

SUPPORTING STATEMENT

This submission is being made pursuant to 44 U.S.C. § 3507 to obtain the Office of Management and Budget (OMB) approval of revised information collection requirements.

A. Justification:

1. *Circumstances that make collection necessary.*

The Commission first adopted rules for the Lifeline program in 1997. On May 8, 1997, the Commission adopted rules establishing, among other things, that eligible telecommunications carriers (ETCs) offering Lifeline and Link Up to qualifying low-income customers would receive reimbursement from the federal Universal Service Fund (USF or Fund) for low-income support. On April 2, 2004, in its Report and Order and Further Notice of Proposed Rulemaking (*Lifeline Order*), the Commission directed ETCs to certify their Lifeline/Link Up subscribers' eligibility for the program and to verify a portion of their subscribers' eligibility on an annual basis. States that operate their own Lifeline/Link Up programs have been allowed to develop their own certification procedures (referred to as non-federal default states). The *Lifeline Order* also requires ETCs to submit to the Universal Service Administrative Company (USAC or Administrator) proof that they certified that their Lifeline subscribers are eligible for Lifeline, and proof that they verified a portion of their subscribers' continued eligibility for Lifeline.

On March 4, 2011, the Commission released a Notice of Proposed Rulemaking (NPRM) to reform and modernize the Lifeline/Link Up program. In the *Lifeline and Link Up NPRM*, the Commission presented a comprehensive set of proposals to better target support to needy subscribers and maximize the number of Americans with access to modern communications services. In June 2011, the Commission adopted the *Lifeline Duplicates Payment Order* to address waste in the Fund created by duplicative claims. To ensure prompt action to eliminate duplicative Lifeline support, the Commission adopted a final rule clarifying that qualifying low-income subscribers may receive no more than a single Lifeline benefit. The Commission also required eligible telecommunications carriers upon notification from USAC to de-enroll subscribers that are receiving multiple benefits in violation of that rule.

On September 23, 2011, the Commission issued an *Inquiry into Disbursement Process for the Universal Service Fund Low Income Program* seeking comment on a proposal for disbursing USF low-income support to ETCs based upon claims for reimbursement of actual support payments made, instead of projected claims for support. Under the proposal, ETCs are required to file an FCC Form 497 monthly, rather than having the option of filing either monthly or quarterly.

On February 6, 2012, the Commission issued its Report and Order and Further Notice of Proposed Rulemaking (*Lifeline Reform Order*), which took immediate action to address

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

potential waste, fraud, and abuse in the universal service low income program. In the *Lifeline Reform Order*, the Commission adopted the proposal to file the FCC Form 497 monthly and changed the low income disbursement process from payments based on projected subscriber counts to payments based on actual subscriber counts. Prior to the *Lifeline Reform Order*, ETCs operating in the federal default states were required to sample their subscribers' eligibility and report the results to USAC. After the *Lifeline Reform Order*, ETCs are required to recertify the eligibility of their entire subscriber base annually. Starting in 2013, ETCs could elect to have USAC conduct the annual recertification process on their behalf.

On June 22, 2015, the Commission released the *Lifeline Second Reform Order*¹ which sought to overhaul the Lifeline program in order to ensure the Lifeline program complies with the statutory directive to provide consumers in all regions of the nation, including low-income consumers, with access to telecommunications and information services. See *Lifeline and Link Up Reform and Modernization et al.*, WC Docket Nos. 11-42, 09-197, 10-90, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, FCC 15-71, paras. 238-43 (2015) (*Lifeline Second Reform Order*). The Commission also wanted to ensure that adequate controls are in place before implementing any further changes to the Lifeline program to guard against waste, fraud, and abuse. The Commission therefore sought to rebuild the current framework of the Lifeline program and continue its efforts to modernize the Lifeline program so that all consumers can utilize advanced networks. As part of these efforts, the Commission adopted several rules in the *Lifeline Second Reform Order* to: strengthen the document retention requirements; ensure that only ETCs directly serving low-income customers receive reimbursement under the Lifeline program; and require ETCs to use a uniform snapshot date to request reimbursement from USAC for the provision of Lifeline support.

In revising this information collection, the Commission seeks to:

- Revise the information collection to comply with the Commission's new rules, adopted in the 2015 *Lifeline Second Reform Order*, regarding the retention of subscriber eligibility documentation, eligible telecommunications carrier (ETC) designation, and ETC reimbursement under the Lifeline program;
- Update the number of respondents for all the existing information collection requirements, thus increasing the total burden hours for some requirements and decreasing the total burden hours for other requirements;
- Eliminate some requirements as part of this information collection, because they are no longer applicable;

¹ See *Lifeline and Link Up Reform and Modernization et al.*, WC Docket Nos. 11-42, 09-197, 10-90, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, FCC 15-71, paras. 238-43 (2015) (*Lifeline Second Reform Order*).

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

- Revise the FCC Form 555 and the accompanying instructions to require ETCs to provide a Service Provider Identification Number (SPIN); and
- Make changes to this information collection, pursuant to 44 U.S.C. § 3507, to update the FCC Form 497 Instructions. These updates do not modify the burdens or costs contained in this information collection.

