

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 were 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 a Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order (*Lifeline Second Reform Order*), which sought to overhaul the Lifeline program 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 included: adding BIAS as a supported service, phasing out support for voice-only service offerings over the next six years, requiring 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.

This revision implements the Commission's decision to transition to a centralized National Verifier. The National Verifier was established to make eligibility determinations and perform a variety of other functions necessary to enroll subscribers into the Lifeline program. The National Verifier will verify Lifeline subscriber eligibility, check for duplicate Lifeline subscribers, conduct recertification of subscribers, and calculate support payments to ETCs. On November 30, 2016, USAC submitted the draft National Verifier Plan to the Commission, as required under the *Lifeline Third Reform Order*. The Plan outlines the different components of the National Verifier and the timeframe associated with implementation. The National Verifier will be phased in over a period of several years from mid-2017 through

December 31, 2019 (the “Transition Period”). By December 31, 2017, the National Verifier is expected to be operating in a minimum of five states or U.S. territories. By December 2018, the National Verifier is expected to be operating in a minimum of twenty-five states or U.S. territories. By December 31, 2019, the National Verifier is expected to be operating in all fifty-six states and U.S. territories. The existing eligibility determination, recertification, and payment processes will continue where the National Verifier is not yet responsible for eligibility determinations and recertification of subscribers.

In revising this information collection, the Commission seeks to:

- Set forth the eligibility determination, recertification, and payment processes that will be administered by the National Verifier, which was established by the *Lifeline Third Reform Order*;
- Update the number of respondents for most of the existing information collection requirements, thus increasing the total burden hours for some requirements and decreasing the total burden hours for other requirements;
- Provide the projected number of respondents and burden hours associated with transitioning to the National Verifier; and
- Revise the FCC Form 555, which will now be an online form only, and update the associated field descriptions.

No further revisions are proposed with respect to the other existing information collections subject to this control number, described below.

Revisions to Requirements in this Information Collection:

FCC Form 497 – Lifeline Worksheet (Revised to Update the Number of Respondents). Prior to the launch of the National Verifier, ETCs will continue to be required file FCC Form 497 for reimbursement and certify, 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, have obtained valid certification and recertification forms from each of the subscribers for whom they are 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.

FCC Form 555 – Annual Reporting of Subscriber Recertification (Revised Form 555 and Update the Number of Respondents).

The Commission proposes revisions to FCC Form 555, which will be an online form only. Portions of the online form will be updated to make the information collection consistent

with rolling recertification requirements. For example, some portions will be revised to clarify that information should be broken down by month due to rolling recertification and the certification section will also be updated to reflect the move to rolling recertification. Changes will also be made to streamline the form and make the data collection easier to understand. In addition, changes will be made to enable the Form 555 to be used in areas that have transitioned to the National Verifier. The Commission also proposes revised calculations for the burden hours associated with this requirement based on updated estimates of 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. 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.

To assist in ETC audits, all ETCs are required to report on the FCC Form 555 the number of subscribers who de-enrolled each month pursuant to non-usage requirements and attest to whether the ETC is subject to non-usage requirements. The non-usage period is 30 days, consistent with reforms adopted in the *Lifeline Third Reform Order*. The ETC will also report the number of subscribers who de-enrolled prior to recertification efforts each 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. § 54.422(a) 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.

The Form 481 and instructions include BIAS and LBPs, as discussed in the *Lifeline Third Reform Order*. The Form 481 also requires 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.

As part of this proposed revision the calculations for the burden hours associated with FCC Form 481 are modified 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). Where the National Verifier is not yet responsible for eligibility determinations, ETCs or the state administrator will continue to follow this process.

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 Update the Number of Respondents). 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 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. Where the National Verifier is not yet responsible for recertifying subscribers, ETCs will be required to continue to follow this process for recertification. Where the National Verifier is responsible for recertifying subscribers, the National Verifier will perform an automated recertification process using available databases. If this automated recertification process fails, the Lifeline subscriber may need to submit eligibility documentation as part of a manual review process.

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, agent identification information (if an agent is assisting in completing the application), the amount of support being sought for the subscriber, the means of subscriber qualification proof, and the type of service being provided). In cases where documentation containing the individual's full social security number is provided to USAC or the FCC, all but the last four digits of the number will be redacted by USAC or the FCC. (This applies to all references to social security number information throughout this document.) 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.

