.
 - Changed the instructions and FCC Form 471 to allow applicants to take advantage of streamlined review of funding requests that involve multi-year contracts for eligible services.
 - Implemented a competitive bidding exemption for applicants seeking E-rate support to purchase commercially available, business-class Internet access services that cost \$3,600 or less for a single year.
 - Implemented a competitive bidding exemption for applicants that take services on any preferred master contract that may be designated by the Wireline Competition Bureau (Bureau) without filing FCC Form 470

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- Implemented a “district-wide” discount calculation mechanism.
- Added questions to collect data to measure progress towards the program goals, to collect more detailed data on requested services, and to establish budgets for broadband internal connections for schools and libraries.
- Changed the forms and instructions nomenclature to reflect a change from descriptions of the eligible categories of services as “priority 1” or “priority 2” to “category 1” and “category 2”; updated the forms to include managed internal broadband services as a new type of service that is eligible for support; and separated out voice service from other services because it will be subject to a lower discount rate;
- Updated applicant certifications to reflect new exemptions from filing requirements, elimination of technology planning, and extension of the document retention period.

Collection of the information on FCC Forms 470 and 471 is necessary so that the Commission and USAC have sufficient information to determine if entities are eligible for funding pursuant to the schools and libraries support mechanism, to determine if entities are complying with the Commission’s rules, and to prevent waste, fraud, and abuse. In addition, the information is necessary for the Commission to evaluate the extent to which the E-rate program is meeting the statutory objectives specified in section 254(h) of the 1996 Act, and the Commission’s performance goals established in the *E-rate Modernization Order*.

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, [47 U.S.C. § 151-154](#), [201-205](#), [218-220](#), [254](#), [303\(r\)](#), [403](#) and [405](#).

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

To begin the application process for E-rate funding, applicants must comply with the Commission’s competitive bidding rules. Applicants commence competitive bidding in the E-rate program by submitting to USAC an FCC Form 470 with a description of the services needed. 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. The form must include a list of specified services for which the school, library, or consortium requests bids, and sufficient information to enable bidders to reasonably determine the needs of the applicant. See 47 C.F.R. § 54.503(c)(1). The form may direct applicants to a Request for Proposal (RFP). The FCC Form 470 is posted on USAC’s website for all potential competing service providers to review. The applicant must wait 28 days before it can enter into an agreement for services. See 47 CFR § 54.504(b). The funding year for the E-rate program starts on July 1 and ends on June 30. Many applicants must post the FCC Form 470 one year prior to the start of the upcoming funding year in order to meet state, local, and other procurement deadlines and requirements. For example, the upcoming funding year begins July 1, 2015 which required many applicants to post the FCC Form 470 on, or shortly after, July 1, 2014.

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:

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- (1) the applicant is an eligible school or library or consortium;
- (2) the applicant will conduct a competitive bidding process in accordance with Commission rules and that all bids submitted will be carefully considered, the bid selected will be for the most cost-effective service or equipment offering, with price being the primary factor, and will be the most cost-effective means of meeting educational needs and technology goals;
- (3) the applicant will retain required documents for a period of at least 10 years (or whatever retention period is required by the rules in effect at the time of this certification) after the last day of service delivered;
- (4) funded services will be used for educational purposes and will not be sold, resold or transferred in consideration for money or any other thing of value, except as permitted by the Commission's rules;
- (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(c)(2)(i).

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

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 for eligible services. See 47 CFR § 54.504(a). Applicants also must provide their FCC Registration Number. See 47 CFR §§ 1.8002 and 1.8003. In most E-rate program funding years, the funding window in which USAC accepts FCC Form 471 applications typically opens in January and closes in March, and the funding year begins on the July 1 after the window closes. For example, based on past filing window deadlines, the application funding year window for the 2015 may open in January 2015, and close in March 2015. This timing allows USAC to process applications and start granting funds prior to the start of the funding year.