Revisions to Requirements in this Information Collection:

FCC Form 497 – Lifeline Worksheet (Revised to Update the Number of Respondents and Amend Accompanying FCC Form 497 Instructions). Pursuant to 47 C.F.R. § 54.403, the FCC Form 497 reflects a flat rate for reimbursement for non-Tribal Lifeline support and adjusts the amount for Toll Limitation Service support. ETCs are required to provide this information when submitting the FCC Form 497s for reimbursement and stating, pursuant to 47 C.F.R. §§ 54.403 and 54.407, that it has passed through the support received to the qualifying low-income consumer, that it is in compliance with all of the rules of the subpart, and to the extent required, has obtained valid certification and recertification forms from each of the subscribers for whom it is seeking reimbursement. Furthermore, carriers must file revisions or original FCC Form 497 submissions on a rolling twelve-month window basis. The Commission proposes revised calculations for the burden hours associated with FCC Form 497 based on updated estimates of the number of respondents.

The Commission also seeks to amend the language of the FCC Form 497 Instructions to reflect the language of the *Lifeline Second Reform Order* which requires an eligible telecommunications carrier (ETCs), within 180 days of the effective date of the *Lifeline Second Reform Order*, to use the first day of the month when determining the number of eligible consumers for which it will seek reimbursement for that month.

FCC Form 481 – Carrier Annual Reporting Requirements (Revised to Update the Number of Respondents). All ETCs must include the information that is required by 47 C.F.R. § 54.313(a)(8) in their annual reports to the Commission, specifically, the company’s holding company, operating companies, affiliates, and any branding (a “dba,” or “doing-business-as company,” or brand designation). Pursuant to 47 C.F.R. § 54.422(a), ETCs providing Lifeline services to low-income consumers must include this information in their annual reports to the Commission on the FCC Form 481. In addition, the same rule requires every ETC receiving low-income support to annually provide to the Commission and USAC general information regarding their Lifeline plans for voice telephony service offered specifically for low-income consumers.

As part of this information collection, the Commission proposes revised calculations for the burden hours associated with FCC Form 481 based on updated estimates of the number of respondents.

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

Certification of Eligibility Upon Enrollment (Revised to Update the Number of Respondents). Pursuant to 47 C.F.R. § 54.410(a)-(d), ETCs (or the state administrator, where applicable) are required to check the program-based eligibility of new Lifeline subscribers at enrollment by accessing available state or federal eligibility databases. Where underlying income-based or program-based eligibility data cannot be accessed, pursuant to 47 C.F.R. § 54.410(b)-(c), new Lifeline subscribers are required to provide documentation of income-based or program-based eligibility. The entity enrolling the subscriber must now retain this documentation (previously, ETCs were required to only review and were barred from retaining this documentation) to verify subscriber eligibility. ETCs must also retain documentation related to the National Lifeline Accountability Database (NLAD) dispute resolution processes which require verification of identity, address, or age of subscribers. 47 C.F.R. § 54.404(b). ETCs must also retain all information and documents provided by the state Lifeline administrator or other state agency consistent with 47 C.F.R. § 54.417, and provide prospective subscribers Lifeline certifications forms that inform subscribers about the program and require subscribers to provide information and make certain certifications, consistent with 47 C.F.R. § 54.410(d).

As part of this information collection, the Commission proposes revised calculations for the burden hours associated with this requirement based on updated estimates of the number of respondents.

Verification of Continued Eligibility (Annual Recertification of Consumer Eligibility) (Revised to Update the Number of Respondents). 47 C.F.R. § 54.410(f) requires ETCs to confirm the eligibility of all their Lifeline subscribers on an annual basis. Carriers must recertify new subscribers in the calendar year following the year in which the subscriber initially enrolled in the Lifeline program. Carriers may fulfill this requirement by querying a database maintained by a state agency or third party for that purpose, when applicable. Otherwise, carriers must collect signed certifications from subscribers attesting to their continued eligibility as well as provide the information contained in the initial certification form. Carriers have the flexibility in the manner in which they perform subscriber re-certification. For example, they can use an interactive voice response unit or texting as a means to collect the information necessary to satisfy 47 C.F.R. § 54.410(f). This rule, in conjunction with 47 C.F.R. § 54.405(e)(4), also requires that consumers who do not respond to annual re-certification attempts must be de-enrolled from the Lifeline program.

As part of this information collection, the Commission proposes revised calculations for the burden hours associated with this requirement based on updated estimates of the number of respondents.

FCC Form 555 – Annual Reporting of Subscriber Recertification (Revised to Update the Number of Respondents and Revise the FCC Form 555). Pursuant to 47 C.F.R. § 54.416(b), ETCs must annually provide the results of their re-certification efforts on the Annual Lifeline Eligible Telecommunications Carrier Certification Form 555 to the Commission, the Administrator and the relevant state commission or Tribal government (where applicable). To provide information to the Commission regarding the extent to which ineligible subscribers may have been receiving service, the Commission requires ETCs to separately

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

report on the FCC Form 555 the number of subscribers that did not respond to the re-certification request and those that responded that are not eligible to receive Lifeline support. To assist in ETC audits, the Commission also requires ETCs to report on the FCC Form 555 the number of subscribers claimed on their FCC Form 497 who de-enrolled prior to re-certification. On that same form, pursuant to 47 C.F.R. § 54.416(a), an officer of the ETC must make annual certifications regarding its certification procedures and that the ETC has processes in place to ensure that its subscribers are eligible. In cases when ETCs cannot re-certify their subscribers by accessing a database, they must re-certify them on an annual basis or elect to have USAC re-certify them.

As part of this information collection, the Commission proposes revised calculations for the burden hours associated with the FCC Form 555 based on updated estimates of the number of respondents. The Commission also seeks to revise the FCC Form 555 and the language of the accompanying instructions to require ETCs to provide a SPIN on the form. This change will not affect the burden hours associated with this requirement.

