

SUPPORTING STATEMENT

This collection is being submitted to the Office of Management and Budget (OMB) to seek approval for a revision of a currently-approved collection. The change proposed below would delete an existing question on FCC Form 5640 and replace it with a more detailed query in order to more accurately collect information that is statutorily required, and to help the FCC combat waste, fraud, and abuse in the Supply Chain Reimbursement Program.

A. Justification

1. *Circumstances that make the collection necessary.* The Communications Act of 1934, as amended, requires the “preservation and advancement of universal service.” 47 U.S.C. § 254(b). The information collection requirements reported under this OMB Control Number are the result of the Federal Communications Commission’s (FCC or the Commission) actions to promote the Act’s universal service goals.

On November 22, 2019, the Commission adopted the *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs*, WC Docket No. 18-89, Report and Order, Order, and Further Notice of Proposed Rulemaking, 34 FCC Rcd 11423 (2019) (*Report and Order*). The *Report and Order* prohibits future use of Universal Service Fund (USF) monies to purchase, maintain, improve, modify, obtain, or otherwise support any equipment or services produced or provided by a company that poses a national security threat to the integrity of communications networks or the communications supply chain.

On March 12, 2020, the President signed into law the Secure and Trusted Communications Networks Act of 2019 (Secure Networks Act), Pub. L. No. 116-124, 133 Stat. 158 (2020) (codified as amended at 47 U.S.C. §§ 1601-1609), which among other measures, directs the FCC to establish the Secure and Trusted Communications Networks Reimbursement Program (Reimbursement Program). This program is intended to provide funding to providers of advanced communications service for the removal, replacement and disposal of certain communications equipment and services that poses an unacceptable national security risk (i.e., covered equipment and services) from their networks. The Commission designated two entities – Huawei Technologies Company (Huawei) and ZTE Corporation (ZTE), along with their affiliates, subsidiaries, and parents – as covered companies posing such a national security threat. See *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs – Huawei Designation*, PS Docket No. 19-351, Memorandum Opinion and Order, 35 FCC Rcd 14435 (2020); *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs – ZTE Designation*, PS Docket No. 19-352, Memorandum Opinion and Order, DA 20-1399 (PSHSB rel. Nov. 24, 2020).

On December 10, 2020, the Commission adopted the *Second Report and Order* implementing the Secure Networks Act. See *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs*, WC Docket No. 18-89, Second Report and Order, 35 FCC Rcd 14284 (2020) (*Second Report and Order*). This order established the eligibility requirements for certain providers of advanced communications service the application

process to participate in the Reimbursement Program. These requirements established in the order, and approved by OMB under this Control Number, assist the Commission in processing funding disbursement requests and in monitoring and furthering compliance with applicable program requirements to protect against waste, fraud, and abuse.

On December 27, 2020, the President signed into law the Consolidated Appropriations Act, 2021 (CAA), appropriating \$1.9 billion to “carry out” the Reimbursement Program and amending the Reimbursement Program eligibility requirements to expand eligibility to include providers of advanced communications service with 10 million or fewer subscribers and making clear that schools, libraries, and health care providers are eligible to receive Reimbursement Program support to the extent they qualify as providers of advanced communications services. See Pub. L. 116-260, Division N-Additional Coronavirus Response and Relief, Title IX- Broadband Internet Access Service, §§ 901, 906, 134 Stat. 1182 (2020). The Commission has interpreted the term “provider of advanced communications service” to mean “facilities-based providers, whether fixed or mobile, with a broadband connection to end users with at least 200 kbps in one direction.” *Second Report and Order*, 35 FCC Rcd at 14332, para. 111. Participation in the Reimbursement Program is voluntary but compliance with the information collection requirements is required to obtain Reimbursement Program support. The Commission adopted a *Third Report and Order* on July 13, 2021, implementing the amendments to the Secure Networks Act by the CAA for the Reimbursement Program. See *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs*, WC Docket No. 18-89, Third Report and Order, FCC 21-86 (rel. July 14, 2021) (*Third Report and Order*).

Separate from the Reimbursement Program, the Secure Networks Act requires all providers of advanced communications service to annually report, with exception, on whether they have purchased, rented, leased or otherwise obtained covered communications equipment or service on or after certain dates. 47 U.S.C. § 1603(d)(2)(B). If the provider certifies it does not have any covered equipment and services, then the provider is not required to subsequently file an annual report, unless it later obtains covered equipment and services. *Second Report and Order*, 35 FCC Rcd at 14370, at para. 215.

On August 3, 2021, the Wireline Competition Bureau (Bureau) released a Public Notice adopting procedures for filing and processing applications submitted for the Reimbursement Program. These procedures largely tracked the procedural rules previously adopted by the Commission in the *Second Report and Order*, but also adopted a new requirement that Reimbursement Program participants notify the Commission of changes in ownership, to ensure accurate information is on file for participants and to help protect the Reimbursement Program against waste, fraud, and abuse.