Where the National Verifier is responsible for eligibility determinations, payments will be made based on a snapshot taken from the National Verifier's database. ETCs will review and certify the snapshot information to receive reimbursement.

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 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.

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.

National Verifier (Revised to Reflect the Transition to a Centralized Verification Process). In the *Lifeline Third Reform Order*, the Commission established a National Verifier to make eligibility determinations and perform other functions necessary to enroll eligible subscribers into the Lifeline Program. Prospective Lifeline subscribers will submit their information to the National Verifier, which will then verify subscriber eligibility. This may be done individually by a single subscriber or can be submitted in a group as a batch submission.

As of December 31, 2017, five states or U.S. territories—or approximately 9% $((5 \div 56) \times 100)$ of the total number of states and territories—will have transitioned to the National Verifier. For purposes of the hour burden estimates below, for those information collection requirements where the National Verifier is assuming requirements previously performed by ETCs, we reduce the burden estimate by 9% for the existing requirement and shift the burden estimate to the National Verifier by 9%, where applicable.

National Verifier Eligibility Application and Certification. The eligibility application information collected will include the subscriber's full name, last four digits of social security number or Tribal ID number, date of birth, information on whether the subscriber resides on Tribal lands, address of primary residence, information on whether the address is temporary and/or descriptive and whether it includes coordinates, mailing address (if different), full name of the qualifying person (if different from the subscriber), the last four digits of the qualifying person's social security number or their Tribal ID number, the qualifying person's date of birth, information on whether qualifying person resides on Tribal lands, name of the federal assistance program from which qualifying person receives benefits (i.e. Medicaid; Supplemental Nutrition Assistance Program; Supplemental Security Income; Federal Public Housing Assistance; Veterans and Survivors Pension benefit; or Tribal eligibility programs), household income (if qualifying through income), documents demonstrating eligibility, subscriber contact information, Lifeline subscriber identification number, security question, answer to security question, user name, password, agent identification information (if an agent is assisting in completing the application), subscriber's eligibility certifications, and the subscriber's signature and date. In cases where documentation containing the individual's full social security number is provided to USAC or the FCC, all but the last four digits of the number will be redacted by USAC or the FCC. Once the prospective subscriber's information is submitted, the subscriber's eligibility will be verified through an automated process by checking federal and state data sources or, if necessary, by completing a manual review of eligibility documents.

National Verifier One-Per Household Verification. When the NLAD duplicate check process flags a potential duplicate, information will be collected to verify that a household is only receiving one Lifeline benefit. The subscriber must provide their full name, last four digits of their social security number or their Tribal ID number, date of birth, address of primary residence, contact information, Lifeline subscriber identification number, security question and answer to security question, user name, password, and application identification number. In cases where documentation containing the individual's full social security number is provided to USAC or the FCC, all but the last four digits of the number will be redacted by USAC or the FCC. The subscriber must also provide information on whether the prospective

subscriber's husband, wife, or domestic partner living at the same address has Lifeline-discounted service; whether another adult that lives with the prospective subscriber has a Lifeline-discounted service; and whether the subscriber shares expenses for bills, food, or other living expenses and shares income with the other adult that lives with them. The prospective subscriber will need to sign and date that information request.

National Verifier Consumer Eligibility Status Check. The National Verifier will enable subscribers to check on the status of their eligibility applications. To complete the status check, the subscriber must provide their full name, last four digits of social security number or Tribal ID number, date of birth, ZIP code, application ID, contact information, Lifeline subscriber identification number, user name, password, security question, and answer to security question. In cases where documentation containing the individual's full social security number is provided to USAC or the FCC, all but the last four digits of the number will be redacted by USAC or the FCC.

National Verifier Tribal Certification. The National Verifier will enable subscribers residing on Tribal lands to demonstrate their status as Tribal lands residents if their initial eligibility application is not approved during the automated eligibility verification process. As part of this certification, the subscriber will be asked to provide their full name, last four digits of their social security number or Tribal ID, date of birth, information on whether they reside on Tribal lands, address of primary residence, contact information, Lifeline subscriber identification number, user name, password, application ID, security question, answer to security question, information demonstrating that their address is on tribal lands, a certification stating that the subscriber lives on Tribal lands, signature, and date. In cases where documentation containing the individual's full social security number is provided to USAC or the FCC, all but the last four digits of the number will be redacted by USAC or the FCC.