47 C.F.R. § 54.417 Lifeline Recordkeeping (Revised to Update the Number of Respondents). 47 C.F.R. § 54.417 requires ETCs and non-ETC resellers to maintain records to document compliance with all Commission and state requirements governing the Lifeline and Tribal Link Up program for the three full preceding calendar years and provide that documentation to the Commission or Administrator upon request. Notwithstanding the preceding sentence, eligible telecommunications carriers must maintain the documentation required in § 54.410(d) and (f) for as long as the subscriber receives Lifeline service from that eligible telecommunications carrier.

As part of this information collection, the Commission proposes revised calculations for the burden hours associated with this requirement based on updated estimates of the number of respondents.

Maintenance of National Lifeline Accountability Database (Revised to Update the Number of Respondents). The Commission required the development of a national database to detect and eliminate duplicative Lifeline and Link Up support. Pursuant to 47 C.F.R. § 54.404, ETCs are required to verify and standardize the relevant data, and transmit the relevant data to the database administrator in the format prescribed. The rule requires ETCs to obtain consumers' consent prior to transmitting the requisite information (subscriber's full name, address, telephone number associated with the Lifeline service, the date Lifeline service was initiated/terminated, date of birth, last four digits of social security number, the amount of support being sought for the subscriber, and the means of subscriber qualification proof). With respect to Link Up subscribers, ETCs must transmit to the duplicates database in a format prescribed by the Administrator each new and existing Link Up subscriber's full name, primary residential address, telephone number associated with the Link up support, date of service activation, date of Link Up support, date of birth, and last four digits of social security number obtained from the subscriber.

This information collection also contains requirements with respect to maintaining the duplicates database. Pursuant to 47 C.F.R. § 54.404(b)(8), when notified of any change of

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

subscriber information, ETCs are required to update the duplicates database within ten business days. In addition, pursuant to 47 C.F.R. § 54.404(b)(10), ETCs are required to update the database within one business day of de-enrollment of any consumer.

As part of this information collection, the Commission proposes revised calculations for the burden hours associated with this requirement based on updated estimates of the number of respondents.

Payment of Low-Income Support (Revised to Update the Number of Respondents and Require a Uniform “Snapshot” Date). USAC shall reimburse ETCs for low-income support based on the actual qualifying low-income consumers it serves directly as of the first day of the month. Previously, ETCs used various dates during the month to determine the number of eligible consumers for which it would seek reimbursement for that month. Per this revision, the Commission now requires all ETCs to use a uniform “snapshot” date each month of the ETCs choosing for 180 days a following the effective date of the order, and provide that date to the USAC on their FCC Form 497. Following the 180 day period, all ETCs will be required to utilize a snapshot date on the first day of the month.

As part of this information collection, the Commission proposes revised calculations for the burden hours associated with this requirement based on updated estimates of the number of respondents. The Commission estimates that the “snapshot” date requirement will not change the burden hours associated with this requirement.

Subscriber Usage (Revised to Update Number of Respondents). Pursuant to 47 C.F.R. § 54.405(e)(3), pre-paid ETCs offering service that do not assess and collect a monthly fee from its subscribers are required to de-enroll subscribers who fail to use the service within 60 consecutive days, as defined in 47 C.F.R. § 54.407(c)(2), and update the duplicates database within one business day of such de-enrollment. ETCs must report the number of consumers de-enrolled on their annual re-certification filing.

As part of this information collection, the Commission proposes revised calculations for the burden hours associated with this requirement based on updated estimates of the number of respondents.

Marketing and Outreach (Revised to Update the Number of Respondents). Pursuant to 47 C.F.R. § 54.405(c), all ETCs are required to include plain, easy-to-understand language in all of their Lifeline marketing materials to explain to consumers that the offering is a Lifeline-supported service; that Lifeline is a government assistance program; that only eligible consumers may enroll in the program; what documentation is necessary for enrollment; and that the program is limited to one benefit per household, consisting of either a wireline or wireless service. Additionally, ETCs are required to disclose the company name under which they do business and the details of its Lifeline service offerings in their Lifeline-related marketing and advertising. ETCs are required to explain that Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program. To provide ETCs with the flexibility to market their Lifeline-supported services in

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

creative and innovative ways that are the most efficient and cost effective for them, the Commission declined to mandate model language for ETCs to include on their materials.

Audit Requirements (Revised to Update the Number of Respondents). Pursuant to 47 C.F.R. § 54.420(b), USAC is required to conduct audits of new ETCs within the first twelve months of their seeking federal low-income universal service support within any single state to ensure their compliance with the rules as well as assess the company's internal controls regarding the regulatory requirements.

Pursuant to 47 C.F.R. § 54.420(a), ETCs drawing more than an aggregate of \$5,000,000 annually from the Lifeline fund, on a holding company basis, must conduct biennial independent audits and present audit reports to the Administrator, the Commission, and any applicable state or Tribal government agency within 90 days of the issuance of the audit report. The Commission selected \$5,000,000 as the threshold so as to subject those carriers that collectively draw the vast majority (over 90 percent) of Lifeline funding to this requirement, while not imposing additional compliance costs on carriers who collectively draw less than 10 percent of annual funding, many of whom are smaller providers. If there are no material findings in a carrier's first independent audit, the Wireline Competition Bureau has the authority to relieve the ETC of its obligation to perform the biennial audits going forward.

As part of this information collection, the Commission proposes revised calculations for the burden hours associated with this requirement based on updated estimates of the number of respondents.