This submission proposes to update FCC Form 5640 by deleting an existing question and adding a new one asking program participants to describe in detail how they have spent Reimbursement Program funds. The addition of this question will allow the Bureau to satisfy its statutory obligations to collect information about how Reimbursement Program funds have been spent, including detailed accounting of the covered communications equipment and services permanently removed and disposed of, and the replacement equipment or services purchased,

rented, leased, or otherwise obtained using Reimbursement Program funds, as well as to combat waste, fraud, and abuse, as required under the Secure Networks Act. The Bureau determined that FCC Form 5640 required this revision in order to elicit the information necessary for the Bureau to better satisfy its statutory obligations. This proposed addition will increase the information collected, and will impose an additional burden on respondents, which will vary with the number of invoices respondents submit during the relevant reporting period.

Revision for which we are seeking OMB approval:

FCC Form 5640 Spending Reports: Program recipients are required to submit spending reports indicating how reimbursement funds have been spent, including detailed accounting of the covered communications equipment or services permanently removed and disposed of, and the replacement equipment or services purchased, rented, leased, or otherwise obtained using reimbursement funds. These spending reports must be filed semiannually within 10 calendar days after the end of January and July, starting with the recipient's initial draw down of disbursement funds, and terminating once the recipient has filed a final spending report showing the expenditure of all funds received as compared to the estimated costs submitted. A final spending report will be due following the filing of a final certification by the recipient.

Currently, Form 5640 asks whether respondents actually spent the money they were reimbursed for each invoice, to identify the costs that were reimbursed but not spent, and to provide an explanation for the discrepancy. The change we propose here would instead ask respondents (a) to indicate what existing covered communications equipment or service was removed, replaced, or disposed of using funds from each invoice; and (b) if an invoice was used to purchase replacement communications equipment or services, specify what non-covered equipment or services were purchased pursuant to that invoice.

Currently approved requirements in this information collection (no changes to requirements):

- (a) **FCC Form 5640 Ownership Change Notification:** Reimbursement Program participants are required to notify the Commission of changes in ownership, to ensure accurate information is on file for participants, and to help protect the Reimbursement Program against waste, fraud, and abuse.
- (b) **FCC Form 5640 Application Request for Funding:** Eligible providers seeking funding from the Reimbursement Program are required to submit an application that includes:
- An estimate of costs reasonably incurred for the permanent removal, replacement, and disposal of covered communications equipment or service from the provider's network. Eligible providers may rely upon the predetermined estimated costs identified in a Catalog of Expenses Eligible for Reimbursement made available by the FCC's Wireline Competition Bureau (Bureau). Eligible providers that submit their own costs estimates must submit supporting documentation and certify that the estimate is made in good faith.

- Detailed information on covered communications equipment or service being removed, replaced, and disposed and when obtained.
 - Certifications that (1) the applicant has developed a plan and timeline for the permanent removal and replacement of covered communications equipment or service; (2) the applicant will submit the timeline to the Commission; (3) the applicant will not purchase, rent, or otherwise obtain covered communications equipment or service; and (4) in developing risk management practices, the applicant will consult and consider the standards, guidelines, and best practices set forth in the cybersecurity framework developed by the National Institute of Standards and Technology.
 - A specific timeline for the permanent removal, replacement, and disposal of the covered communications equipment or services.
 - A certification in good faith that the applicant (1) will reasonably incur the estimated costs claimed as eligible for reimbursement; (2) will use all money received from the Reimbursement Program only for expenses eligible for reimbursement; (3) will comply with all policies and procedures relating to allocations, draw downs, payments, obligations, and expenditures of money from the Reimbursement Program; (4) will maintain detailed records, including receipts, of all costs eligible for reimbursement actually incurred for a period of 10 years; and (5) will file all required documentation for its expenses.
- (c) **Opportunity to Cure:** Section 1.50004(d)(1) of the Commission’s rules, 47 CFR § 1.50004(d)(1), as directed by section 4(d)(3)(B) of the Secure Networks Act, 47 U.S.C. § 1603(d)(3)(B), gives providers an opportunity to cure material deficiencies in their application as determined by the Bureau within a 15-day period before the Bureau can deny an application. These deficiencies could include inadequate cost estimates or supporting materials.
- (d) **FCC Form 5640 Reimbursement Claim Requests:** Providers are required to submit reimbursement claim requests for reasonable costs actually incurred to obtain fund disbursements following the allocation of funding to the recipient for draw down. A recipient will need to include supporting invoices and other cost documentation, as directed by the Bureau, with the claim request. Recipients are required to file all reimbursement claims within 120 days following the expiration of the one-year removal, replacement, and disposal term. Prior to the expiration of the 120-day deadline, recipients can request and automatically receive a single extension of the reimbursement claim deadline for a period of up to 120 days.
- (e) **FCC Form 5640 Individual Term Extension Requests:** Program recipients may petition the Bureau for an extension of the one-year term for removing, replacing and disposing of covered communications equipment and service for a period of up to six months. The Bureau may grant an individual extension after finding, that due to no fault of the recipient, the recipient is unable to complete the permanent removal, replacement and disposal by the end of the term. The Bureau may grant more than one extension request to a recipient if circumstances warrant.

