

SUPPORTING STATEMENT

This submission is being made pursuant to 44 U.S.C. § 3507 of the Paperwork Reduction Act of 1995 to obtain the Office of Management and Budget (OMB) approval to extend the existing collection 3060-0856.

A. Justification:

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

The Communications Act of 1934, as amended by the Telecommunications Act of 1996 (Act), directed the Commission to take steps necessary to establish support mechanisms to ensure the delivery of affordable telecommunications service for all Americans, including consumers in high cost areas, low-income consumers, rural health care providers, and eligible schools and libraries. Section 254(h) of the Act, as implemented by the Commission in its *Universal Service Order* (CC Docket No. 96-45, FCC 97-157), established, *inter alia*, the federal schools and libraries universal service support mechanism (E-Rate program).

Under the E-Rate program, eligible schools, libraries, and consortia that include eligible schools and libraries may apply for discounts ranging from 20 percent to 90 percent of the pre-discount price of eligible services. The discount levels are based on indicators of need and may change depending on the category of eligible services selected.

Eligible applicants can seek funding on an annual basis. They commence the application process by seeking bids for eligible services by filing the FCC Form 470 (approved under OMB Control No. 3060-0806) with the Universal Service Administrative Company (USAC or Administrator), the current administrator of the E-Rate program. After the competitive bidding process concludes, applicants enter into agreements with service providers who will provide the requested services. Next, applicants seek funding for these services by filing an FCC Form 471 (approved under OMB Control No. 3060-0806) with USAC once the annual application window opens. After the Administrator reviews the funding request and commits to fund the services requested, applicants and service providers are required to use FCC Forms 472, 473, and/or 474 to facilitate the processing of discounted payments for the services procured under the E-Rate program.

On July 23, 2014, the Commission released an Order and FNPRM (WC Docket No. 13-184, FCC 14-99; 79 FR 49160, August 19, 2014) (*2014 First E-Rate Order*) modernizing the E-Rate program. Specifically, the *2014 First E-Rate Order* adopted new rules and procedures to reorient the E-Rate program to focus support on high-speed broadband for schools and libraries while also taking steps to streamline the program.

The Commission sought approval to revise OMB 3060-0856 to conform the FCC Forms 472 and 473 to changes implemented in the *2014 First E-Rate Order*, including changes to the FCC Forms 472 and 473 certifications. There were no program revisions to FCC Form 474, and all three forms were converted to an online format. The Commission is seeking to extend OMB 3060-0856. This submission proposes to extend the currently approved information collection requirements.

Statutory authority for this collection of information is contained in sections 1, 4(i), 4(j), 201-205, 214, 254, 312(d), 312(f), 403 and 503(b) of the Communications Act of 1934, as amended. 5 U.S.C.

§§ 553(b)(3), 601-612; 15 U.S.C. §§ 1, 632; 44 U.S.C. § 3506(c)(4); 47 U.S.C. §§ 1, 4(i), 4(j), 201-205, 214, 254, 312(d), 312(f), 403, 503(b).

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

a. FCC Form 472 “Billed Entity Applicant Reimbursement Form.”

Billed entities may pay the full amount for eligible services directly to the service providers and then, once services have been received, seek reimbursement from USAC to cover the amounts of the discounts for which they have qualified. The FCC Form 472 is used by the billed entity to request such reimbursement from USAC. Based on the rules adopted in the *2014 First E-Rate Order* (FCC 14-99), USAC disburses payments directly to the billed entity to cover services that have been properly invoiced. The information on FCC Form 472 enables this direct reimbursement process. This information includes the amount paid for approved services delivered on or after the actual services start date, as reported on the FCC Form 486 (approved under OMB Control No. 3060-0853).

b. FCC Form 473 “Service Provider Annual Certification Form.”

The FCC Form 473 must be filed by service providers to attest that the invoices submitted under the E-Rate program comply with the FCC’s rules. Under the rules adopted in the *2014 First E-Rate Order* (FCC 14-99), the service provider must annually submit an FCC Form 473 for each service provider identification number (SPIN).

