

## **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 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 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*), 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. 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.

On April 27, 2016, the Commission adopted the *Lifeline and Link Up Reform and Modernization et al.*, WC Docket Nos. 11-42, 09-197, 10-90, Third Report and Order, Further Report and Order, and Order on Reconsideration, FCC 16-38 (2016) (*Lifeline Third Reform Order*), that imposed sweeping changes to the Lifeline program by introducing broadband internet access service (BIAS) as a supported service, as well as, laying the groundwork for a National Verifier to determine Lifeline subscriber eligibility and annual recertification. The changes focused on combating waste, fraud, and abuse while extending coverage to include robust BIAS and voice services. The *Lifeline Third Reform Order* changes include: adding BIAS as a supported service, phasing out support for mobile voice over the next six years, requiring eligible telecommunication carriers (ETCs) to certify compliance with the new minimum service requirements, laying a framework to develop a National Verifier, streamlining the eligibility criteria, creating a new ETC designation for Lifeline Broadband Providers (LBPs), updating the obligations to advertise Lifeline offerings, requiring ETCs to provide Wi-Fi and hotspot enabled devices, modifying the non-usage de-enrollment requirements within the program, moving to rolling annual subscriber recertification, streamlining the first-year ETC audit requirements, and eliminating the temporary address requirements. The National Verifier's implementation requires extensive planning before any public roll-out, and the Commission will be updating this information collection at a later date to include the National Verifier's needs following initial planning.

In revising this information collection, the Commission seeks to:

- Revise the information collection to comply with the Commission's new rules, adopted in the *Lifeline Third Reform Order*, regarding phasing out support for mobile voice over the next six years, requiring ETCs to certify compliance with the new

minimum service requirements, creating a new ETC designation for LBPs, updating the obligations to advertise Lifeline offerings, modifying the non-usage de-enrollment requirements within the program, moving to rolling annual subscriber recertification, and streamlining the first-year ETC audit requirements;

- 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; and,
- Revise the FCC Forms 555 and 497 to incorporate the new Commission rules and modify the filings to include detailed field descriptions.

**Revisions to Requirements in this Information Collection:**

*FCC Form 497 – Lifeline Worksheet (Revised to Reflect Reforms and Update the Number of Respondents).* ETCs are required file FCC Form 497 for reimbursement and state, 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. ETCs must also state that they are 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.

Pursuant to the changes in the *Lifeline Third Reform Order* to 47 C.F.R. § 54.403, the Commission proposes to revise FCC Form 497 to incorporate a flat rate for reimbursement for non-Tribal Lifeline support that meets the minimum service standards outlined in 47 C.F.R. § 54.408 and the phase out of reimbursement for service below the minimum service standards. Further, the form is revised to incorporate the addition of BIAS and LBPs into the program. Finally, the Commission seeks to eliminate language related to Toll Limitation Service support as reimbursement is no longer offered.

As part of this information collection, the Commission proposes revised calculations for the burden hours associated with FCC Form 497 based on updated estimates of the number of respondents.

*FCC Form 555 – Annual Reporting of Subscriber Recertification (Revise the FCC Form 555 and Update the Number of Respondents).* 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 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 revises the non-usage period to 30 days to reflect the reforms in the *Lifeline Third Reform Order*. The Commission proposes revised calculations for the burden hours associated with this requirement based on updated estimates of the number of respondents.

*FCC Form 481 – Carrier Annual Reporting Requirements (Revised to Include an Additional Certification and 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 to revise the Form 481 and instructions to incorporate BIAS and LBPs as discussed in the *Lifeline Third Reform Order*. These changes require the addition of a new certification by an ETC officer stating the ETC has complied with all Commission rules. 47 C.F.R. § 54.407(d). Specifically, the ETC has valid certification and recertification forms for all subscribers and the ETC’s services comply with the appropriate minimum standards and device requirements. 47 C.F.R. §§ 54.407(d), 54.416(a)(3), 54.422. We also revise the calculations for the burden hours associated with FCC Form 481 based on updated estimates of the number of respondents.