Besides basic information about the applicant or consultant filling out the form, the form gathers information to determine the level of discounts schools and libraries may receive for eligible services, information to determine the set budgets for individual schools and libraries for internal broadband (Category Two) services, and other demographic and categorical information that may impact the discount level (such as whether the entity is rural or urban) or track data to help the Commission measure progress towards its goals.

- Although school districts use a single district-wide discount rate for all of their schools and library systems will use a single system-wide discount for all of their library systems, when an applicant is seeking support for category two services, the form requires applicants to identify each individual school or library that makes up a district or library system that is part of the application because applicants seeking support for category two services are required to seek support under a set budget and on a school-by-school and library-by-library basis. Other individual entity information collected includes the state local education agency (LEA) ID; state school ID; the number of students that attend full time or part time; an indicator of whether the school is a charter school; an indicator of whether the entity is tribal; and an indicator of any alternative discount mechanisms that are used such as the Community Eligibility Option under the National School Lunch Program (NSLP). Libraries seeking category two support must also include the total square footage of each library outlet, an indicator of whether the outlet is a main branch, and the billed entity number for the school district that the library is using to calculate its discount rate. *See* 47 CFR §§ 54.502(b), 54.505(b).
- The district-wide discount calculation is based on the percentage of students eligible in that district for the NSLP (or other acceptable indicators of economic disadvantage determined by the Commission), because economically disadvantaged schools and rural schools receive a higher discount rate. The required district-wide information includes School District Name, School District Entity Number, Total Number of Students in School District, and Total Number Students in School District Eligible for the NSLP to allow USAC to establish the district-wide discount applicable to any schools located in the district seeking E-rate support. Libraries are required to provide the information for the public school district(s) in which the main branch of the library-system is located. Consortia are required to complete one line for each school district entity number that will be featured in the Consortium Discount Calculation. 47 C.F.R. §54.505(b).
- The form requires the submission of detailed price and service information. The applicant is required to provide a narrative description of the requested services. Because the FCC Form is online, the applicant can select an entry field depending on the service category; drop down menus assist applicants in selecting specific products. The information collected enables USAC and the Commission to determine the eligibility and location of entities receiving the requested services, track what services and products are purchased, collect connectivity data, and help promote pricing transparency. Starting with funding year 2015, information regarding the specific services and equipment purchased by schools and libraries, as well as related line item costs, will be made publicly available on USAC's website. Those applicants that are unable to have this information made public must certify on the FCC Form 471 that there is a specific statute, rule or other restriction barring publication of this information.
- The form also gathers information about the broadband services that the school or library is currently purchasing. Collecting this information enables the Commission to measure progress towards meeting the Commission's goals for the E-rate program. It may also inform future decisions about Category Two budgets for schools and libraries. Applicants are required to indicate Internet access speeds per populations served; the number of schools in their school district, and libraries in their library system that have Wide Area Networking connections scalable to 10 Gbps; the number of schools in their

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school district, and libraries in their library system that have local area network (LAN)/wireless local area network (WLAN) capacity and coverage; and, for those schools and libraries that do not have sufficient WLAN capacity and coverage to support the educational objectives or library activities conducted at that location, the reason for the insufficiency.

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;
- (3) the applicant will conduct a competitive bidding process in accordance with Commission rules, and that all bids submitted were carefully considered and the most cost-effective service offering was selected, with price being the primary factor considered, and is the most cost-effective means of meeting educational needs and technology goals;
- (4) the applicant is exempt from competitive bidding because it purchased commercially available, business-class Internet access services that cost \$3,600 or less for a single year;
- (5) the applicant was exempt from competitive bidding because it took services from a preferred master contract designated by the Bureau;
- (6) the application is the entity responsible for selecting the service provider(s) and has reviewed all applicable FCC, state, and local procurement/competitive bidding requirements and that the entity or entities listed on this application have complied with them;
- (7) the funding will be used for educational purposes;
- (8) the applicant has not received anything of value from the service provider, other than the requested services, in connection with the request for services;
- (9) the applicant acknowledges the penalties for not complying with program rules;
- (10) there are signed contracts or other legally binding agreements covering all of the services listed except for those services provided under non-contracted tariffed or month-to-month arrangements;
- (11) the applicant acknowledges that the program is conditional on serving the most disadvantaged schools and libraries;
- (12) the applicant will retain required documents for a period of at least 10 years (or whatever retention period is required by the rules in effect at the time of this certification) after the last day of service delivered;
- (13) the signatory has the authority to order the services on behalf of the applicants listed on the application;