National Verifier Consumer Dispute Resolution. The National Verifier will enable subscribers to dispute eligibility findings. Information that must be provided to dispute the findings will include the subscriber's full name, last four digits of social security number or Tribal ID number, date of birth, information on whether the subscriber resides on Tribal lands, address of primary residence, information on whether the address is temporary and/or descriptive and whether it includes coordinates, mailing address (if different), Lifeline subscriber identification number, full name of the qualifying person (if different), the last four digits of the qualifying person's social security number or their Tribal ID number, the qualifying person's date of birth, information on whether the qualifying person resides on Tribal lands, name of the federal assistance program from which subscriber receives benefits or household income if qualifying through income, any documents demonstrating eligibility and/or identity, subscriber contact information, application ID, security question, answer to security question, user name, password, the reason for the dispute, the subscriber's eligibility certifications, and the subscriber's signature and date. In cases where documentation containing the individual's full social security number is provided to USAC or the FCC, all but the last four digits of the number will be redacted by USAC or the FCC.

National Verifier Service Provider Payment Review. The National Verifier system will calculate ETCs' reimbursements for service provided based on a snapshot from the NLAD and will allow ETCs to review payment information and submit revisions and corrections as needed. ETCs will review and submit information regarding whether they are claiming the base Lifeline benefit or enhanced Tribal support, the amount being claimed, whether an adjustment is required, the reason for the adjustment, the weighted Tribal average, required ETC certifications, the signature of a representative of the ETC, and date.

National Verifier Manual Recertification. The National Verifier will automatically complete the annual recertification process for most subscribers without the need for additional information from the subscriber by referencing applicable databases for qualifying programs. If, however, the recertification process cannot be completed automatically, the National Verifier will initiate a manual review process, requiring the subscriber to submit updated eligibility information. This information will include the subscriber's full name, last four digits of social security number or Tribal ID number, date of birth, information on whether the subscriber resides on Tribal lands, address of primary residence, information on whether the address is temporary and/or descriptive and whether it includes coordinates, Lifeline account phone number, Lifeline subscriber identification number, mailing address (if different), full name of the qualifying person (if different), the last four digits of the qualifying person's social security number or their Tribal ID number, the qualifying person's date of birth, information on whether the qualifying person resides on Tribal lands, name of the federal assistance program from which subscriber receives benefits or household income if qualifying through income, any documents demonstrating eligibility, subscriber contact information, security question, answer to security question, user name, password, application ID, subscriber's eligibility certifications, and the subscriber's signature and date. In cases where documentation containing the individual's full social security number is provided to USAC or the FCC, all but the last four digits of the number will be redacted by USAC or the FCC.

Currently approved requirements in this information collection:

Subscriber Usage. Pursuant to revisions of 47 C.F.R. § 54.405(e)(3), ETCs offering service that do not assess and collect a monthly fee from their subscribers are 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. ETCs must report the number of consumers de-enrolled on their annual recertification filing.

Audit Requirements. Pursuant to 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.

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.

Facilities-Based Requirements. 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*.

Designation of ETCs. 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 the carrier: (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, it must file a simple notice to the Commission stating the new SAC it will be serving. Unless otherwise notified, the request will be deemed granted and the LBP can begin receiving reimbursement for qualifying service provided in the new SAC.

Under 47 C.F.R. § 54.205, an LBP 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.

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 enabling 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). Carriers will have the option to file FCC Form 497 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. In states where the National Verifier has launched, the National Verifier will collect information by Internet, phone, or mail.

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. During the Transition Period associated with the National Verifier, subscribers and ETCs will provide information either using the existing information process or the National Verifier process, depending on whether the relevant state has transitioned to the National Verifier.

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 that 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. The Commission anticipates that the launch of the National Verifier may benefit small ETCs to the extent they will no longer be responsible for conducting the eligibility determination process and retaining associated documents.