Facilities-Based Requirements (Revised to Update the Number of Respondents). Each carrier that seeks to take advantage of the Commission's decision to forbear from applying the Act's facilities requirement of Section 214(e)(1)(A) and seek limited ETC designation to participate in the Lifeline program, must (i) comply with certain 911 requirements; and (ii) file, subject to Bureau approval, a compliance plan providing specific information regarding the carrier's service offerings and outlining the measures the carrier will take to implement the obligations contained in the *Lifeline Reform Order*.

As part of this information collection, the Commission proposes revised calculations for the burden hours associated with this requirement based on updated estimates of the number of respondents.

Designation of ETCs (Revised to Update the Number of Respondents). 47 C.F.R. § 54.202 requires carriers seeking to be designated as a Lifeline-only ETC to demonstrate their technical and financial capacity to provide the supported services. Additionally, pursuant to 47 C.F.R. § 54.202, every ETC receiving low-income support must annually provide to the Commission and USAC general information regarding their Lifeline plans for voice telephony service offered specifically for low-income consumers. Finally, a carrier seeking to be designated as an ETC must certify that it will comply with the service requirements applicable to the support that it receives. In the *Lifeline Second Reform Order*, pursuant to 47 C.F.R. §§ 54.201, 54.400, 54.401, and 54.407, the Commission determined that only ETCs

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

that provide Lifeline service directly to subscribers will be eligible for reimbursement from the Fund. Therefore, non-ETCs seeking to become ETCs in order to receive Lifeline support will need to complete and file the necessary paperwork with a state commission or the FCC to receive consideration for an ETC designation.

As part of this information collection, the Commission proposes revised calculations for the burden hours associated with this requirement based on updated estimates of the number of respondents.

Electronic Signature (Revised to Update the Number of Respondents). Pursuant to 47 C.F.R. § 54.419, ETCs and state agencies are permitted to obtain Lifeline subscriber certifications electronically, including through the use of interactive voice response systems, in compliance with the requirements of the E-Sign Act and the Government Paperwork Elimination Act. The E-Sign Act allows the use of electronic records to satisfy Commission regulations requiring that such information be provided in writing, if the consumer has affirmatively consented to such use and has not withdrawn such consent.

As part of this information collection, the Commission proposes revised calculations for the burden hours associated with this requirement based on updated estimates of the number of respondents.

Elimination of Requirements in this Information Collection:

Resolution of Duplicative Claims. USAC was required to continue with the Duplicate Resolution Process by identifying and resolving duplicative Lifeline claims in states identified by the Bureau. The ETCs had been required to supply subscriber lists and de-enroll subscribers found to be duplicates.

As part of this information collection, the Commission proposes to eliminate the resolution of duplicative claims requirement. USAC no longer is required to manually detect duplicate claims. The National Lifeline Accountability Database (NLAD) is designed to help carriers identify and resolve duplicate claims for Lifeline Program-supported service and prevent future duplicates. Therefore, there is no further need for this requirement.

FCC Form 550 – Low Income Broadband Reimbursement Form and FCC Form 560 – Low Income Broadband Pilot Program Reporting Form). The Commission authorized approximately \$13.8 million in support funding of the Broadband Pilot Program to be disbursed directly to ETCs for up to 12 months of subsidized broadband service either through bundles of voice and broadband services or as standalone broadband service. To receive reimbursement for approved subsidies, ETCs selected to participate in the Broadband Pilot Program had to complete the Low Income Broadband Reimbursement Form on a monthly basis and submit to USAC: (i) any monthly discount of broadband service, (ii) applicable discount amount for voice telephony service if the broadband subscriber is also subscribing to voice telephony service under the Lifeline program, and (iii) any non-recurring fees for broadband provided to subscribers participating in the Pilot Program and approved as part of the pilot project.

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

ETCs selected to participate in the Pilot Program were required to commit to data gathering and sharing of subscribers' anonymized data. USAC was tasked with collecting data from ETCs regarding the ETCs' projects, and subscriber demographics and broadband usage pursuant to a uniform set of questions set forth in the Low Income Broadband Pilot Program Reporting Form. ETCs may collect the data from subscribers themselves and submit to USAC, or may request that USAC collect the subscriber data directly from ETCs' subscribers through an electronic, online survey.

As part of this information collection, the Commission proposes to eliminate the FCC Forms 550 and 560, because the Broadband Pilot Program has ended. Therefore, there is no further need for these forms.

Some requirements contained in this information collection affect individuals or households, and thus, there are impacts under the Privacy Act.

Statutory authority is contained in Sections 1, 4(i), 201-205, 214, 254, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 1, 4(i), 201-205, 214, 254 and 403.

2. *Use of Information.* All the requirements and burdens contained herein are necessary to implement the congressional mandate for universal service. These reporting and compliance requirements are necessary to ensure that only eligible subscribers receive support and that ETCs are in compliance with the Commission's rules. The *Lifeline Second Reform Order* is another step in the Commission's ongoing efforts to overhaul all of the universal service programs. The *Lifeline Second Reform Order* acts to eliminate waste and inefficiency in the Lifeline program and to increase accountability.