*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 retain this documentation used 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 (Revised to Rolling Recertification of Consumer Eligibility and to Update the Number of Respondents)*. Reforms to 47 C.F.R. § 54.410(f) requires ETCs to confirm the eligibility of all their Lifeline subscribers on a rolling basis. Carriers must recertify subscribers twelve months following the subscriber's service initiation date. ETCs 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. To ease the carriers' burden of managing daily recertification deadlines, the Commission has extended the subscriber response period from 30 days to 60 days, which enables batching of subscribers into weekly or monthly recertification windows.

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.

*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 and other guidance 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 unique employee identifier of the employee who collected the subscriber's information, the amount of support being sought for the subscriber, the means of subscriber qualification proof, and the type of service being provided). 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. Pursuant to 47 C.F.R. § 54.404(b)(8), when notified of any change of 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).* 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. The Commission requires all ETCs utilize a snapshot date on the first day of the month to determine the number of subscribers being served by the ETC.

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.

*Subscriber Usage (Revised to Shorten Non-Usage Period and Update Number of Respondents).* Pursuant to revisions of 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 now required to de-enroll subscribers who fail to use the service within 30 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. Previously, ETCs were required to de-enroll subscribers for non-usage after 60 days. The period was shortened to reflect the addition of subscriber originated texting to demonstrate qualifying usage. 47 C.F.R. § 54.407(c)(2). 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 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.

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 believes the burden will be reduced generally as the *Lifeline Third Reform Order* clarifies the distribution requirements. ETCs must now only advertise in “media of general distribution,” which is any media reasonably calculated to reach the general public or, for an LBP, the specific audience that makes up the demographic for a particular service offering. This clarification should lessen the burden to ETCs and better target the advertising to potential Lifeline subscribers.

Audit Requirements (Revised for Select First Year Audits and Update the Number of Respondents). Pursuant to revisions of 47 C.F.R. § 54.420(b), USAC is required to conduct audits of new ETCs selected by the Commission’s Office of Managing Director, which oversees all audits within the program. These new company audits must be conducted within the first twelve months of the company seeking federal low-income universal service support within any single state to ensure its compliance with the rules as well as assess the company’s internal controls regarding the regulatory requirements. Previously, the Commission required all first year companies be audited.

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 Include New LBP Designation and Update the Number of Respondents). Pursuant to 47 C.F.R. §§ 54.201, 54.400, 54.401, and 54.407, only ETCs that provide Lifeline service directly to subscribers will be eligible for reimbursement from the Fund. 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 BIAS or 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 Third Reform Order*, the Commission created a new ETC designation for carriers offering BIAS to Lifeline subscribers. Carriers can receive the designation in a streamlined process if they: (1) serves at least 1,000 non-Lifeline customers with voice and/or BIAS; and (2) has offered BIAS to the public for the 2 years preceding the petition without interruption. The streamlined application process requires a carrier's petition for an LBP designation be deemed granted 60 days after the petition unless the Bureau notifies the applicant that the grant will not be automatically effective. If the carrier does not qualify for the streamlined process, the petition follows the same procedures outlined above. Further, LBPs will be designated based on service area codes (SACs) assigned by USAC. This enables the Commission, USAC, and the carriers to have clearly delineated areas where Lifeline service is being provided. When a currently designated LBP wishes to extend service to a new SAC, they must file a simple notice to the Commission stating the new SAC they will be serving. Unless otherwise stated, the request will be deemed granted and the LBP can begin serving the new SAC.

The Commission clarified the relinquishment process for LBPs. Under 47 C.F.R. § 54.205, LBP's must file advance notice of its intent to relinquish its designation pursuant to section



214(e)(4). This notice shall be deemed granted by the Commission 60 days after the notice is filed, unless the Bureau notifies the LBP that the relinquishment will not be automatically effective.

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.

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), 5, 201, 205, 214, 219, 220, 254, 303(r), and 403 of the Communications Act of 1934, as amended, and section 706 of the Communications Act of 1996, as amended; 47 U.S.C. §§ 151, 154(i), 155, 201, 205, 214, 219, 220, 254, 303(r), 403, and 1302.

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 Third Reform Order* is a key step in the Commission's ongoing efforts to overhaul all of the universal service programs. The *Lifeline Third Reform Order* acts to eliminate waste and inefficiency in the Lifeline program and to increase accountability while enable broader access to both BIAS and voice services.