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 February 28, 2017 82 FR 12092. The Commission received no comments regarding this information collection during the initial comment period. On June 22, 2017 comments were submitted by Smith Bagley, Inc. (Smith Bagley) raising concerns regarding the annual recertification process for the National Verifier and associated burden estimates outlined in the Supporting Statement.¹ Smith Bagley raised concerns that the proposal to require some Lifeline customers to provide eligibility documents as part of a manual review process for annual recertification in areas where the National Verifier is responsible for recertification is not outlined in the Commission's rules. The *Lifeline Third Reform Order* delegated to the Bureau and OMD all aspects of the development, implementation, and performance management of the National Verifier and also acknowledged that there would be both manual and electronic certification processes associated with the National Verifier. The Commission's rules and decisions do not limit the National Verifier to follow a specific process to recertify subscribers. Although the rules provide that if a subscriber's eligibility cannot be determined by accessing a database, the National Verifier *may* obtain a signed certification from the subscriber,² this does not prevent the National Verifier from taking the step of recertifying subscribers through a manual process by obtaining eligibility documentation when necessary to ensure Lifeline reimbursements are only provided for eligible consumers. Indeed, under the

¹ Letter from David A. LaFuria and Steven M. Chernoff, Counsel for Smith Bagley, Inc., to Nicholas A. Fraser, Senior Policy Analyst, Office of Management and Budget, dated June 22, 2017.

² 47 CFR § 54.410(f)(3)(iii) (emphasis added).

Commission's enforcement authority, the Commission Enforcement Bureau has investigated and entered into enforcement actions in a situation where the provider had reason to know that the consumer certifications forming the basis of reimbursement claims were not accurate. *See Blue Jay Wireless, LLC*, Order and Consent Decree, 31 FCC Rcd 7603 (EB 2016).

Smith Bagley also raises concerns regarding the work burden estimate for the National Verifier manual recertification process. The Commission anticipates that the manual recertification process will only be needed for a small subset of subscribers once the National Verifier is responsible for recertification in a state or territory. The National Verifier will use automated processes to check databases, and only when a subscriber cannot be recertified through this automated process will further documentation need to be submitted as part of a manual process. Some processes associated with the National Verifier are in the process of being finalized, and as these processes are finalized feedback from stakeholders will be considered. The Supporting Statement provides a best estimate regarding the process and associated timeframes. We believe the estimates for subscriber and ETC burdens are appropriate because most subscribers should already have their qualifying information available and because, while the process is still being finalized, we anticipate that ETCs will continue to play a role in the recertification process. When a subscriber's eligibility is in question, the Supporting Statement also outlines a process for dispute resolution, which includes an estimate of additional work burdens for subscribers.

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 and the National Verifier 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 affect individuals or households, and thus, there are impacts under the Privacy Act. The FCC's system of records notice (SORN) associated with this collection is 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 published a SORN, FCC/WCB-1 "Lifeline Program" in the Federal Register on December 6, 2013 (78 FR 73535). In cases where documentation containing the

individual's full social security number is provided to USAC or the FCC, all but the last four digits of the number will be redacted by USAC or the FCC.

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).**
 - (1) Number of Respondents: Approximately 1,228 ETCs. Number of respondents adjusted based on 5-state transition: $1,350 \times .09 = 121.5$. Rounded up to 122. After 5-state transition: $1,350 - 122 = 1,228$.
 - (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 **36,840 hours** (1,228 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: \$1,473,600.
 - (5) Explanation of calculation: 36,840 burden hours for all ETCs x \$40 per hour = \$1,473,600.
- 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 1,350 ETCs.
 - (2) Frequency of Response: Annual reporting requirement.
 - (3) Annual Hour Burden per Respondent: 16 hours. 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 **21,600 hours** (1,350 ETCs x 16 hours).
 - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$864,000.
 - (5) Explanation of calculation: 1,350 ETCs x 16 hours annually x \$40 per hour = \$864,000.
- c. **FCC Form 481 – Carrier Annual Reporting Requirements (Revised to Update the Number of Respondents).**
 - (1) Number of Respondents: Approximately 1,350 ETCs.
 - (2) Frequency of Response: Annual reporting requirement.
 - (3) Annual hour burden per respondent: 3 hours annually. Total annual reporting burden is **4,050 hours** (1,350 ETCs x 3 hours).
 - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$162,000.
 - (5) Explanation of calculation: 4,050 burden hours for all ETCs x \$40 per hour = \$162,000.

d. Certification of Eligibility Upon Enrollment (Revised to Update the Number of Respondents).

