

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 revise existing collection 3060-0856 as a result of a recent order as explained below.

A. Justification:

1. *Circumstances that make the collection necessary.* The Federal Communications Commission (Commission) seeks processing under the Paperwork Reduction Act (PRA), 5 C.F.R. § 1320.13.

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 (E-rate program).

Under 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. The level of discounts may change depending on the category of eligible services selected and are based on indicators of need.

Eligible school and library applicants can seek funding on an annual basis. They commence the application process by first seeking bids for eligible services by filing the FCC Form 470 (approved under OMB Control No. 3060-0806) with the Universal Service Administrative Company (USAC or Administrator), the current administrator of the E-rate program. After entering into agreements for services, applicants may seek funding for such services by filing an FCC Form 471 (approved under OMB Control No. 3060-0806) application, once the application window opens. After the Administrator makes funding commitments, applicants and service providers are required to use FCC Forms 472, 473 and 474 to facilitate the processing of discounted payments for services procured under the E-rate program.

On July 23, 2014, the Commission released an Order and FNPRM (WC Docket No. 13-184, FCC 14-99; 79 FR 49160, August 19, 2014) (*E-rate Modernization Order*) modernizing the E-rate program. Specifically, the *E-rate Modernization Order* adopted 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.

The Commission now seeks approval to revise OMB 3060-0856 to conform the FCC Forms 472 and 473 to changes implemented in the *E-rate Modernization Order*, including changes to the FCC Forms 472 and 473 certifications. There are no program revisions to FCC Form 474, but all three forms will be converted to an online format.

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).

a. (Revision) FCC Form 472 “Billed Entity Applicant Reimbursement 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 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. Based on the new rules adopted in the *E-rate Modernization Order* (FCC 14-99), upon approval of the submitted FCC Form 472, USAC disburses payments directly to the billed entity to cover services that have been properly invoiced. The information on FCC Form 472 is needed to enable this direct 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 (approved under OMB Control No. 3060-0853). Under the new rules, the service provider will no longer serve as a pass-through for payments from USAC and will not be required to approve every FCC Form 472. Instead, USAC will directly reimburse the billed entity. We have made revisions to the FCC Form 472 to remove the section that required service provider acknowledgement and service provider certifications. We also revised the document retention period from 5 to 10 years per Commission rules. Finally, the form is being converted into a new electronic format. The new format eliminates paper instructions. Guidance for filling out the form will be integrated into the online form.

b. (Revision) FCC Form 473 “Service Provider Annual Certification Form.”

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. Under the new rules adopted in the *E-rate Modernization Order* (FCC 14-99), the service provider will no longer be the pass-through for payments from USAC and will no longer be required to approve the FCC Form 472. Service providers must annually submit an FCC Form 473 for each of their service provider identification numbers (SPIN). The *E-rate Modernization Order* required that we add certifications to the existing FCC Form 473 requiring each service provider to certify that they have complied with the E-rate invoicing rules and regulations. According to the requirement, the service provider will need to certify that (1) the invoices it submits to the billed entity for reimbursement pursuant to the FCC Form 472 are accurate and represent payments from the billed entity to the service provider for equipment and services provided pursuant to E-rate program rules; and (2) the bills or invoices it issues to the billed entity are for equipment and services eligible for universal service support by the fund administrator, and exclude any charges previously invoiced to the administrator by the service provider. In addition to including these certifications on the FCC Form 473, we have revised the document retention period from 5 to 10 years. Finally, the form is being converted into a new electronic format. The new format eliminates paper instructions. Guidance for filling out the form will be integrated into the online form.

c. FCC Form 474 “Service Provider Invoice (SPI) FCC Form 474.”

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 comply 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. There are no revisions to this form other than it is being converted into a new online format. The new format eliminates paper instructions. Guidance for filling out the form will be integrated into the online form.