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](http://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 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. With the addition of BIAS to the program as a supported service, the increased burdens are directly proportional to providing needed assistance to low-income individuals and the carriers needed to serve them.

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 information collection requirements on May 12, 2016, 81 FR 29564. The Commission received no comments regarding this information collection.

The Commission subsequently invited the public to submit comments to OMB on the revised information collection requirements on July 25, 2016, 81 FR 48419. The United States Telecom Association (USTelecom) submitted comments on August 24, 2016. USTelecom commented that the information collection's burden estimates do not accurately reflect the costs. Specifically, USTelecom argues the misalignment of eligibility rules between federal and state Lifeline benefits causes carriers to manage potentially three Lifeline administration systems: 1) eligibility for both federal and state benefits; 2) eligibility for only federal benefits; and 3) eligibility for only state benefits. Pursuant to the purpose of the PRA process and burden

calculations found in 5 CFR §1320.3(b)(1), the calculations must consider “total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency.” As such, the burdens only contemplate information collections required by the Commission for the purposes of its Lifeline program. While it is true that some states provide their own funding and eligibility criteria, the federal Lifeline benefit has a uniform set of eligibility criteria for all 50 states and United States territories. Given the Commission’s estimates only incorporate the information collections for federal rules, they are an accurate reflection of the burdens to Lifeline providers.

USTelecom commented on several other aspects of the information collection. USTelecom stated the rolling recertification processes imposes significant additional administrative burdens to the Lifeline program. USTelecom added that the officer certification required on FCC Form 481 for annual carrier reporting requirements is overly burdensome. Further, USTelecom states the Commission did not include that the National Lifeline Address Database (NLAD) dispute resolution documents in the burden estimates and the Commission underestimates the cost of employees’ time.

The rolling recertification process is intended to be a flexible process and allow for multiple processes to comply with the requirements. *See Third Lifeline Reform Order*, 31 FCC Rcd 3962, 4116, para. 420. As the *2016 Lifeline Modernization Order* explained, the Commission intends to allow carriers to batch recertification efforts into weekly or monthly groupings. In promoting a flexible process, the Bureau will continue to engage in stakeholder outreach and provide additional guidance to clarify the *Order*’s intent.

With respect to the officer certifications found on FCC Form 481, the Commission enacted one additional requirement to the existing officer certifications on the form. The currently approved certification requirements ensure compliance with service quality standards, and consumer protection rules. This new requirement ensures compliance with the minimum service standards. This additional certification requirement should be considered in the context of the overall certification requirements and not pose an additional burden on respondents. Finally, this information collection considers all burdens associated with the federal Lifeline rules. Specifically, this collection contemplates the staff resources necessary to prepare the federal forms and the costs of the NLAD record maintenance process. *See supra*, at 4-5 (describing the information collections and recordkeeping requirements associated with NLAD); *and see infra*, at 12-14, para. 12, d, f, and g (estimating the total cost in hours and dollars of the NLAD information collections).

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, 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 Reflect Reforms and Update the Number of Respondents).**
  - (1) Number of Respondents: Approximately 1,335 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 **40,050 hours** (1,335 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: \$1,602,000.
  - (5) Explanation of calculation: 40,050 burden hours for all ETCs x \$40 per hour = \$1,602,000.
- b. **FCC Form 555 - Annual Reporting of Subscriber Recertification (Revise the FCC Form 555 and Update the Number of Respondents).**
  - (1) Number of Respondents: Approximately 1,335 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 **21,360 hours** (1,335 ETCs x 16 hours).
  - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$854,400.
  - (5) Explanation of calculation: 1,335 ETCs x 16 hours annually x \$40 per hour = \$854,400.
- c. **FCC Form 481 – Carrier Annual Reporting Requirements (Revised to Include an Additional Certification and Update the Number of Respondents).**
  - (1) Number of Respondents: Approximately 1,335 ETCs.
  - (2) Frequency of Response: Annual reporting requirement.