3. *Technological collection techniques.* The FCC Form 481 Carrier Annual Reporting Data Collection Form, FCC Form 497 Lifeline Worksheet, and FCC Form 555 Annual Lifeline Eligible Telecommunications Carrier Certification Form are available via the Administrator's website (www.usac.org). Carriers will have the option to file FCC Forms 497 and 555 electronically, by email, or by fax. The National Lifeline Accountability Database is accessed and updated via the Internet. Carriers may also provide subscriber data via a batch process. The electronic signature section of the rules will allow ETCs to communicate with subscribers not only on paper but by phone and text. The Commission also encourages ETCs to take advantage of electronic storage of documents to mitigate the additional expense of having to retain documentation demonstrating subscriber income-based or program-based eligibility, including the NLAD dispute resolution processes.

4. *Efforts to identify duplication.* There will be no duplication of information. The information sought is unique to each carrier or respondent and similar information is not already available.

5. *Impact on small entities.* The collection of information may affect small entities as well as large entities. In conformance with the Paperwork Reduction Act of 1995, the Commission is making an effort to minimize the burden on all respondents, regardless of size. The

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

Commission has limited the information requirements to those which are necessary to verify eligibility for Lifeline program support and compliance with the Lifeline program. Additionally, the Commission has encouraged ETCs to take advantage of electronic storage of documents to mitigate any burden on small and large entities of having to retain documentation demonstrating subscriber income-based or program-based eligibility, including the NLAD dispute resolution processes.

6. *Consequences if information is not collected.* Without the requested information, the Commission will be unable to determine that all subscribers are eligible to receive support and provide certainty in the industry regarding the documents that need to be retained in the event of an audit or investigation. By ensuring that only ETCs that provide Lifeline service directly to subscribers are eligible for reimbursement from the Fund, the Commission can also better promote transparency. Ultimately, with the requested information, the Commission can more efficiently and effectively protect the USF and prevent significant waste fraud and abuse in the Lifeline program.

7. *Special circumstances.* There are no special circumstances associated with this information collection.

8. *Federal Register notice; efforts to consult with persons outside the Commission.* Pursuant to 5 C.F.R. § 1320.8(d), the Commission published a notice in the Federal Register to solicit public comment on the revised collection on August 31, 2015, 80 FR 52474. The Commission received joint comments from NTCA—The Rural Broadband Association, WTA—Advocates for Rural Broadband, and JSI. The joint comments argued that the Commission should alter the “snapshot date” reporting rule for FCC Form 497 and alter the retention and data security rules for eligibility documentation to prevent burdening small carriers. The Commission considered these arguments and rejected them in the underlying rulemaking proceeding. The rules adopted by the Commission promote greater efficiency and administrability in the Lifeline program. The Commission found that a uniform snapshot date across all carriers would prevent two carriers from claiming support for the same subscriber, facilitate uniform audit procedures by the Universal Service Administrative Company (USAC), and ultimately ease a transition to a reimbursement process based on the number of subscribers contained in the National Lifeline Accountability Database (NLAD). In requiring all eligible telecommunications carriers (ETCs) to retain subscribers’ eligibility documentation, the Commission found that benefits of document retention outweigh the costs because it will improve auditability and enforceability in the program, reduce falsified records, and provide certainty as to audit requirements for ETCs.

9. *Payments or gifts to respondents.* There will be no payments or gifts to respondents.

10. *Assurances of confidentiality.* We note that USAC must preserve the confidentiality of all data obtained from respondents and contributors to the universal service support program mechanism, must not use the data except for purposes of administering the universal service support program, and must not disclose data in company-specific form unless directed to do so by the Commission. We also note that ETCs must also preserve the confidentiality of all subscriber eligibility documentation. This documentation must be retained for as long as the subscriber receives Lifeline service from the ETC, but no less than three calendar years. Also,

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

respondents may request materials or information submitted to the Commission or USAC be withheld from public inspection under section 0.459 of the Commission's rules.

11. *Questions of a sensitive nature.* Some of the requirements contained in this information collection affects individuals or households, and thus, there are impacts under the Privacy Act. The FCC's system of records notice (SORN), FCC/WCB-1, "Lifeline Program." The Commission will use the information contained in FCC/WCB-1 to cover the personally identifiable information (PII) that is required as part of the Lifeline Program ("Lifeline"). As required by the Privacy Act of 1974, as amended, 5 U.S.C. § 552a, the Commission also published a SORN, FCC/WCB-1 "Lifeline Program" in the Federal Register on December 6, 2013 (78 FR 73535).

12. *Estimates of the hour burden of the collection to respondents.* The following represents the hour burden on the collections of information:

- a. **FCC Form 497 – Lifeline Worksheet (Revised to Update the Number of Respondents and Amend Accompanying FCC Form 497 Instructions)**
 - (1) Number of Respondents: Approximately 997 ETCs.
 - (2) Frequency of Response: Monthly and on occasion reporting requirements. The Commission estimates that it takes 2.5 hours to complete the FCC Form 497.
 - (3) Annual hour burden per respondent: 30 hours annually (12 mos. x 2.5 hours per mo.). Total annual reporting burden is **29,910 hours** (997 ETCs x 12 mos. x 2.5 (hours to prepare each monthly submission)).
 - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$1,196,400.
 - (5) Explanation of calculation: 29,910 burden hours for all ETCs x \$40 per hour = 1,196,400.

- b. **FCC Form 481 – Carrier Annual Reporting Requirements (Revised to Update the Number of Respondents)**
 - (1) Number of Respondents: Approximately 997 ETCs.
 - (2) Frequency of Response: Annual reporting requirement.
 - (3) Annual hour burden per respondent: 3 hours annually. Total annual reporting burden is **2,991 hours** (997 ETCs x 3 hours).
 - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$119,640.
 - (5) Explanation of calculation: 2,991 burden hours for all ETCs x \$40 per hour = \$119,640.