We propose to modify the FCC Forms 472, 473, and 474 as follows:

- Service Provider Certifications – The FCC Form 472 will be revised by removing the service provider certifications pertaining to remitting funds to the applicant. Per section 54.504(f)(4) and (f)(5) of the Commission’s rules, the FCC Form 473 will be revised by adding the following service provider certifications: (1) “I certify that the invoices that are submitted by this Service Provider to the Billed Entity for reimbursement pursuant to Billed Applicant Reimbursement Forms (FCC Form 472) are accurate and represent payments from the Billed Entity to the Service Provider for equipment and services provided pursuant to E-rate program rules.” (2) “I certify that the bills or invoices issued by this Service Provider to the Billed Entity are for equipment and services eligible for universal service support by the Administrator, and exclude any charges previously invoiced to the Administrator by the Service Provider.”
- Document Retention Period – The FCC Forms 472 and 473 will now require the documentation retention for 10 years instead of 5 years.
- On-line Filing – Consistent with the Commission’s goals of reducing the administrative burdens on applicants and service providers, the Commission took several measures of improving the overall E-rate process. Applicants and service providers will now be able to access the forms needed for E-rate fund processing electronically.

New or revised rules impacting this collection:

- **Section 54.504(f)** of the Commission’s rules relates to requests for services under the universal service E-rate program and also includes the requirement for service providers to submit an annual certification form. (Note: Per the *E-rate Modernization Order*, this change is effective July 1, 2016, subject to OMB approval).
 - Section 54.504(f) is being revised by requiring two new certifications on the FCC Form 473. The new rules state:
 - (f)(4) The service provider listed on the FCC Form 473 certifies that the invoices that are submitted by this Service Provider to the Billed Entity for reimbursement pursuant to Billed Entity Applicant Reimbursement Forms (FCC Form 472) are accurate and represent payments from the Billed Entity to the Service Provider for equipment and services provided pursuant to E-rate program rules.
 - (f)(5) The service provider listed on the FCC Form 473 certifies that the bills or invoices issued by this service provider to the billed entity are for equipment and services eligible for universal service support by the Administrator, and exclude any charges previously invoiced to the Administrator by the service provider.

- **Section 54.514** of the Commission’s rules relates to the payment for discounted services under the universal service E-rate program. A revision to this rule deletes the reference to a deadline for service providers to reimburse applicants under the previous Billed Entity Applicant Reimbursement process. It is also being revised by deleting the reference to applicants receiving payment from service providers in section 54.514(a), and updates the choice of payment method in 54.514(c) to include applicants’ choice of full, direct reimbursement from the Administrator. (Note: Per the *E-rate Modernization Order*, this change is effective July 1, 2016).
- **Section 54.516** was revised to increase the document retention period from 5 to 10 years and the forms in this collection have been updated accordingly. (Note: This rule revision was approved by OMB as part of 3060-0806).

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. It 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, to 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 forms in this information collection will be accessible as online-only filings. The online implementation of the FCC Forms 472, 473, and 474 will not, in non-material respects, resemble the templates of the forms we are providing with this submission. Electronic filing will permit applicants and service providers to be able to input data in required fields and have data auto-populated wherever possible and applicable. To reduce applicant confusion, the electronic filing process will utilize progressive disclosure wherever possible, so that an applicant will be asked to provide only information relevant to their application.
4. *Efforts to identify duplication.* There will be no duplication of information. The information sought is unique to each applicant and similar information is not already available. The Commission does not otherwise collect the information sought in this collection.
5. *Impact on small entities.* Entities directly subject to the requirements in these forms are primarily schools, libraries, school districts, consortia comprised of schools and libraries, and service providers. This information collection is 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 E-rate program. Smaller entities may avail themselves of the new opportunities presented by the *E-rate Modernization Order* and the changes to the online information collection to minimize potential burdens, such as:
 - Implementing direct reimbursement of discounts to applicants, which eliminates the use of the service provider as a pass-through for payments from USAC;

- Service providers will no longer be required to approve every FCC Form 472 which eliminates an extra step in the disbursement process; and
 - Accessing the FCC Forms 472, 473, and 474 electronically; wherever possible, several components of the information previously collected will be generated automatically.
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, and prevent eligible participants and service providers from seeking E-rate reimbursements for eligible services.
 7. *Special circumstances.* We do not foresee any special circumstances that would cause an information collection to be conducted under extraordinary circumstances.
 8. *Federal Register notice; efforts to consult with persons outside the Commission.* The Commission published a notice pursuant to 5 CFR Section 1320.8(d), in the Federal Register to solicit public comment on the revised collection. 81 FR 2216, January 15, 2016. The Commission received a comment with suggestions for changes to the certifications for the FCC Form 473,¹ but was not able to incorporate the suggested language as it is inconsistent with the rule the Commission adopted in the *E-rate Modernization Order*.