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- (14) if any of the requests are for discounts for products or services that contain both eligible and ineligible components, the applicant has allocated the eligible and ineligible components;
- (15) the applicant acknowledges that, the provision, by the provider of a supported service, of free services or products unrelated to the supported service or product constitutes a rebate;
- (16) the non-discount portion of the costs for eligible services will not be paid by the service provider and that the pre-discount costs of eligible services featured on the form are net of any rebates or discounts offered by the service provider; and
- (16) the applicant understands and will comply with all other E-rate program rules and requirements.

This information collection does not affect individuals or households; thus, there are no impacts under the Privacy Act.

2. *Use of Information.* The requirements contained herein are necessary to implement the congressional mandate for universal service. The information collected herein provides the Commission and USAC with the necessary information to administer the E-rate program, determine the amount of support entities seeking funding are eligible to receive, determine if entities are complying with the Commission's rules, and to prevent waste, fraud, and abuse. The information will also allow the Commission to evaluate the extent to which the E-rate program is meeting the statutory objectives specified in section 254 of the 1996 Act, the Commission's own performance goals set in the *E-rate Modernization Order*, and to evaluate the need and feasibility for any future revisions to program rules.
3. *Use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.* The FCC Forms 470 and 471 are being made available through a web-based interface. Although they will collect the same substantive information we seek to collect through this information collection, the visual presentation of the online versions of the forms will differ slightly from the versions of the forms submitted with this collection. For example, the web-based interface permits applicants to input data in required fields and have calculations and other data auto-populated for them in other related fields or worksheets, and will permit applicants the option of using worksheets made available on USAC's website for upload into the form. To reduce applicant confusion, the electronic filing process will utilize progressive disclosure, so that an applicant will be asked to provide only information relevant to their application (e.g., school applicants will not be asked to provide, or see questions intended for, library applicants). The interface is designed to provide online storage of applications and related materials for school and library entities, in order to ease compliance with recordkeeping requirements and possible audits. Furthermore, the system allows information already provided by applicants to be carried forward to filings in later funding years (i.e. pre-populated data); in order to further reduce the filing burden. These features are not visible in the presentation of the forms submitted with this collection.
4. *Efforts to identify duplication.* There will be no duplication of information. The information sought is unique to each applicant and the data collected by the Commission regarding school and library use of telecommunications, information and broadband services is, to the best of the Commission's knowledge, not available from other sources. To the extent data can be cross-walked based on unique

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identifiers, this information will be obtained and automatically pre-populated into the FCC Forms 470 and 471.