- c. **Certification of Eligibility Upon Enrollment (Revised to Update the Number of Respondents)**
 - (1) Number of Respondents: 997 ETCs. This certification requirement, along with documentation applies only to new subscribers. We estimate that there will be approximately 7,800,000 new Lifeline subscribers who sign up for

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

Lifeline annually (3,800,000 who sign up by presenting documentation and 4,000,000 whose eligibility can be verified electronically). Of the 7,800,000 who signed up for Lifeline, we estimate that 1,400,000 of them may live at an address where someone else may already have Lifeline service and may be required to fill out a one per household worksheet.

- (2) Frequency of Response: Once for new Lifeline service.
- (3) Annual hour burden per respondent: For subscribers whose eligibility can be verified through a database, we estimate that the ETC representative or a state (where applicable) will take no longer than .33 hours (20 minutes) to query any applicable database (4,000,000 subscribers x .333 hours = 1,332,000 hours) and the subscribers will take .25 hours (15 minutes) to complete the certification form (4,000,000 subscribers x .25 hours = 1,000,000 hours). For subscribers whose eligibility must be determined through documentation, we estimate that it will take ETCs 1 hour to review and maintain a record of the certification form and one per household worksheet where applicable (3,800,000 subscribers x 1 hour = 3,800,000 hours). In addition, we estimate that it will take these subscribers approximately 30 minutes to fill out the certification form (3,800,000 subscribers x .5 hours = 1,900,000 hours). We also estimate that it will take 1,400,000 subscribers 15 minutes (.25 hours) to fill out the one per household worksheet, for a total of 350,000 hours. Therefore, the total annual burden is **3,250,000 hours for subscribers and 5,132,000 hours for ETCs. 3,250,000 + 5,132,000 = 8,382,000 total annual hours.**
- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$208,530,000.
- (5) Explanation of calculation: We estimate the cost to Lifeline consumers to retrieve and provide the required documentation and complete the certification form is \$1 per hour (3,250,000 x \$1 = \$3,250,000). In addition, we estimate it will cost the ETC staff \$40 per hour to sign the subscriber up for Lifeline (5,132,000 hours x \$40 = \$205,280,000). \$3,250,000 + \$205,280,000 = \$208,530,000.

d. **Verification of Continued Eligibility (Annual Recertification of Consumer Eligibility) (Revised to Update the Number of Respondents)**

- (1) Number of Respondents: ETCs are required to confirm the eligibility of all Lifeline subscribers on an annual basis. We estimate that there are approximately 12,100,000 Lifeline subscribers and that 2,400,000 can be re-certified using a database or third party administrator, leaving 9,700,000 to be re-certified through a paper, phone, or text process. There are approximately 997 ETCs to whom these requirements apply.
- (2) Frequency of Response: Annual reporting requirement.
- (3) Annual hour burden per respondent: ETCs may confirm eligibility of their subscribers by querying a database maintained for that purpose. If such a database is not available, ETCs must collect signed certifications from subscribers attesting to their continued eligibility, which can be done by phone and text. We estimate that it will take Lifeline subscribers 30 minutes

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

(.5 hours) to read and sign a certification (9,700,000 subscribers x .5 hours = **4,850,000 hours**). Similarly, we estimate that the ETC officer will take no longer than 45 minutes (.75 hours) to contact each subscriber and obtain a response (.75 hours x 9,700,000 = **7,275,000 hours**). In addition, we estimate it will take no more than 15 minutes (.25 hours) for ETCs to query eligibility databases to re-certify eligibility (2,400,000 subscribers x .25 hours = **600,000 hours**).

- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$319,850,000.
- (5) Explanation of calculation: We estimate the cost to Lifeline consumers to read and sign the required documentation, if any, provided by the ETC is \$1 per hour (4,850,000 hours x \$1 = \$4,850,000). In addition, we estimate it will cost the ETC staff \$40 per hour to either query the necessary database (\$40 x 600,000 hours = \$24,000,000) or review the subscriber verifications (\$40 x 7,275,000 hours = \$291,000,000). \$4,850,000 + \$24,000,000 + \$291,000,000 = \$319,850,000.

e. **FCC Form 555 - Annual Reporting of Subscriber Recertification (Revised to Update the Number of Respondents and Revise the FCC Form 555)**

- (1) Number of Respondents: Approximately 997 ETCs.
- (2) Frequency of Response: Annual reporting requirement.
- (3) Annual Hour Burden Per Respondent: We estimate that it will take each ETC 16 hours annually to compile the re-certification form and submit it to USAC. Total annual reporting burden is **15,952** (997 ETCs x 16 hours).
- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$638,080.
- (5) Explanation of calculation: 997 ETCs x 16 hours annually x \$40 per hour = \$638,080.

f. **47 C.F.R. § 54.417 Lifeline Recordkeeping (Revised to Update the Number of Respondents)**

- (1) Number of Respondents: Approximately 997 ETCs.
- (2) Frequency of Response: Annual reporting requirement.
- (3) Annual hour burden per respondent: 1 hour annually to maintain records. The total annual reporting burden is **997 hours**.
- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$39,880.
- (5) Explanation of calculation: 997 ETCs x 1 hour annually x \$40 per hour = \$39,880.

g. **Maintenance of National Lifeline Accountability Database (Revised to Update the Number of Respondents)**

- (1) Number of Respondents: 997 ETCs.
- (2) Frequency of Response: Daily or monthly reporting requirement.
- (3) Annual hour burden per respondent: 96 hours (we estimate it will take each ETC 8 hours to interface each month with the duplicates database x 12

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

months). Total burden hours for all respondents are **95,712 hours** (8 hours x 12 months x 997 ETCs).

- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$ 3,828,480.
- (5) Explanation of calculation: 8 hours x 12 months x 997 ETCs = 95,712 burden hours. 95,712 hours x \$40 per hour = \$ 3,828,480.

h. **Payment of Low-Income Support (Revised to Update the Number of Respondents and Require a Uniform “Snapshot” Date)**

- (1) Number of Respondents: 997 ETCs.
- (2) Frequency of Response: Monthly reporting requirement.
- (3) Annual hour burden per respondent: 1.5 hours per response x 12 months = 18 hours per year per respondent. Total burden hours for all respondents are **17,946 hours** (18 hours x 997 ETCs).
- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$717,840.
- (5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to compile the requisite information and prepare the report. 17,946 total hours x \$40 per hour = \$717,840.

i. **Subscriber Usage (Revised to Update Number of Respondents)**

- (1) Number of Respondents: Approximately 80 ETCs that do not assess and collect a monthly fee from its subscribers (serving approximately 10,000,000 pre-paid consumers).
- (2) Frequency of Response: Every 60 days (annualized reporting requirement for burden calculation purposes)..
- (3) Annual hour burden per respondent: Fifteen minutes (.25 hours) to contact those subscribers who do not use their Lifeline service. We estimate that approximately 25% of the 10,000,000 pre-paid consumers do not use the Lifeline service (2,500,000 subscribers). .25 hours x 2,500,000 consumers = **625,000 hours**. (Note: costs associated with reporting requirements, updating the database, and de-enrolling subscribers for non-use are included in 12.a and 12.h, above).
- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$25,000,000.
- (5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to contact their subscribers. \$40 per hour x 625,000 hours = \$25,000,000.

j. **Marketing and Outreach (Revised to Update the Number of Respondents)**

- (1) Number of Respondents: 997 ETCs.
- (2) Frequency of Response: Once and on occasion reporting requirement.
- (3) Annual hour burden per respondent: 30 hours once to update existing marketing materials. Fifteen minutes (.25 hours) on occasion to include required language on new material. (30.25 hours x 997 = **30,159 hours**.)
- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$1,206,370.

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

- (5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to update their marketing materials. 997 respondents x 30.25 hours per respondent = 30,159 burden hours. 30,159 hours x \$40 per hour = \$1,206,370.

k. **Audit Requirements (Revised to Update the Number of Respondents)**

- (1) Number of Respondents: Approximately 33 ETCs (4 first-year ETCs must comply with new audit requirements; 29 ETCs, those drawing more than \$5,000,000 from the low-income fund, must conduct biennial independent audits).
- (2) Frequency of Response: For first-year ETCs, once; for ETCs drawing more than \$5,000,000 from the Fund, biennially unless directed by the Commission.
- (3) Annual hour burden per respondent: 11 total hours for the 4 ETCs subjected to a first year audit (2.67 hours per ETC); 3,625 total hours for the 29 ETCs conducting biennial audits every 2 years (250 hours per ETC per audit). Total annual burden for all ETCs is 11 hours + 3,625 hours = **3,636** burden hours.
- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$725,427
- (5) Explanation of calculation: \$427 (4 ETCs x 2.67 hours for first year audit x \$40 per hour = \$427.20) + \$725,000 (29 ETCs x 250 hours for biennial audit x 0.5 audits per year x \$200 per hour, which is the average cost for independent, outside auditor) = \$725,000. \$725,000 + \$427 = \$725,427.

l. **Facilities Based Requirements (Revised to Update the Number of Respondents)**

- (1) Number of Respondents: Approximately 4 ETCs
- (2) Frequency of Response: One time reporting requirement.
- (3) Annual hour burden per respondent: 50 hours. We estimate that ETCs who want to take advantage of blanket forbearance will take 50 hours to prepare and file their compliance plans. The total annual burden for all applicable ETCs is **200 hours**.
- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$8,000.
- (5) Explanation of calculation: 4 ETCs x 50 hours x \$40 per hour for ETC work = \$8,000.

m. **Designation of ETCs (Revised to Update the Number of Respondents):**

- (1) Number of Respondents: Approximately 15 Lifeline-only ETCs and 10 non-ETCs.
- (2) Frequency of Response: One time, upon designation as an ETC.
- (3) Annual hour burden per respondent: We estimate it will take a carrier seeking ETC designation 1 hour to compile the requisite information to demonstrate its technical and financial capacity to provide the supported services and that it will comply with the service requirements applicable to the support it receives. The total burden for all carriers seeking such

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

designation is **25 hours**. We included our estimate of the time it will take ETCs to compile the requisite information and report its Lifeline plans for voice telephony service to the Commission and Administrator in the calculation for Annual Reporting Requirement, section 12.b. above.

- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$1,200.
- (5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to compile the information and prepare the appropriate reports. 25 ETCs/non-ETCs x 1 hour x \$40 per hour = \$1,200.

n. **Electronic Signature (Revised to Update the Number of Respondents)**:

- (1) Number of Respondents: We estimate that there will be approximately 7,800,000 new Lifeline subscribers who sign up for Lifeline annually (3,800,000 who sign up by presenting documentation and 4,000,000 whose eligibility can be verified electronically). We estimate that subscribers whose eligibility is verified electronically will also use electronic signatures. ETCs are also required to confirm the eligibility of all Lifeline subscribers on an annual basis. We estimate that there are approximately 12,100,000 Lifeline subscribers and that 2,400,000 can be re-certified using a database or third party administrator, leaving 9,700,000 to be re-certified through a paper, phone, or text process. Of those 9,700,000 subscribers, we estimate that approximately 5,600,000 subscribers will recertify electronically and 4,100,000 will recertify via paper submission. There are approximately 997 ETCs to whom these requirements apply.
- (2) Frequency of Response: Once per subscriber for new Lifeline service and annually per subscribers thereafter.
- (3) Annual hour burden per respondent: For subscribers whose eligibility can be verified through a database, we estimate that the subscribers will take 0.0167 hours (1 minute) to electronically sign the certification form (4,000,000 subscribers x 0.0167 hours = 66,800 hours). For recertification, we estimate that it will take those Lifeline subscribers who recertify electronically 1 minute (0.0167 hours) to electronically sign a certification (4,100,000 subscribers x 0.0167 hours = 68,470 hours). Therefore, the total annual burden is **135,270 hours for subscribers using electronic signatures** (66,800 hours + 68,470 hours = 135,270 hours).
- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$135,270.
- (5) Explanation of calculation: We estimate the cost to Lifeline consumers to electronically sign certification and recertification forms is \$1 per hour (135,270 x \$1 = \$135,270).

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

The estimated respondents and responses and burden hours are listed below:

Information Collection Requirements	Number of Respondents	Number of Responses Per Year Per Respondent	Number of Responses Per Year	Estimated Time per Response (hours)	Total Burden Hours	In-house Office and Overhead Costs
a. FCC Form 497:	997	12	11,964	2.5	29,910	\$1,196,400
b. FCC Form 481:	997	1	997	3	2,991	\$119,640
c. Certification of Eligibility Upon Enrollment:	7,800,997	1	7,800,997	0.25 - 1.0	8,382,000	\$208,530,000
d. Verification of Continued Eligibility:	12,100,997	1	12,100,997	0.33 - 1.00	12,725,000	\$319,850,000
e. FCC Form 555:	997	1	997	16	15,952	\$638,080
f. Lifeline Recordkeeping, 47 C.F.R. § 54.417:	997	1	997	1	997	\$39,880
g. Maintenance of National Lifeline Accountability Database:	997	12	11,964	8	95,712	\$3,828,480
h. Payment of Low-Income Support:	997	12	11,964	1.5	17,946	\$717,840
i. Subscriber Usage:	80	31,250	2,500,000	0.25	625,000	\$25,000,000
j. Marketing and Outreach:	997	1	997	30.25	30,159	\$1,206,370
k. Audit Requirements:	33	4 one time, 29 biennial	19	2.67 - 250	3,636	\$725,427
l. Facilities Based Requirements:	4	1	4	50	200	\$8,000
m. Designation of ETCs:	25	1	25	1	25	\$1,200
n. Electronic Signature	8,100,000	1	8,100,000	0.0167	135,270	\$135,270
Total	28,009,115		30,541,922	0.0167 - 250	22,064,798	\$561,996,587

Lifeline Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund

Total Number of Respondents: 28,009,115

Total Number of Responses Annually: 30,541,922

Total Annual Hourly Burden for Requirements (a) – (n):
22,064,798

Total Annual “In-House” Costs: \$561,996,587

13. *Estimates of the cost burden of the collection to respondents.*

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 and maintenance and purchase of services component: \$0. The collections will not result in operating or maintenance expenses.

14. *Estimates of the cost burden to the Commission.* 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 administers the program.

15. *Program change or adjustment.* The Commission is reporting program changes (decreases) to the total number of respondents. The total number of respondents decreased by (-100,028) from 41,806,827 to 41,706,799 respondents. The number of annual responses decreased by (-100,868) from 41,838,920 to 41,738,052. Lastly, the total annual burden hours decreased by (-37,955) from 24,184,565 hours to 24,146,610. These decreases are due to the elimination of several information collection requirements because they are no longer applicable to this information collection.

Also, The Commission is reporting adjustments (decreases) to the number of respondents, responses, and burden hours with this revised collection. The total number of respondents decreased from 41,706,799 to 28,009,115 (-13,697,684), and the total number of responses decreased from 41,738,052 to 30,541,922 (-11,196,130) and the total burden hours decreased from 24,146,610 to 22,064,798 (-2,081,812). These adjustments/decreases are due to the Commission re-evaluating the previous figures used in this collection.

16. *Collections of information whose results will be published.* Non-confidential information may be made public through reports from the universal service Administrator for the Commission, although the Commission does not have specific plans for doing so at this time.

17. *Display of expiration date for OMB approval of information collection.* The Commission seeks continued approval not to display the expiration date of OMB approval on all of the forms. Display of the expiration date would not be in the Commission’s interest because we would have to update the electronic copy each time this collection is submitted to OMB for review and approval. This would constitute waste and would not be cost effective.

18. *Explain any exceptions to the statement certifying compliance with 5 C.F.R. § 1320.9 and the related provisions of 5 C.F.R. §1320.8(b)(3).* When the 60 Day and 30 Day Notices were published in the Federal Register on August 31, 2015 (80 FR 52724) and on November 3, 2015 (80 FR 67738), the Commission inadvertently stated that electronic filing of FCC Forms 497 and 555 is required. However, carriers have the option to file forms electronically, via e-mail or by fax; therefore, this correction is reflected in the supporting statement.

There are no other exceptions to the Certification Statement.

B. Collections of Information Employing Statistical Methods:

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