- (f) **Disposal Documentation:** Program recipients are required to dispose of covered communications equipment or service in a manner to prevent the equipment or service from being used in the networks of other providers of advanced communications service. Disposal must result in the destruction of the covered communications equipment or service, making the covered communications equipment or service inoperable permanently. Recipients must retain documentation demonstrating compliance with this requirement.
- (g) **FCC Form 5640 Status Updates:** Program recipients are required to submit status updates once every 90 days beginning on the date on which the Bureau approved an application for a reimbursement and until the recipient has filed the final certification. Recipients must file the first report within 90 days of receiving their funding allocation. The updates must include information on:
- Efforts undertaken, and challenges encountered, in permanently removing, replacing, and disposing of the covered communications equipment or service;
 - Availability of replacement equipment in the marketplace;
 - Whether the recipient has fully complied with (or is in the process of complying with) all requirements of the Reimbursement Program;
 - Whether the recipient has permanently removed from its communications network all covered communications equipment or services that were in the recipient's network as of the date of the submission of the recipient's application request for funding, and if not, what estimated percentage of the removal process has been completed;
 - Whether the recipient has replaced all covered communications equipment or services that were in the recipient's network as of the date of the submission of the recipient's application request for funding, and if not, what estimated percentage of the replacement process has been completed;
 - Whether recipient has disposed of all covered communications equipment or services that were in the recipient's network as of the date of the submission of the recipient's application request for funding, and if not, what estimated percentage of the disposal process has been completed; and
 - Whether the recipient has fully complied with (or is in the process of complying with) the timeline submitted by the recipient.
- (h) **FCC Form 5640 Final Certification and Updates:** Program recipients are required to file a final certification with the Commission. The recipient must indicate whether it has fully complied with (or is in the process of complying with) all terms and conditions of the Reimbursement Program and the commitments made in the application of the recipient for the reimbursement; has permanently removed from the communications network of the recipient, replaced, and disposed of (or is in the process of permanently removing, replacing, and disposing of) all covered communications equipment or services that were in the network of the recipient as of the date of the submission of the application of the recipient for the reimbursement; and has fully complied with (or is in the process of complying with) the timeline submitted by the recipient. The recipient will also be required to submit an updated certification if at the time the final certification is filed, the recipient has not fully complied

with its obligations under the Reimbursement Program. The final certification must be filed within 10 calendar days of the expiration of the removal, replacement, and disposal term.

- (i) **Documentation Retention:** Program recipients are required to retain all relevant documents, including invoices and receipts, pertaining to all costs eligible for reimbursement actually incurred during the removal, replacement, and disposal process. Recipients must retain the documentation for a period of 10 years after the date the final disbursement payment is received from the Reimbursement Program.
- (j) **FCC Form 5641 Annual Report:** All advanced communication service providers are required to submit an annual report identifying whether they have any covered equipment and services obtained on or after August 14, 2018 or within 60 days after the date on which the Commission places such equipment and services on the covered list. These providers will be required to report on the type, location, date purchased, rented, leased or otherwise obtained and any removal and replacement plans. If the provider does have any covered equipment and services, it must submit a detailed justification as to the reasons for acquiring such equipment and services. All providers must submit a certification as to the accuracy of this information. Providers will need to submit the initial annual report 90 days after the FCC's Office of Economics and Analytics issues a public notice announcing the availability of the reporting platform. Thereafter, providers will need to submit a report once per year on or before March 31 for the prior year.

Statutory authority for these information collection requirements is contained in 47 U.S.C. §§ 1603-04.

These information collections do not affect individuals or households; thus, there is no impact under the Privacy Act.

2. *Use of information.* The Commission will use the information collected to: (1) determine an applicant's eligibility to participate in the Reimbursement Program; (2) evaluate and issue funding allocations to recipients for the removal, replacement and disposal of covered communications equipment and services; (3) evaluate and issue decisions for the disbursement of funds for reasonable expenses actually incurred; (4) ensure funding is used for its intended purpose and to protect the Reimbursement Program against waste, fraud, and abuse; (5) monitor compliance with program requirements; and (6) identify carriers that have obtained covered communications equipment and service for use in their networks.

3. *Technological collection techniques.* The Commission has established an online portal by which respondents will be able to electronically submit the required information and documents.

4. *Efforts to identify duplication.* The Commission does not impose a similar information collection on the respondents. There is no similar data available. Therefore, this submission does not require the collection of duplicative information.