5. *Impact on small entities.* Entities directly subject to the requirements in the forms are primarily schools, libraries, school districts, and consortia comprised of schools and libraries. The forms have been designed to impose the least possible burden on the respondents while ensuring that the Administrator and the Commission have information necessary to administer and improve the program. Smaller entities may avail themselves of the following options to minimize potential burdens:
 - Participate in consortium purchasing whereby a consortium lead seeks bids and enters into contracts on behalf of other school district, school and library entities.
 - Rely on the school district the school or library is in to provide the inputs for calculating the district wide discounts on the FCC Form 471, and other entity-level information, rather than having to expend their own school-based resources to collect this information.
 - Use the “Copy Block 4” feature that allows users to copy the Block 4 data from another FCC Form 471.
 - Use the “Block 4 Bulk Upload” feature to upload Block 4 information from a spreadsheet, which will then populate the fields on the FCC Form 471.
 - Use the new competitive bidding exemptions to reduce administrative burdens: (1) select an eligible commercially available business-class Internet access service that is exempt from the FCC Form 470 posting requirement; (2) order services from an eligible preferred master contract exempt from the FCC Form 470 posting requirement.
 - Use the new simplified application process for seeking funding for services under multi-year contracts.
6. *Consequences if information not collected.* Failing to collect the information, or collecting it less frequently, would prevent the Commission from implementing section 254 of the 1996 Act, which in turn would prevent eligible schools and libraries from receiving discounted eligible services.
7. *Special circumstances.* We do not foresee any special circumstances with this information collection.
8. *Federal Register notice; efforts to consult with persons outside the Commission.* A 60-day notice was published in the *Federal Register* pursuant to 5 C.F.R. § 1320.8(d) on December 15, 2014, See 79 FR 74085. No comments were received as a result of this notice.
9. *Payments or gifts to respondents.* There will be no payments or gift to respondents.
10. *Assurances of confidentiality.* There is no assurance of confidentiality provided to respondents concerning this information collection. However, respondents may request materials or information submitted to the Commission or to the Administrator be withheld from public inspection under 47 C.F.R. § 0.459 of the FCC’s rules.
11. *Questions of a sensitive nature.* The request does not address any matters of a sensitive nature.
12. *Estimates of the hour burden of the collection to respondents.* The following represents the hour burden on the collections of information:
 - a. Submission of FCC Form 470 “Description of Service Requested and Certification.”

Applicants in the E-rate program generally 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. 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.

- (1) Number of respondents: Of these approximately 35,000 public school districts, private schools, public library systems, and consortia respondents,
 - (a) Approximately 29,000 respondents are in the government/public sector; and
 - (b) Approximately 6,000 respondents are in the non-profit/private sector.
- (2) Frequency of response: On occasion. Each applicant (may be a school district, multiple school districts, public library systems, or combination thereof) must submit the FCC Form 470, describing the services desired, to the Administrator before entering into an agreement for E-rate supported services.
- (3) Annual burden per response: 3 hours to fill out the form to comply with the reporting requirement; and 0.5 hours for the ten-year recordkeeping requirement. The total annual hour burden is: 122,500 hours.
- (4) Total estimate of annualized cost to respondents for the hour burdens for collection of information: \$6,001,275.
- (5) Explanation of calculation: We estimate that:
 - (a) It will take approximately 3 hours to fill out Form 470 for the reporting requirement:
 $29,000 \text{ public sector respondents} \times 3 \text{ hours/form} = 87,000 \text{ hours}$
 $6,000 \text{ private sector respondents} \times 3 \text{ hours/form} = 18,000 \text{ hours}$
 - (b) It will take approximately 0.5 hours for the ten-year recordkeeping requirement:
 $29,000 \text{ public sector respondents} \times 0.5 \text{ hours} = 14,500 \text{ hours}$
 $6,000 \text{ private sector respondents} \times 0.5 \text{ hours} = 3,000 \text{ hours}$
 - (c) These 35,000 (public sector and private sector) respondents will require approximately x 3.5 hours to comply with requirements: preparing Form 470, including time for reading instructions, and complying with the ten-year recordkeeping requirements at a cost of \$48.99 per hour: $35,000 \text{ respondents} \times 1 \text{ submission} \times 3.5 \text{ hrs.} \times \$48.99/\text{hour} = \$6,001,275.$

Summary of Estimated Total Annual Burden Hours for FCC Form 470:

Total Number of Respondents: 35,000 respondents: 29,000 public sector and 6,000 private sector

Total Number of Responses: 35,000 responses: 29,000 public sector and 6,000 private sector

Total Annual Hourly Burden: 122,500 hours

105,000 hours for reporting requirements

17,500 hours for recordkeeping requirements

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

The FCC Form 471 must be filed each year by all E-rate applicants seeking discounts for requested services. 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 application (FCC Form 471) 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 for eligible services. Besides basic information about the applicant or consultant filling out the form, the form also gathers information about the broadband services that the school or library is currently using to help the Commission and USAC determine the technological needs of participants in the E-rate program. Economically disadvantaged schools receive a greater share of E-rate program funding. Thus, the form contains a discount calculation worksheet for certifying the percentage of students eligible for the national school lunch program (or other acceptable indicators of economic disadvantage determined by the Commission) on a district-wide basis. Similarly, libraries must make certifications about students eligible for national school lunch programs in nearby areas. The FCC Form 471 requires applicant’s demographic location because rural schools and libraries receive slightly more funding than urban participants. Entity-level information is required to determine school and library budgets for Category Two services and equipment.