- (1) Number of Respondents: 1,228 ETCs and 6,279,000 new subscribers. This certification requirement, along with documentation applies only to new subscribers. We estimate that there will be approximately 6,900,000. Adjusting for the 5-state transition leaves $6,900,000 \times .09 = 621,000$. $6,900,000 - 621,000 = 6,279,000$ new Lifeline subscribers who sign up for Lifeline annually in states where the National Verifier is not operating (3,139,500 who sign up by presenting documentation and 3,139,500 whose eligibility can be verified electronically). Of the 6,279,000 who signed up for Lifeline, we estimate that 1,180,000 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 ($3,139,500 \text{ subscribers} \times .333 \text{ hours} = 1,045,454 \text{ hours}$) and the subscribers will take .25 hours (15 minutes) to complete the certification form ($3,139,500 \text{ subscribers} \times .25 \text{ hours} = 784,875 \text{ hours}$). 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 ($3,139,500 \text{ subscribers} \times 1 \text{ hour} = 3,139,500 \text{ hours}$). In addition, we estimate that it will take these subscribers approximately .25 hours (15 minutes) to fill out the certification form ($3,139,500 \text{ subscribers} \times .25 \text{ hours} = 784,875 \text{ hours}$). We also estimate that it will take 1,180,000 subscribers 15 minutes (.25 hours) to fill out a one per household worksheet, for a total of 295,000 hours. Therefore, the total annual burden is **1,864,750 (784,875 + 784,875 + 295,000 = 1,864,750) hours for subscribers and 4,184,954 (1,045,454 + 3,139,500 = 4,184,954) hours for ETCs. 1,864,750 + 4,184,954 = 6,049,704 total annual hours.**
- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$169,262,910.
- (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 ($1,864,750 \times \$1 = \$1,864,750$). The \$1 per hour burden amount for subscribers is appropriate because: (1) the time spent on the collection does not need to impact that individual's working hours but, rather, can be done at any time; (2) the subscriber will not need to hire anyone to help complete the information collection (no specialized knowledge is necessary); (4) the collection is for purposes of receiving a benefit; and (5) applying for the benefit is voluntary. In addition, we estimate it will cost the ETC staff \$40 per hour to sign the subscriber up for

Lifeline (4,184,954 hours x \$40 = \$167,398,160). \$1,864,750 +
\$167,398,160 = \$169,262,910.

e. Verification of Continued Eligibility (Revised to Update the Number of Respondents).

- (1) Number of Respondents: 1,228 ETCs and 6,256,250 subscribers. Multiply by .09 to get the amount affected by the 5-state transition: $1,350 \times .09 = 121.5$. Rounded up to 122. After 5-state transition: $1,350 - 122 = 1,228$. For subscribers, $6,900,000 \times .09 = 621,000$. $6,900,000 - 621,000 = 6,279,000$. ETCs are required to confirm the eligibility of all Lifeline subscribers on an annual basis. We estimate that there are approximately 12,500,000 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 6,875,000 subscribers requiring recertification. $(12,500,000 - 4,375,000 (35\% \text{ de-enrolled}) - 1,250,000 (10\% \text{ new not requiring recertification in the reporting year}) = 6,875,000$. This number must then be adjusted to reflect the reduced number after the 5-state transition: $6,875,000 \times .09 = 618,750$. $6,875,000 - 618,750 = 6,256,250$. We estimate $6,256,250 \times .45 = 2,815,313$ can be re-certified using a database or third party administrator, leaving 3,440,937 to be re-certified through a paper, phone, or text process. There are approximately 1,228 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 ($3,344,937 \text{ subscribers} \times .25 \text{ hours} = \mathbf{860,234 \text{ hours}}$). Similarly, we estimate that the ETC officer will take no longer than 45 minutes (.75 hours) to contact each subscriber and obtain a response ($.75 \text{ hours} \times 3,344,937 \text{ subscribers} = \mathbf{2,580,703 \text{ hours}}$). In addition, we estimate it will take no more than 15 minutes (.25 hours) for ETCs to query eligibility databases to re-certify eligibility ($2,815,313 \text{ subscribers} \times .25 \text{ hours} = \mathbf{703,828 \text{ hours}}$). The total annual burden is $860,234 \text{ hours for subscribers' certification} + 2,580,703 \text{ hours for ETC verification of subscribers' certification} + 703,828 \text{ hours to re-certify subscribers' eligibility} = \mathbf{4,144,765 \text{ hours}}$
- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$145,320,313.
- (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 ($860,234 \text{ hours} \times \$1 = \$860,234$). In addition, we estimate it will cost the ETC staff \$40 per hour to either query the necessary database ($\$40 \times 703,828 \text{ hours} = \$28,153,120$) or review the subscriber verifications ($\$40 \times$

2,580,703 hours = \$103,228,120
\$131,381,240. Subscriber cost of \$860,234
+ ETC cost of \$131,381,240 = \$132,241,474.