Prior to releasing the *E-rate Modernization Order*, the Commission consulted with persons outside the agency to obtain their views on how to improve and modernize the E-rate program, including representatives of schools, school districts, and libraries, state education representatives, trade associations, service providers, and other stakeholders. There was widespread support for the changes the Commission seeks for this information collection revision.

9. *Payments or gifts to respondents.* There will be no payments or gifts 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 private 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. **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. Once, for each set of services which have been approved for discounts to be provided by various service providers. In calendar year 2014, there were 74,595 forms filed. The average was approximately 4 responses per respondent, so we use this as the

¹ Although the comment was received after the 60 day comment period ended, we are addressing it in the spirit of the Paperwork Reduction Act's public consultation requirements.

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 in-house 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 = \$2,880,000.

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

(1) Number of Respondents: Approximately 4,500 service providers.

(2) Frequency of Response: Annual. We estimate that the annual total number of responses will be 4,500 for this form. $4,500$ (number of respondents) \times 1 (average number of SPINs) = 4,500.

(3) Annual Burden per Respondent: 1 hour. Total Annual Burden: 1 hour per submission \times 1 filing \times 4,500 respondents. Total Annual Burden: **4,500 hours**.

(4) Total estimate of in-house cost to respondents for the hour burden for collection of information: \$180,000.

(5) Explanation of calculation: We estimate that this obligation will take approximately 1 hour and will occur once a year for 4,500 service providers. $4,500$ (number of respondents) \times 1 (number of submissions required) \times 1 (estimated time burden) \times \$40 per hour = \$180,000.

c. FCC Form 474 – Service Provider Invoice Form:

(1) Number of Respondents: Approximately 2,200 service providers.

(2) Frequency of Response: On occasion. The frequency depends on the preference of the service provider to seek reimbursement from the 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. In calendar year 2014, there were 93,396 forms filed. The average was about 42 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 92,400 for this form. $2,200$ (number of respondents) \times 42 (number of submissions estimated) = 92,400.

(3) Annual Burden per Respondent: 1 hour \times 42 (average number of submissions) \times 2,200 respondents. Total Annual Burden: **92,400 hours**.

(4) Total estimate of in-house cost to respondents for the hour burden for collection of information: **\$ 3,696,000**.

(5) Explanation of calculation: We estimate that this obligation will take approximately 1 hour and will occur frequently for some service providers. $2,200$ (number of respondents) \times 42 (maximum number of submissions estimated) \times 1 (estimated hour burden) \times \$40 per hour = **\$3,696,000**.

Total Number of Respondents = $18,000 + 4,500 + 2,200 = 24,700$ Respondents.

Total Number of Responses = $72,000 + 4,500 + 92,400 = 168,900$ Responses.

Total Annual Burden = $72,000 + 4,500 + 92,400 = 168,900$ Hours.

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.* The Commission is reporting adjustments (increases) to the number of responses and total burden hours with this revised collection. The total number of responses and total annual burden hours both increased from 158,165 to 168,900 (+10,735). This adjustment/increase is due to updated information based on the actual number of responses to this collection per respondent in the E-rate program in calendar year 2014. The increase in the number of responses resulted in an overall increase to the total annual burden hours in this collection.

Also, the Commission is reporting an adjustment (decreases) to the number of respondents. The total number of respondents decreased from 25,925 to 24,700 (-1,225). This decrease is due to the most currently available information to the Commission on the actual participation in the E-rate program in calendar year 2014 for this collection.

There are no program changes.

16. *Collections of information whose results will be published.* Non-proprietary information will be made publicly available for the benefit of all interested parties.
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 forms 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.

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.