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

As an alternative to paying in full for eligible services, the billed entity can pay only the amounts for eligible services that have been discounted already by the service provider. Under this alternative, once services have been received, service providers seek payment from USAC to cover the amounts of the discounts for which the billed entity qualifies. Service providers use the FCC Form 474 to request direct payment for invoices submitted for services that comply with the rules of the E-Rate program. The information on the FCC Form 474 must be received by USAC before a participating service provider can receive payment for the discounted portion of its bill for eligible services to eligible entities. Subsequent to receipt and review of the FCC Form 474, USAC will authorize payment based on the invoices.

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

2. *Use of Information.* The requirements contained herein are necessary to implement the Congressional mandate for universal service. It provides the Commission and USAC with the necessary information to administer the E-Rate program, determine the amount of support entities seeking funding are eligible to receive, to determine if entities are complying with the Commission’s rules, and to prevent waste, fraud, and abuse. The information will also allow the Commission to evaluate the extent to which the E-Rate program is meeting the statutory objectives specified in section 254 of the 1996 Act, the Commission’s own performance goals set in the *2014 First E-Rate Order*, and to evaluate the need and feasibility for any future revisions to program rules.

3. *Use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.* The forms in this information collection are accessible only online. Screenshots of the online FCC Forms 472, 473, and 474 are provided with this submission. Electronic filing permits applicants and service providers to input data in required fields and have data auto-populated wherever possible and applicable. To reduce applicant confusion, the electronic filing process uses progressive disclosure wherever possible, so that an applicant is asked to provide only information relevant to their application.
4. *Efforts to identify duplication.* There will be no duplication of information. The information sought is unique to each applicant and similar information is not already available. The Commission does not otherwise collect the information sought in this collection.
5. *Impact on small entities.* Entities directly subject to the requirements in these forms are primarily schools, libraries, school districts, consortia comprised of eligible schools and libraries, and service providers. This information collection is designed to impose the least possible burden on the respondents while ensuring that the Administrator and the Commission have information necessary to administer and improve the E-Rate program.
6. *Consequences if information not collected.* Failing to collect the information, or collecting it less frequently, would prevent the Commission from fulfilling the requirements of section 254 of the 1996 Act, and prevent eligible participants and service providers from seeking E-Rate reimbursements for eligible services.
7. *Special circumstances.* There are no special circumstances with this information collection.
8. *Federal Register notice; efforts to consult with persons outside the Commission.* The Commission published a notice pursuant to 5 CFR Section 1320.8(d), in the Federal Register to solicit public comment on the collection. 84 FR 3166, February 11, 2019.
9. *Payments or gifts to respondents.* There will be no payments or gifts to respondents.
10. *Assurances of confidentiality.* There is no assurance of confidentiality provided to respondents concerning this information collection. However, respondents may request materials or information submitted to the Commission or to the Administrator be withheld from public inspection under 47 CFR § 0.459 of the FCC's rules.
11. *Questions of a sensitive nature.* The request does not address any private matters of a sensitive nature.
12. *Estimates of the hour burden of the collection to respondents.* The following represents the hour burden on the collections of information:

a. **FCC Form 472 – Billed Entity Applicant Reimbursement Form:**

(1) Number of Respondents: Approximately 15,000 billed entities, which include public school districts, private schools, public library systems, and consortia.

(2) Frequency of Response: On occasion. The frequency depends on the billed entity's reimbursement preference. The form may be prepared as infrequently as one time per year for each set of services that have been approved for discounts, or as frequently as monthly. In calendar year 2017, there

were 60,973 forms filed, or approximately 4 responses per billed entity. We used this data as the basis for our calculations below. Accordingly, we estimate that the annual total number of responses for the FCC Form 472 will be 60,000. $15,000$ (number of respondents) \times 4 (estimated number of submissions) = 60,000.

(3) Annual Burden per Respondent: 1 (hour per submission) \times 4 (estimated number of submissions) \times 15,000 (number of respondents). Total Annual Burden: **60,000 hours**.

(4) Total estimate of in-house cost to respondents for the hour burden for collection of information: **\$2,400,000**.

(5) Explanation of calculation: We estimate that this obligation will take approximately 1 hour and will occur 4 times in a year for 15,000 billed entities. $15,000$ (number of respondents) \times 4 (estimated number of submissions) \times 1 (estimated hour burden) \times \$40 per hour = **\$2,400,000**.