(1) Number of respondents: Of these approximately 47,000 public school districts, private schools, public library systems, and consortia respondents,

(a) Approximately 38,000 respondents are in the government/public sector; and

(b) Approximately 9,000 respondents are in the non-profit/private sector.

(2) Frequency of response: Annually. Each school and library must submit FCC Form 471, describing the services desired, to the Administrator.

(3) Annual burden per response: 4 hours to fill out the form to comply with the reporting requirement; and 0.5 hours for the ten-year recordkeeping requirement. The total annual hour burden is: 211,500 hours.

(4) Total estimate of annualized cost to respondent for the hour burdens for collection of information: \$10,361,385.

(5) Explanation of calculation: We estimate that:

(a) It will take approximately 4 hours to fill out Form 471 for the reporting requirement:

38,000 public sector respondents x 4 hours/form = 152,000 hours

9,000 private sector respondents x 4 hours/form = 36,000 hours

(b) It will take approximately 0.5 hours for the ten-year recordkeeping requirement:

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38,000 public sector respondents x 0.5 hours = 19,000 hours

9,000 private sector respondents x 0.5 hours = 4,500 hours

These 47,000 (public sector and private sector) respondents will require approximately x 4.5 hours to comply with requirements: preparing Form 471, including time for reading instructions, and complying with the ten-year recordkeeping requirements at a cost of \$48.99 per hour: 47,000 respondents x 1 submission x 4.5 hours x \$48.99 /hour = \$10,361,385.

Summary of Estimated Total Annual Burden Hours for FCC Form 471:

Total Number of Respondents: 47,000 respondents: 38,000 public sector and 9,000 private sector

Total Number of Responses: 47,000 responses: 38,000 public sector and 9,000 private sector

Total Annual Hourly Burden: 211,500

188,000 hours for reporting requirements

23,500 hours for recordkeeping requirements

Summary of Estimated Total Annual Burden Hours:

Total Number of Respondents: 82,000 respondents: 67,000 public sector and 15,000 private sector

Total Number of Responses: 82,000 responses: 67,000 public sector and 15,000 private sector

Total Annual Hourly Burden: 334,000 hours

293,000 hours for reporting requirements

41,000 hours for recordkeeping requirements

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. *Estimates of the cost burden to the Commission.* There will be few, if any additional costs to the Commission because notice, enforcement, and policy analysis associated with the Universal Service Fund are already part of the Commission's duties. Moreover, there will be minimal cost to the Federal government because a third party (USAC) administers the E-rate program.

15. *Program changes or adjustments.* There are no program changes or adjustments to this collection.
16. *Collections of information whose results will be published.* Non-proprietary information will likely be made publicly available for the benefit of all interested parties (*e.g.*, annual summary data for USAC’s quarterly Universal Service Fund demand estimates). Also, detailed price and service information filed with the form will be made publicly available unless a special showing can be made that there is a specific statute, rule or other restriction barring publication of this information.
17. *Display of expiration date for OMB approval of information collection.* The Commission seeks continued approval to not display the expiration date for OMB approval of this information collection. The Commission will use an edition date in lieu of the OMB expiration date. This will prevent the Commission from having to repeatedly update the expiration date on the electronic forms and minimize system changes each time this collection is submitted to OMB for review and approval. The Commission publishes a list of all OMB-approved information collections in 47 C.F.R. § 0.408 of the Commission’s rules.
18. Exceptions to certification statement for Paperwork Reduction Act Submissions (Item 19 of OMB Form 83-I). There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods:

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