- (3) Annual hour burden per respondent: 3 hours annually. Total annual reporting burden is **4,005 hours** (1,335 ETCs x 3 hours).
  - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$160,200.
  - (5) Explanation of calculation: 4,005 burden hours for all ETCs x \$40 per hour = \$160,200.
- d. **Certification of Eligibility Upon Enrollment (Revised to Update the Number of Respondents)**.
- (1) Number of Respondents: 1,335 ETCs and 8,000,000 new subscribers. This certification requirement, along with documentation applies only to new subscribers. We estimate that there will be approximately 8,000,000 new Lifeline subscribers who sign up for Lifeline annually (4,000,000 who sign up by presenting documentation and 4,000,000 whose eligibility can be verified electronically). Of the 8,000,000 who signed up for Lifeline, we estimate that 1,500,000 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 (4,000,000 subscribers x 1 hour = 4,000,000 hours). In addition, we estimate that it will take these subscribers approximately .25 hours (15 minutes) to fill out the certification form (4,000,000 subscribers x .25 hours = 1,000,000 hours). We also estimate that it will take 1,500,000 subscribers 15 minutes (.25 hours) to fill out the one per household worksheet, for a total of 375,000 hours. Therefore, the total annual burden is **2,375,000 hours for subscribers and 5,332,000 hours for ETCs. 2,375,000 + 5,332,000 = 7,707,000 total annual hours.**
  - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$215,655,000.
  - (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 (2,375,000 x \$1 = \$2,375,000). In addition, we estimate it will cost the ETC staff \$40 per hour to sign the subscriber up for Lifeline (5,332,000 hours x \$40 = \$213,280,000). \$2,375,000 + \$213,280,000 = \$215,655,000.

- e. **Verification of Continued Eligibility (Revised to Rolling Recertification of Consumer Eligibility and Update the Number of Respondents).**
- (1) Number of Respondents: 1,335 ETCs and 7,150,000 subscribers. ETCs are required to confirm the eligibility of all Lifeline subscribers on an annual basis. We estimate that there are approximately 13,000,000 Lifeline subscribers. Past experience has shown that 35% of the program de-enrolls prior to recertification and 10% of the subscribers are new and do not require recertification in the reporting year. This leaves 7,150,000 subscribers requiring recertification.  $(13,000,000 - 4,550,000 \text{ (35\% de-enrolled)} - 1,300,000 \text{ (10\% new not requiring recertification in the reporting year)}) = 7,150,000$ . We estimate 3,217,500 can be re-certified using a database or third party administrator, leaving 3,932,500 to be re-certified through a paper, phone, or text process. There are approximately 1,335 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 .25 hours (15 minutes) to read and sign a certification  $(3,932,500 \text{ subscribers} \times .25 \text{ hours} = \mathbf{983,125 \text{ hours}})$ . Similarly, we estimate that the ETC officer will take no longer than 45 minutes (.75 hours) to contact each subscriber and obtain a response  $(.75 \text{ hours} \times 3,932,500 \text{ subscribers} = \mathbf{2,949,375 \text{ hours}})$ . In addition, we estimate it will take no more than 15 minutes (.25 hours) for ETCs to query eligibility databases to re-certify eligibility  $(3,217,500 \text{ subscribers} \times .25 \text{ hours} = \mathbf{804,375 \text{ hours}})$ . The total annual burden is  $983,125 \text{ hours for subscribers' certification} + 2,949,375 \text{ hours for ETC verification of subscribers' certification} + 3,217,500 \text{ hours to re-certify subscribers' eligibility} = \mathbf{4,736,875 \text{ hours}}$
  - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$151,133,125.
  - (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  $(983,125 \text{ hours} \times \$1 = \$983,125)$ . In addition, we estimate it will cost the ETC staff \$40 per hour to either query the necessary database  $(\$40 \times 804,375 \text{ hours} = \$32,175,000)$  or review the subscriber verifications  $(\$40 \times 2,949,375 \text{ hours} = \$117,975,000)$ .  $\$983,125 + \$32,175,000 + \$117,975,000 = \$151,133,125$ .
- f. **47 C.F.R. § 54.417 Lifeline Recordkeeping (Revised to Update the Number of Respondents).**
- (1) Number of Respondents: Approximately 1,335 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 **1,335 hours**.

- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$53,400.
  - (5) Explanation of calculation: 1,335 ETCs x 1 hour annually x \$40 per hour = \$53,400.
- g. **Maintenance of National Lifeline Accountability Database (Revised to Update the Number of Respondents).**
- (1) Number of Respondents: 1,335 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 months). Total burden hours for all respondents are **128,160 hours** (8 hours x 12 months x 1,335 ETCs).
  - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$5,126,400.
  - (5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to compile the requisite information and prepare the report. 128,160 hours x \$40 per hour = \$5,126,400.
- h. **Payment of Low-Income Support (Revised to Update the Number of Respondents).**
- (1) Number of Respondents: 1,335 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 **24,030 hours** (18 hours x 1,335 ETCs).
  - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$961,200.
  - (5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to compile the requisite information and prepare the report. 24,030 total hours x \$40 per hour = \$961,200.
- i. **Subscriber Usage (Revised to Shorten Non-Usage Period and Update Number of Respondents).**
- (1) Number of Respondents: Approximately 75 ETCs that do not assess and collect a monthly fee from its subscribers (serving approximately 11,000,000 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 11,000,000 pre-paid consumers do not use the Lifeline service (2,750,000 subscribers). .25 hours x 2,750,000 subscribers = **687,500 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: \$27,500,000.
  - (5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to contact their subscribers. \$40 per hour x 687,500 hours = \$27,500,000.
- j. **Marketing and Outreach (Revised to Update the Number of Respondents).**
- (1) Number of Respondents: 1,335 ETCs.
  - (2) Frequency of Response: Once and on occasion reporting requirement.
  - (3) Annual hour burden per respondent: 20 hours once to update existing marketing materials. .5 hours (30 minutes) on occasion to include required language on new material. (20.5 hours x 1,335 ETCs = **27,367 hours.**)
  - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$1,094,700.
  - (5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to update their marketing materials. 27,367 hours x \$40 per hour = \$1,094,700.
- k. **Audit Requirements (Revised for Select First Year Audits and Update the Number of Respondents).**
- (1) Number of Respondents: Approximately 40 ETCs (10 first-year ETCs must comply with new audit requirements; 30 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: 30 total hours for the 10 ETCs subjected to a first year audit (3 hours per ETC); 3,750 total hours for the 30 ETCs conducting biennial audits every 2 years (250 hours per ETC per audit; 125 hours annualized). Total annual burden for all ETCs is 30 hours + 3,750 hours = **3,780 hours.**
  - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$1,200.
  - (5) Explanation of calculation: \$1,200 (10 ETCs x 3 hours for first year audit x \$40 per hour = \$1,200).
- l. **Facilities Based Requirements (Revised to Update the Number of Respondents).**
- (1) Number of Respondents: Approximately 5 ETCs
  - (2) Frequency of Response: One-time reporting requirement.
  - (3) Annual hour burden per respondent: 250 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 **250 hours.**
  - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$10,000.
  - (5) Explanation of calculation: 250 hours x \$40 per hour for ETC work = \$10,000.



m. **Designation of ETCs (Revised to Include New LBP Designation and Update the Number of Respondents).**

- (1) Number of Respondents: Approximately 15 Lifeline-only ETCs, 10 non-ETCs, and 100 LBPs.
- (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 20 hours 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 designation is **2,500 hours**. We included our estimate of the time it will take ETCs to compile the requisite information and report its Lifeline plans 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: \$100,000.
- (5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to compile the information and prepare the appropriate reports. 2,500 hours x \$40 per hour = \$100,000.

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

- (1) Number of Respondents: We estimate that there will be approximately 8,000,000 new Lifeline subscribers who sign up for Lifeline annually (4,000,000 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. As discussed above in 12.e, 7,150,000 subscribers require recertification. We estimate 3,217,500 can be re-certified using a database or third party administrator, leaving 3,932,500 to be re-certified through a paper, phone, or text process. Of those 3,932,500 subscribers, we estimate that approximately 2,000,000 subscribers will recertify electronically and 1,932,500 will recertify via paper submission. There are approximately 1,335 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 (2,000,000 subscribers x 0.0167 hours = 33,400 hours). Therefore, the total annual burden is **100,200 hours** for subscribers using electronic signatures (66,800 hours + 33,400 hours = 100,200 hours).

- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$100,200.
- (5) Explanation of calculation: We estimate the cost to Lifeline consumers to electronically sign certification and recertification forms is \$1 per hour (100,200 hours x \$1 = \$100,200).