- f. **47 C.F.R. § 54.417 Lifeline Recordkeeping (Revised to Update the Number of Respondents).**
- (1) Number of Respondents: Approximately 1,350 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 **1,350 hours**.
 - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$54,000.
 - (5) Explanation of calculation: 1,350 ETCs x 1 hour annually x \$40 per hour = \$54,000.
- g. **Maintenance of National Lifeline Accountability Database (Revised to Update the Number of Respondents).**
- (1) Number of Respondents: 1,350 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 **129,600 hours** (8 hours x 12 months x 1,350 ETCs).
 - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$5,184,000.
 - (5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to compile the requisite information and prepare the report. 129,600 hours x \$40 per hour = \$5,184,000.
- h. **Payment of Low-Income Support (Revised to Update the Number of Respondents).**
- (1) Number of Respondents: 1,228 ETCs. Adjusted based on 5-state transition: $1,350 \times 0.09 = 122$. After 5-state transition: $1,350 - 122 = 1,228$.
 - (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 **22,104 hours** (18 hours x 1,228 ETCs).
 - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$884,160.
 - (5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to compile the requisite information and prepare the report. 22,104 total hours x \$40 per hour = \$884,160.
- i. **Subscriber Usage (No Revisions).**
- (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: 1,350 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 1,350 ETCs = **27,675 hours**.)
 - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$1,107,000.
 - (5) Explanation of calculation: We estimate it will cost ETCs \$40 per hour to update their marketing materials. 27,675 hours x \$40 per hour = \$1,107,000.
- k. **Audit Requirements (No Revisions)**.
- (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 (No Revisions)**.
- (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 (No Revisions)**.

- (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 6,900,000 new Lifeline subscribers who sign up for Lifeline annually (3,450,000 who sign up by presenting documentation and 3,450,000 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. After subtracting 35% for de-enrollment and 10% for new subscribers from the total number of Lifeline subscribers consistent with the explanation in 12.e. above, we estimate that 6,785,000 subscribers require recertification. $(12,500,000 - (12,500,000 \times .35 = 4,375,000) - (12,500,000 \times .10 = 1,250,000) = 6,875,000)$. We estimate 3,093,750 $(6,875,000 \times .45 = 3,093,750)$ can be re-certified using a database or third party administrator, leaving 3,781,250 to be re-certified through a paper, phone, or text process. Of those 3,781,250 subscribers, we estimate that approximately 1,928,438 subscribers will recertify electronically and 1,852,812 will recertify via paper submission. There are approximately 1,350 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 (3,450,000 subscribers x 0.0167 hours = 57,615 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 (1,928,438 subscribers x 0.0167 hours = 32,204 hours). Therefore, the total annual burden is **89,919 hours** for subscribers using electronic signatures (57,615 hours + 32,204 hours = 89,819 hours).
 - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$89,819.
 - (5) Explanation of calculation: We estimate the cost to Lifeline consumers to electronically sign certification and recertification forms is \$1 per hour (89,819 hours x \$1 = \$89,819).
- o. **National Verifier Eligibility Application and Certifications (Burden Increase to Reflect Transition to Centralized Verification Process).**
- (1) Number of Respondents: 6,900,000 new subscribers. Number of subscribers enrolling through the National Verifier, based on a 5-state transition:
 $6,900,000 \times .09 = 621,000$.
 - (2) Frequency of Response: Once per subscriber for new Lifeline service.
 - (3) Annual hour burden per respondent: We estimate that 85% will be able to complete eligibility information intake electronically and 15% will follow a manual process. We estimate it will take 0.25 hours to complete the eligibility intake information electronically and 0.50 hours to complete the eligibility intake using a manual process. 85% of 621,000 is 527,850 (621,000 x .85%). 15% of 621,000 is 93,150 (621,000 x .15 = 93,150). The total hour burden estimate is (527,850 x .25 = 131,963) + (93,150 x .50) = **178,538 hours**.
 - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$178,538.
 - (5) Explanation of calculation: The burden is estimated to be \$178,538 x \$1.00 = \$178,538.
- p. **National Verifier One-per-household Verification (IEH) (Burden Increase to Reflect Transition to Centralized Verification Process).**
- (1) Number of Respondents: 6,900,000 new Lifeline subscribers. Number of subscribers enrolling through the National Verifier, based on a 5-state transition: $6,900,000 \times .09 = 621,000$
 - (2) Frequency of Response: Once per subscriber for new Lifeline service.
 - (3) Annual hour burden per respondent: We estimate it will take 15 minutes to complete the One-per-household verification. $621,000 \times 0.25 \text{ hours} =$ **155,250 burden hours**.

- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$155,250.
 - (5) Explanation of calculation: 155,250 hours x \$1 = \$155,250.
- q. **National Verifier Consumer Eligibility Status Check (Burden Increase to Reflect Transition to Centralized Verification Process).**
- (1) Number of Respondents: Number of new Lifeline Subscribers: 6,900,000. Number of Subscribers based on a 5-state transition: $6,900,000 \times .09 = 621,000$
 - (2) Frequency of Response: Estimated once per subscriber.
 - (3) Annual hour burden per respondent: We estimate it will take 15 minutes to complete the Eligibility Status check. The burden would be $621,000 \times .25$ hours = **155,250 hours**.
 - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$155,250.
 - (5) Explanation of calculation: 155,250 hours x \$1 = \$155,250.
- r. **National Verifier Tribal Certification (Burden Increase to Reflect Transition to Centralized Verification Process).**
- (1) Number of Respondents: 6,900,000 new Lifeline subscribers. Number of Subscribers based on a 5-state transition: $6,900,000 \times .09 = 621,000$. Estimated percentage of tribal participants: 3% ($621,000 \times .03 = 18,630$), or 18,630. Estimated percentage that would require self-certification through a manual process: 10%. $18,630 \times .10 = 1,863$.
 - (2) Frequency of Response: Once per subscriber.
 - (3) Annual hour burden per respondent: 1 hour per respondent. 1 hour x 1,863 subscribers = **1,863 burden hours**.
 - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$1,863.
 - (5) Explanation of calculation: 1,863 subscribers x 1 hours x \$1 = \$1,863.
- s. **National Verifier Consumer Dispute Resolution (Burden Increase to Reflect Transition to Centralized Verification Process).**
- (1) Number of Respondents: 6,900,000 new Lifeline subscribers. Number of Subscribers based on a 5-state transition: $6,900,000 \times .09 = 621,000$.
 - (2) Frequency of Response: Once per subscriber.
 - (3) Annual hour burden per respondent: We estimate it will take no more than 30 minutes to submit the information for the Dispute Resolution. $621,000$ subscribers x 0.50 hours = **310,500 hours**.
 - (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$310,500.
 - (5) Explanation of calculation: 621,000 subscribers x 0.50 hour = 310,500 hours. The cost for subscribers is \$1 per hour. $310,500 \times \$1 = \$310,500$.

t. **National Verifier Service Provider Payment Review (Burden Increase to Reflect Transition to Centralized Verification Process).**

- (1) Number of Respondents: Approximately 1,350 ETCs. Number of respondents adjusted based on 5-state transition: $1,350 \times .09 = 121.5$. Rounded up to 122.
- (2) Frequency of Response: Monthly.
- (3) Annual hour burden per respondent: We estimate it will take ETCs approximately 1 hour to review the information and certify that it is correct. Approximately 122 ETCs will be impacted. 122 ETCs will complete the National Verifier Service Provider Payment Review each month, so the total burden hours would be **1,464 hours** ($122 \text{ ETCs} \times 1 \text{ hour} \times 12 \text{ months} = 1,464$).
- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$58,560.
- (5) Explanation of calculation: $122 \text{ ETCs} \times 1 \text{ hour} \times 12 \text{ months} = 1,464 \text{ hours}$. The cost for ETCs is \$40 per hour. $1,464 \times \$40 = \$58,560$.

u. **National Verifier Manual Recertification (Burden Increase to Reflect Transition to Centralized Verification Process).**

Automatic recertification will be possible in most cases (making 12.e above no longer necessary for states/territories that have transitioned to the National Verifier), but we estimate that about 20% will need to be conducted manually.