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

(1) Number of Respondents: Approximately 4,400 service providers.

(2) Frequency of Response: Annual. We estimate that the annual total number of responses will be 4,400 for this form. $4,400$ (number of respondents) \times 1 (number of submissions required) = 4,400.

(3) Annual Burden per Respondent: 1 (hour per submission) \times 1 (annual required filing) \times 4,400 (number of respondents). Total Annual Burden: **4,400 hours**.

(5) Total estimate of in-house cost to respondents for the hour burden for collection of information: **\$176,000**.

(6) Explanation of calculation: We estimate that this obligation will take approximately 1 hour and will occur once a year for 4,400 service providers. $4,400$ (number of respondents) \times 1 (number of submissions required) \times 1 (estimated hour burden) \times \$40 per hour = **\$176,000**.

c. FCC Form 474 – Service Provider Invoice Form:

(1) Number of Respondents: Approximately 2,600 service providers.

(2) Frequency of Response: On occasion. The frequency depends on the billed entity's reimbursement preference. The form may be prepared as infrequently as one time per year for each set of services that have been approved for discounts, or as frequently as monthly. In calendar year 2017, there were 94,535 forms filed, or approximately 36 times per service provider. We used this data as the basis for our calculations below. Accordingly, we estimate that the annual total number of responses will be approximately 93,600 for this form. $2,600$ (number of respondents) \times 36 (estimated number of submissions) = 93,600.

(3) Annual Burden per Respondent: 1 (hour per submission) \times 36 (estimated number of submissions) \times 2,600 (number of respondents). Total Annual Burden: **93,600 hours**.

(4) Total estimate of in-house cost to respondents for the hour burden for collection of information: **\$3,744,000**.

(5) Explanation of calculation: We estimate that this obligation will take approximately 1 hour and will occur frequently for some service providers. $2,600$ (number of respondents) \times 36 (estimated number of submissions) \times 1 (estimated hour burden) \times \$40 per hour = **\$3,744,000**.

Total Number of Respondents = $15,000 + 4,400 + 2,600 = 22,000$ Respondents.

Total Number of Responses = $60,000 + 4,400 + 93,600 = 158,000$ Responses.

Total Annual Burden = $60,000 + 4,400 + 93,600 = 158,000$ Hours.

Total "In-house" Cost to the Respondent: $\$2,400,000 + \$176,000 + \$3,744,000 = \$6,320,000$.

13. Total Annual Costs to Respondents:

(1) Total annualized capital/start-up costs: \$0.00.

The collections will not require the purchase of additional equipment.

(2) Total operation and maintenance and purchase of service component (O&M) costs: \$0.00.

The collections will not result in additional operation or maintenance expenses.

(3) Total annualized cost requested: \$0.00.

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

15. *Program changes or adjustments.* The Commission is reporting an adjustment to the number of respondents, responses and the total burden hours with this submission. The public burden for the collection contained herein is now **158,000** burden hours, which is a decrease of **10,900** burden hours. For FCC Forms 472 and 474, the adjustment is due to updated information based on actual participation in the E-Rate program. Specifically, for the FCC Form 472, the Commission decreased the number of respondents from 18,000 to 15,000 based on the actual number of billed entity numbers for calendar year 2017. For the FCC Form 474, the Commission increased the number of respondents from 2,200 to 2,600 based on the actual number of service providers filing FCC Forms 474 in calendar year 2017. For the FCC Form 473, the adjustment is due to updated information based on actual participation in the E-Rate program in 2017, which was 4,400 service providers filing the FCC Form 473. These updated figures changed the total annual burden from 168,900 to 158,000 hours.

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

17. *Display of expiration date for OMB approval of information collection.* The Commission seeks continued approval to not display the expiration date for OMB approval of this information collection. The Commission will use an edition date in lieu of the OMB expiration date. This will prevent the Commission from having to repeatedly update the expiration date on the forms each time this collection is submitted to OMB for review and approval. The Commission publishes a list of all OMB-approved information collections in 47 CFR § 0.408 of the Commission's rules.

18. Exceptions to certification statement for Paperwork Reduction Act Submissions.

There are no exceptions to the Certification Statement.

B. Collections of Information Employing Statistical Methods:

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