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

	<b>Number of Respondents</b>	<b>Number of Responses Per Year Per Respondent</b>	<b>Number of Responses Per Year</b>	<b>Estimated Time per Response (hours)</b>	<b>Total Burden Hours</b>	<b>In-House Costs to Respondents</b>
a. FCC Form 497:	1,335	12	16,020	2.5	40,050	\$1,602,000
b. FCC Form 555:	1,335	1	1,335	16	21,360	\$854,400
c. FCC Form 481:	1,335	1	1,335	3	4,005	\$160,200
d. Certification of Eligibility Upon Enrollment:	8,001,335	1	8,001,335	.25 - 1	7,707,000	\$215,655,000
e. Verification of Continued Eligibility:	7,151,335	1	7,151,335	.25 - .75	4,736,875	\$151,133,125
f. Lifeline Recordkeeping, 47 C.F.R. § 54.417:	1,335	1	1,335	1	1,335	\$53,400
g. Maintenance of National Lifeline Accountability Database:	1,335	12	16,020	8	128,160	\$5,126,400
h. Payment of Low-Income Support:	1,335	12	16,020	1.5	24,030	\$961,200
i. Subscriber Usage:	75	36,667	2,750,000	0.25	687,500	\$27,500,000
j. Marketing and Outreach:	1,335	1	1,335	20.5	27,367	\$1,094,700
k. Audit Requirements:	40	1	40	3 - 125	3,780	\$1,200
l. Facilities Based Requirements:	5	1	5	50	250	\$10,000
m. Designation of ETCs:	125	1	125	20	2,500	\$100,000
n. Electronic Signature	6,000,000	1	6,000,000	0.0167	100,200	\$100,200
<b>Total</b>	<b>21,162,2</b>		<b>23,956,</b>	<b>.0167 - 250</b>	<b>13,484,</b>	<b>\$404,351,825</b>

	<b>Number of Respondents</b>	<b>Number of Responses Per Year Per Respondent</b>	<b>Number of Responses Per Year</b>	<b>Estimated Time per Response (hours)</b>	<b>Total Burden Hours</b>	<b>In-House Costs to Respondents</b>
	<b>60</b>		<b>240</b>		<b>412</b>	

**Total Number of Respondents:** 21,162,260  
**Total Number of Responses Annually:** 23,956,240  
**Total Annual Burden Hours:** 13,484,412  
**Total In-House Costs:** \$404,351,825

13. *Estimates of the cost burden of the collection to respondents.* The Commission estimates that there are 30 ETCs drawing more than 5,000,000 from the low-income fund. These ETCs must conduct biennial independent audits unless directed by the Commission. In order to fulfill this requirement, they hire outside independent consultants/auditors at an hourly rate of \$250 per hour to perform the audits on behalf of the ETCs.

Therefore, the annual cost to respondents is as follows: 30 ETCs x 125 hours<sup>1</sup> x \$250 per hour = \$937,500.

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 adjustments to this information collection which are due to an update in the number of respondents for certification of eligibility, recordkeeping, maintenance of NLAD, payment of support, marketing, facilities based requirements, and electronic signatures. For these adjustments, the total number of respondents decreased by -1,898,309, the total number of annual responses decreased by -1,890,873, the total annual burden hours decreased -673,942. These adjustments are due to the Commission re-evaluating the previous figures used in this collection to better reflect experience in administrating the collections.

Also, the Commission is reporting programs change due to changes to FCC Forms 497, 555, and 481, adoption of rolling recertification, reduction in non-usage period, reduction in first year audits, and the addition of the LBP ETC designation. For these program changes, the respondents decreased by - 4,948,546, the total number of annual responses decreased by -4,694,809, and the total annual burden hours decreased by -7,906,444.

<sup>1</sup> It takes approximately 250 hours every two years to conduct the audits. The Commission annualized this figure which is 125 hours annually to conduct the audits.

In our previous submissions to OMB, the Commission inadvertently stated that there were inside costs of \$937,500 to the respondent; however, we have determined that the respondent performs the work externally as an outside cost. Therefore, we have made this correction which is now reflected in this submission to OMB.

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).* 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.