- (1) Number of Respondents: 12,500,000 Lifeline subscribers. Number of Subscribers based on a 5-state transition: $12,500,000 \times .09 = 1,125,000$. As discussed in 12.e above, 35% typically de-enroll and 10% are new and do not require re-certification. $1,125,000 - 393,750 (1,125,000 \times .35) - 112,500 (1,125,000 \times .10) = 618,750$. We estimate 20% of the recertifications, or 123,750 ($618,750 \times .20 = 123,750$), will need to be done manually.
- (2) Frequency of Response: Annual requirement.
- (3) Annual burden hour per respondent: We estimate that it will take Lifeline subscribers .25 hours (15 minutes) to read and sign a certification ($123,750 \text{ subscribers} \times .25 \text{ hours} = 30,938 \text{ hours}$) (rounded up 1). We estimate that the ETC officer will take no longer than 45 minutes (.75 hours) to contact each subscriber and obtain a response ($.75 \text{ hours} \times 123,750 \text{ subscribers} = 92,812 \text{ hours}$) (rounded down 1). The total number of **burden hours is 123,750**.
- (4) Total estimate of in-house cost to respondents for the burdens for collection of information: \$3,743,458.
- (5) Explanation of calculation: The cost for subscribers is \$1 per hour for a total of \$30,938. The cost for ETCs is \$40 per hour for a total of \$3,712,520. The total for subscribers and ETCs is $\$30,938 + 3,712,520 = \$3,743,458$.

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

	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 Costs to Respondents
a. FCC Form 497:	1,28	12	14,736	2.5	36,840	\$1,473,600
b. FCC Form 555:	1,350	1	1,350	16	21,600	\$864,000
c. FCC Form 481:	1,350	1	1,350	3	4,050	\$162,000
d. Certification of Eligibility Upon Enrollment:	6,280,228	1	6,280,228	.25 - 1	6,049,704	\$169,262,910
e. Verification of Continued Eligibility:	6,257,478	1	6,257,478	.25 - .75	4,144,765	\$132,241,474
f. Lifeline Recordkeeping, 47 C.F.R. § 54.417:	1,350	1	1,350	1	1,350	\$54,000
g. Maintenance of National Lifeline Accountability Database:	1,350	12	16,200	8	129,600	\$5,184,000
h. Payment of Low-Income Support:	1,28	12	14,736	1.5	22,104	\$884,160
i. Subscriber Usage:	75	36,667 ³	2,750,000	0.25	687,500	\$27,500,000
j. Marketing and Outreach:	1,350	1	1,350	20.5	27,675	\$1,107,000
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

³ This number was calculated by taking the Number of Responses per year and dividing by the Number of respondents: $2,750,000 \div 75 = 36,666.6667$, which was rounded to 36,667 for purposes of this table.

	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 Costs to Respondents
n. Electronic Signature	5,378,438	1	5,378,438	0.0167	89,819	\$89,819
o. National Verifier Eligibility Application and Certification	621,000	1	621,000	0.25-0.50	178,538	\$178,538
p. National Verifier One-per-household Verification	621,000	1	621,000	.25	155,250	\$155,250
q. National Verifier Consumer Eligibility Status Check	621,000	1	621,000	.25	155,250	\$155,250
r. National Verifier Tribal Certification	1,863	1	1,863	1	3,726	\$1,863
s. National Verifier Consumer Dispute Resolution	621,000	1	621,000	0.50	310,500	\$310,500
t. National Verifier Service Provider Payment Review	122	12	1,464	1	1,464	\$58,560
u. National Verifier Manual Recertification	123,750	1	123,750	.25-.75	123,751	\$3,743,458
Total:	20,535,330		23,328,463	.0167-250	12,148,151	\$343,537,561

Total Number of Respondents: 20,535,330
Total Number of Responses Annually: 23,328,463
Total Annual Burden Hours: 12,148,151
Total In-House Costs: \$343,537,561

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. 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 hours⁴ 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 program changes to reflect the transition to the National Verifier, which will replace the current system of eligibility verification used by service providers and states to verify Lifeline eligibility. The draft National Verifier plan projects that five states/territories will transition to the National Verifier by December 31, 2017. As a result of these program changes, the overall number of respondents increased by 2,374,369, the total number of annual responses increased by 2,375,499, and the total annual burden hours increased by 723,705.

The Commission also is reporting adjustments to this information collection, which are due to an update in the number of respondents. For these adjustments, the total number of respondents decreased by 3,001,299, the total number of annual responses decreased by 3,003,276, and the total annual burden hours decreased by 2,059,966. These adjustments are due to the Commission re-evaluating the previous figures used in this collection to better reflect experience in administering the collections.

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.

⁴ 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.

B. Collections of Information Employing Statistical Methods:

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