5. *Impact on small entities.* In conformance with the Paperwork Reduction Act of 1995, the Commission seeks to minimize burdens on all respondents, regardless of size. The Reimbursement Program is voluntary and only providers of advanced communications service with 10 million or fewer subscribers are eligible to participate. The Reimbursement Program will help these eligible, smaller, providers with the reimbursement of costs for the removal, replacement, and disposal of covered communications equipment and services that pose an unacceptable national security risk in their networks. The Commission has limited the information requirements to those necessary to administer the Reimbursement Program in accordance with the requirements of the Secure Networks Act and to protect the program against waste, fraud, and abuse.
6. *Consequences if information is not collected.* Without this information collection, the Commission's ability to accurately identify and disburse payments to program participants will be impaired and will hinder the Commission's ability to monitor program compliance and protect the Reimbursement Program against waste, fraud, and abuse.
7. *Special circumstances.* We do not foresee any special circumstances with this information collection.
8. *Federal Register notice; efforts to consult with persons outside the Commission.* Pursuant to 5 C.F.R § 1320.5(d), the Commission published a 60-day notice in the Federal Register on April 17, 2023 (88 FR 23421) seeking comments from the public on the information collection requirements contained in this collection. No comments were received from the public.
9. *Payments or gifts to respondents.* The Commission does not anticipate providing any payment or gifts to respondents in connection with these information collections.
10. *Assurance of confidentiality.* As a general matter, the Commission intends to make available for public inspection the information collected. However, the Commission will treat as presumptively confidential "detailed accounting information on the covered communications equipment or services permanently removed and disposed of, and the replacement equipment or services purchased, rented, leased, or otherwise obtained" that is contained in the spending reports submitted by Reimbursement Program recipients per section 1.50004(l) of the Commission's rules. The Commission will "withhold such disaggregated information from routine public inspection." See *Second Report and Order*, 35 FCC Rcd at 14360, para. 189. Also, respondents may request materials or information submitted to the Commission that contain trade secrets, commercial, or financial information, be withheld from public inspection under 47 CFR § 0.459 of the Commission's rules.
11. *Questions of a sensitive nature.* The respondents will not be required to answer any questions of a sensitive nature.
12. *Estimates of the hour burden of the collection to respondents.*

(a) FCC Form 5640 Ownership Change Notification (no revisions):

- (1) Number of respondents: 75.
- (2) Frequency of response: 1.
- (3) Total number of responses per respondent: 1
- (4) Estimated time per response: 1 hour
- (5) Total annual hour burden: 75

1 hour per respondent for 75 respondents filing 1 ownership change notification. Total annual hour burden is calculated as follows:

75 respondents x 1 extension request = 75 responses x 1 hours = **75 total annual hours.**

- (6) Total estimate of in-house cost to respondents: \$4,562.25 (75 hours x \$60.83/hour).
- (7) Explanation of calculation: We estimate recipients needing to file an ownership change notification will spend, on average, approximately 1 hour gathering and preparing the necessary information to complete the notification filing, including the preparation of a supporting documentation describing the ownership change and the electronic submission of submission. Assuming that respondents use personnel comparable in pay to a mid-to-senior level federal employee (GS13, Step 5), we estimate the cost to be about \$60.83 per hour per filing. Accordingly, we calculate the total estimated in-house cost to respondents as follow: 75 (responses) x 1 (hours to prepare petition) x 1 (average number of notification filings) x \$60.83/hour = \$4,562.25.

(b) FCC Form 5640 Application Requests for Funding, 47 CFR § 1.50004(c) (no revisions):

- (1) Number of respondents: 300. Those eligible to participate in the Reimbursement Program include providers of advanced communications service with 10 million or fewer subscribers that are seeking to remove, replace, or dispose of covered communications equipment or services from their existing networks.
- (2) Frequency of response: 1
- (3) Total number of responses per respondent: 1
- (4) Estimated time per response: 6 hours
- (5) Total annual hour burden: 1,800

Total annual hour burden is calculated as follows:

300 respondents x 1 report per respondent = 300 responses x 6 hours = 1,800 total annual hours

(6) Total annual “in-house” cost: \$78,684

300 applications x 4 hours to complete in-house engineering review x \$51.15/hour = \$61,380

300 applications x 2 hours to complete non-engineering compliance x \$28.84/hour = \$17,304

Total estimate of in-house cost to respondents equals \$78,684

(7) Explanation of calculation: The estimated average burden on each respondent is six (6) hours. We estimate respondents will use in-house staff to complete the form, which requires approximately two (2) hours and will use in-house network engineers to complete the technical questions and consult with outside engineers, which requires approximately four (4) hours. We assume the respondents will use an in-house network engineer, whose earnings level is equivalent on average to the GS-12, Step 5 level at \$51.15 per hour, and a non-engineer, whose earnings level is equivalent on average to the GS-7, Step 5 level, at \$28.84 per hour, to prepare and submit this information and supporting documentation.

(c) Opportunity to Cure Deficiency, 47 CFR § 1.50004(d)(1) (adjustments):

(1) Number of respondents: 63. This number is half of the actual number of funding allocations approved by the FCC (126), and reflects a reduction from the prior estimate of 300 respondents. We estimate on high side that the Bureau may find that up to 50% of the applications filed requesting funding are materially deficient. Those applicants will be given an opportunity to cure the deficiency.

(2) Frequency of response: 1

(3) Total number of responses per respondent: 1

(4) Estimated time per response: 2 hours

(5) Total annual hour burden: 126

2 hours per respondent for 63 respondents filing once. Total annual hour burden is calculated as follows:

63 respondents x 1 response = 63 responses x 2 hours = **126 total annual hours.**

(6) Total estimate of in-house cost to respondents: \$6,444.90. (126 hours x \$51.15/hour).

- (7) Explanation of calculation: We estimate that those providers seeking reimbursement assistance and subject to this requirement will spend, on average, approximately 2 hours addressing any discrepancies in their application request for funding. We assume the respondents will use an in-house network engineer, whose earnings level is equivalent on average to the GS-12, Step 5 level, at \$51.15 per hour: 63 (responses) x 2 (hours to fill out the application) x \$51.15/hour = \$6,444.90.

(d) FCC Form 5640 Reimbursement Claim Requests, 47 CFR § 1.50004(g) (adjustments):

- (1) Number of respondents: 126. This number reflects the actual number of funding allocations approved by the FCC, and reflects a reduction from the prior estimate of 300 respondents.
- (2) Frequency of response: 10. We estimate that each respondent will file an average of 10 reimbursement claim requests annually as they seek the disbursement of funds for reasonable costs actually incurred during the removal, replacement, and disposal process.
- (3) Total number of responses per respondent: 10
- (4) Estimated time per response: 1 hour
- (5) Total annual hour burden: 1,260

1 hour per respondent for 126 respondents filing 10 requests annually.
Total annual hour burden is calculated as follows:

126 respondents x 10 claim requests = 1,260 responses x 1 hour = **1,260 total annual hours.**

- (6) Total estimate of in-house cost to respondents: \$36,338.40 (1,260 hours x \$28.84/hour).
- (7) Explanation of calculation: We estimate it will take one (1) hour to log in, complete the relevant fields in the interactive template and upload and submit the supporting documentation necessary to complete a filing. We assume the respondents will use in-house clerical personnel, whose earnings level is equivalent on average to the GS-7, Step 5 level, at \$28.84 per hour, to prepare and submit this information and supporting documentation: 126 (respondents) x 1 (hour to fill out the reimbursement claim request) x 10 (average number of submitted claim requests) x \$28.84/hour = \$36,338.40.

(e) Extension of Reimbursement Claim Request Deadline, 47 CFR § 1.50004(g) (adjustments):

- (1) Number of respondents: 63. This number conservatively assumes that 50% of the Reimbursement Program recipients will seek an extension of the deadline for submitting reimbursement claim requests. Recipients are required to file all reimbursement claims within 120 days following the expiration of the one-year removal, replacement, and

disposal term. Prior to the expiration of the 120-day deadline, recipients can request and receive a single extension of the reimbursement claim deadline for a period of up to 120 days.

- (2) Frequency of response: 1.
- (3) Total number of responses per respondent: 1
- (4) Estimated time per response: 1 hour
- (5) Total annual hour burden: 63

1 hour per respondent for 63 respondents filing 1 response.
Total annual hour burden is calculated as follows:

63 respondents x 1 extension request = 63 responses x 1 hour = **63 total annual hours.**

- (6) Total estimate of in-house cost to respondents: \$1,816.92 (63 hours x \$28.84/hour).
- (7) Explanation of calculation: We estimate it will take one (1) hour to log in, complete the relevant fields in the interactive template to complete a filing. We assume the respondents will use in-house clerical personnel, whose earnings level is equivalent on average to the GS-7, Step 5 level, at \$28.84 per hour, to prepare and submit this information: 63 (respondents) x 1 (hour to fill out the reimbursement claim request) x 1 (number of filings) x \$28.84/hour = \$1,816.92

(f) FCC Form 5640 Individual Term Extension Requests, 47 CFR § 1.50004(h)(2) (adjustments):

- (1) Number of respondents: 63. This number conservatively assumes that 50% of the Reimbursement Program recipients will petition for an extension of the removal, replacement, and disposal term.
- (2) Frequency of response: 1. We estimate that on average those seeking a term extension will seek only one extension request.
- (3) Total number of responses per respondent: 1
- (4) Estimated time per response: 4 hours
- (5) Total annual hour burden: 252

4 hours per respondent for 63 respondents filing 1 extension request. Total annual hour burden is calculated as follows:

63 respondents x 1 extension request = 63 responses x 4 hours = 252 **total annual hours**.

(6) Total estimate of in-house cost to respondents: \$15,329.16 (252hours x \$60.83/hour).

(7) Explanation of calculation: We estimate recipients seeking an extension will spend, on average, approximately 4 hours researching and preparing the necessary showing to justify an extension request, including the gathering supporting documentation and the electronic submission. Assuming that respondents use personnel comparable in pay to a mid-to-senior level federal employee (GS13, Step 5), we estimate the cost to be about \$60.83 per hour per filing. Accordingly, we calculate the total estimate in-house cost to respondents as follow: 63 (responses) x 4 (hours to prepare petition) x 1 (average number of extension requests) x \$60.83/hour = \$15,329.16.

(g) Disposal Requirements – Documentation Retention, 47 CFR § 1.50004(j) (adjustments):

(1) Number of respondents: 126. This number reflects the actual number of funding allocations approved by the FCC, and reflects a reduction from the prior estimate of 300 respondents.

(2) Frequency of response: 1. This is a recordkeeping requirement and does not involve the filing of responses with the Commission. That said, for purposes of calculating the burden, we have defined the frequency of response as 1, as the requirement applies to each Reimbursement Program recipient.

(3) Total number of responses per respondent: 1

(4) Estimated time per response: 6

(5) Total annual hour burden: 756

6 hours per respondent for 126 respondents. Total annual hour burden is calculated as follows:

126 respondents x 1 response x 6 hours = 756 **total annual hours**.

(6) Total estimate of in-house cost to respondents: \$21,803.04 (756 hours x \$28.84/hour).

(7) Explanation of calculation: We assume the respondents will use in-house clerical personnel, whose earnings level is equivalent on average to the GS-7, Step 5 level, at \$28.84 per hour, and that it will take, on average, approximately 0.5 hours per month (6 hours annually) to collect, organize, and maintain documentation. Accordingly, we calculate the total estimate of in-house cost to respondents as follows: 126 (respondents) x 6 (hours per response) x 1 (frequency of response) x \$28.84/hour = \$21,803.04. The burden associated with this requirement is likely subsumed within the Documentation

Retention requirement contained in section 1.50004(n) of the Commission’s rules, but we have gone ahead and calculated the burden separately.

(h) FCC Form 5640 Status Updates, 47 CFR § 1.50004(k) (adjustments):

- (1) Number of respondents: 126. This number reflects the actual number of funding allocations approved by the FCC, and reflects a reduction from the prior estimate of 300 respondents.
- (2) Frequency of response: 4 Annually. Section 1.50004(k) of the Commission’s rules requires recipients to file a status update once every 90 days beginning on the date which their application for reimbursement is approved.
- (3) Total number of responses per respondent: 4
- (4) Estimated time per response: 2 hours
- (5) Total annual hour burden: 1,008

2 hours per respondent for 126 respondents filing 4 status updates annually. Total annual hour burden is calculated as follows:

126 respondents x 4 annual status updates = 504responses x 2 hours = 1,008 **total annual hours.**

- (6) Total estimate of in-house cost to respondents: \$51,559.20 (1,008hours x \$51.15/hour).
- (7) Explanation of calculation: We estimate that those providers seeking reimbursement assistance will spend, on average, approximately 2 hours submitting required status updates, which will be a total of up to 4 annually. Assuming that respondents use personnel comparable in pay to a junior-level federal employee (GS12, Step 5), we estimate the cost to be about \$51.15 per hour per filing. Accordingly, we calculate the total estimate of in-house cost to respondents as follows: 126 (respondents) x 2 (hours to fill out status updates) x 4 (status updates needed to be submitted annually) x \$51.15/hour = \$51,559.20.

(i) FCC Form 5640 Spending Reports, 47 CFR § 1.50004(l) (adjustments):

- (1) Number of respondents: 126. This number reflects the actual number of funding allocations approved by the FCC, and reflects a reduction from the prior estimate of 300 respondents.
- (2) Frequency of response: 2. Section 1.50004(l) of the Commission’s rules requires recipients to file reports on the spending of support received 10 days after the end of January and July, starting with the recipient’s initial receipt of disbursement funds and terminates once the recipient has filed its final certification.

- (3) Total number of responses per respondent: 2
- (4) Estimated time per response: 4 hours.
- (5) Total annual hour burden: 1,008

4 hours per respondent for 126 respondents filing two spending reports. Total annual hour burden is calculated as follows:

126 respondents x 2 spending reports = 252 responses x 4 hours = **1,008 total annual hours.**

- (6) Total estimate of in-house cost to respondents: \$51,559.20 (1,008 hours x \$51.15/hour).

- (7) Explanation of calculation: The Commission estimates that all respondents will fulfill the reporting requirement without any outside assistance. With the proposed addition to this collection, we estimate it will take 4 hours to gather the relevant information, log in, complete the relevant lines of the interactive template, upload any supporting documentation, and electronically submit the filing. Assuming that respondents use personnel comparable in pay to a junior-level federal employee (GS12, Step 5), we estimate the cost to be about \$51.15 per hour per filing. Accordingly, we calculate the total estimate of in-house cost to respondents as follows: 126 (responses) x 4 (hours to fill out status updates) x 2 (status updates needed to be submitted) x \$51.15/hour = \$51,559.20.

The estimated time to comply with the proposed addition to this collection will depend on how many invoices a respondent submits during the relevant responsive period. In the absence of actual experience with this new query, our best estimate is that these new collections will generally add as much as 2 burden hours to the total. However, we recognize that there may be some situations that will require more (or fewer) hours to complete.

(j) FCC Form 5640 Final Certification and Updates, 47 CFR § 1.50004(m) (adjustments):

- (1) Number of respondents: 126. This number reflects the actual number of funding allocations approved by the FCC, and reflects a reduction from the prior estimate of 300 respondents.
- (2) Frequency of response: 2. Each recipient is required to file a final certification within 10 days following the expiration of the removal, replacement, and disposal term. If the recipient has not fully complied with the applicable Reimbursement Program obligations at the time the final certification is due, then they will need to file a subsequent update attesting to full compliance. We can conservatively estimate that, on average, respondents would submit two filings.

(3) Total number of responses per respondent: 2

(4) Estimated time per response: 0.5 hours

(5) Total annual hour burden: 126

0.5 hours per respondent for 126 respondents filing two responses. Total annual hour burden is calculated as follows:

126 respondents x 2 responses = 252 responses x 0.5 hours = **126 total annual hours.**

(6) Total estimate of in-house cost to respondents: \$3,633.84 (126 hours x \$28.84/hour).

(7) Explanation of calculation: We estimate it will take 0.5 hours to log in, complete the relevant fields in the interactive template, and electronically submit the certification and any update. We assume the respondents will use in-house clerical personnel, whose earnings level is equivalent on average to the GS-7, Step 5 level, at \$28.84 per hour, to prepare and submit this information: 126 (respondents) x 0.5 (per response) x 2 (average number of responses) x \$28.84/hour = \$3,633.84.

(k) Documentation Retention, 47 CFR § 1.50004(n) (adjustments):

(1) Number of respondents: 126. This number reflects the actual number of funding allocations approved by the FCC, and reflects a reduction from the prior estimate of 300 respondents.

(2) Frequency of response: 1. This is a recordkeeping requirement and does not involve the filing of responses with the Commission. That said, for purposes of calculating the burden, we have defined the frequency of response as 1, as the requirement applies to each Reimbursement Program recipient.

(3) Total number of responses per respondent: 1

(4) Estimated time per response: 12 hours

(5) Total annual hour burden: 1,512

12 hours per respondent for 126 respondents. Total annual hour burden is calculated as follows:

126 respondents x 1 response x 12 hours = **1,512 total annual hours.**

(6) Total estimate of in-house cost to respondents: \$43,606.08 (1,512 hours x \$28.84/hour).

(7) Explanation of calculation: We assume the respondents will use in-house clerical personnel, whose earnings level is equivalent on average to the GS-7, Step 5 level, at \$28.84 per hour, and that it will take, on average, approximately 0.5 hours per month (6 hours annually) to collect, organize, and maintain documentation. Accordingly, we calculate the total estimate of in-house cost to respondents as follows: 126 (respondents) x 12 (hours per response) x 1 (frequency of response) x \$28.84/hour = \$43,606.08.

(1) FCC Form 5641 Annual Reports, 47 CFR § 1.50007 (adjustments):

(1) Number of respondents: 3,500. The Commission, as directed by the Secure Networks Act, requires all providers of advanced communications service to file an annual report identifying any covered communications equipment or service obtained on or after certain dates. This number of respondents was calculated by the Commission’s Office of Economics and Analytics (OEA) as part of the cost-benefit analysis contained in the *Second Report and Order* adopted on December 10, 2020.¹

(2) Frequency of response: Annually. The initial report is due within 90 days of OEA issuing a public notice announcing the availability of a new reporting platform and then thereafter by March 31st, reporting information as of December 31st of the previous year.

(3) Total number of responses per respondent: 1

(4) Estimated time per response: 3.5 hours

(5) Total annual hour burden: 12,250

3.5 hours per respondent for 3,500 respondents filing annually. Total annual hour burden is calculated as follows:

3,500 respondents x 1 report per respondent = 3,500 responses x 3.5 hours = **12,250 total annual hours.**

(6) Total estimate of in-house cost to respondents: \$626,587.50 (12,250 hours x \$51.15).

(7) Explanation of calculation: We estimate it will take 3.5 hours to ascertain the relevant information, log in, complete the relevant lines of the interactive template, and electronically submit the filing. Assuming that respondents use personnel comparable in pay to a junior-level federal employee (GS12, Step 5), we estimate the cost to be about \$51.15 per hour per filing. Accordingly, we calculate the total estimate of in-house cost to respondents as follows: 3,500 (responses) x 3.5 hours (per response) x 1 (frequency of response each year) x \$51.15/hour = \$626,587.50.

¹ See *Second Report and Order* at para. 220 n.627.

Protecting National Security Through FCC Programs

3060-1270
June 2023

Burden on Respondents	Number of Respondents	Frequency of Responses	Total Number of Responses	Time per Response (Hours)	Total Annual Burden Hours	In-House Cost to Respondents
a. FCC Form 5640 Ownership Change Notification	75	1	75	1	75	\$4,562.25
b. § 1.50004(c) FCC Form 5640 Application Requests for Funding	300	1	300	6	1,800	\$78,684
c. § 1.50004(d)(1) Opportunity to Cure Deficiency	63	1	63	2	126	\$6,444.90
d. § 1.50004(g) FCC Form 5640 Reimbursement Claim Requests	126	10	1,260	1	1,260	\$36,338.40
e. § 1.50004(g) FCC Form 5640 Extension of Reimbursement Claim Deadline	63	1	63	1	63	\$1,816.92
f. § 1.50004(h)(2) FCC Form 5640 Term Extension Requests	63	1	63	4	252	\$15,329.16
g. § 1.50004(j) Disposal Requirements— Documentation Retention	126	1	126	6	756	\$21,803.04
h. § 1.50004(k) FCC Form 5640 Status Updates	126	4	504	2	1,008	\$51,559.20
i. § 1.50004(l) FCC Form 5640 Spending Reports	126	2	252	4	1,008	\$51,559.20
j. § 1.50004(m) FCC Form 5640 Final Certification and Updates	126	2	252	0.5	126	\$3,633.84
k. § 1.50004(n) Documentation Retention Requirement	126	1	126	12	1,512	\$43,606.08
l. § 1.50007 FCC Form 5641 Reports on Covered Communications Equipment or Services	3,500	1	3,500	3.5	12,250	\$626,587.50

TOTALS:**Total Number of Unique Respondents: 3,500****Total Number of Responses Annually: 6,584****Total Annual Hourly Burden for requirements (a)-(l): 20,236****Total Annual In-house Costs to respondents: \$941,924.49**

13. *Estimates for the cost burden of the collection to respondents.* With one exception, respondents should not incur any outside capital and start-up costs and/or operation and maintenance cost and purchase of services cost in connection with these information collection requirements. We anticipate that respondents (numbering 126) will require outside assistance to complete the Application Request for Funding requirement contained in section 1.50004(c) of the Commission's rules. Respondents will likely need to consult with an engineer (\$250/hr.) to assess existing equipment and recommend modifications to complete the removal, replacement, and disposal process. We estimate the engineering consultation requires an average of 15 hours. The Application Request for Funding will be a one-time filing. Therefore, the external cost is as follows:

126 respondents x 1 response x 15 hours/response x \$250/hour (consultant) = \$472,500.

Total Annual Cost (external): \$472,500

14. *Estimates of the cost burden to the Commission.* There will be few, if any, additional costs to the Commission because regulatory compliance requirements are already part of Commission duties. Moreover, there will be minimal cost to the federal government because an outside party will administer the reimbursement program and develop the intake portal for respondents' submissions.

Total Annual Cost to the Commission: \$0.

15. *Program changes or adjustments.* Although we are proposing to increase the information to be collected here, this submission reflects a **decrease** in the estimated total annual responses, total annual burden hours, and total annual costs for this collection. These adjustments are due to a reduction of the number of respondents for several categories of information to be collected, based on our experience with the program since this collection was first approved. Initially, we estimated that as many as 300 respondents would receive funding under the Reimbursement Program, and up to that number of entities would thus be required to respond to items (c)-(k) of this collection. However, only 126 funding allocations have actually been approved by the FCC, reducing the number of responses for items (c)-(k), the total burden hours, and total annual costs accordingly. As a result, the total annual responses decreased from 10,325 to 6,584 (-3,741), total

annual burden hours decreased from 27,475 to 20,236 (-7,239) and the total annual costs decreased from \$1,125,000 to \$472,500 (-\$652,500).

16. *Collections of information whose results will be published.* While the Commission plans to make the submitted information available for public inspection unless as otherwise indicated herein, the Commission does not plan to publish the results of the information collections but may release a summary of aggregated information results.

17. *Display of expiration date for OMB approval of information collection.* There is no paper form associated with this information collection; it will be collected electronically through an online portal. The Commission seeks 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 portal 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 for Paperwork Reduction Act Submissions.*

There are no exceptions to the Certification Statement.

B. Collections of Information Employing Statistical Methods:

No statistical methods will be employed.