

SUPPORTING STATEMENT

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

A. Justification:

1. *Circumstances that make collection necessary.* The Telecommunications Act of 1996 (1996 Act) directed the Commission to initiate a rulemaking to reform our system of universal service so that universal service is preserved and advanced as markets move toward competition. To fulfill that mandate, based on the recommendations of the Federal-State Joint Board on Universal Service, the Commission adopted a Report and Order in CC Docket No. 96-45 on May 7, 1997 to implement the congressional directives set out in section 254 of the Communications Act of 1934, as amended by the 1996 Act. In a Report and Order (released July 18, 1997), the Commission appointed the National Exchange Carrier Association, Inc. (NECA) the temporary administrator of the universal service support mechanisms, subject to its creating a separate subsidiary, the Universal Service Administrative Company (USAC), to administer the support programs. The Commission also directed NECA, as a condition of its appointment as temporary administrator, to create two unaffiliated corporations to administer portions of the schools and libraries and rural health care programs. NECA established the Schools and Libraries Corporation (SLC) and the Rural Health Care Corporation (RHCC).

In connection with supplemental appropriations legislation enacted on May 1, 1998, Congress directed the Commission to establish a single entity to administer federal universal service. In a May 8, 1998 Report to Congress, the Commission proposed that, by January 1, 1999, USAC would serve as the single entity responsible for administering all of the universal service support mechanisms including the schools and libraries and rural health care support mechanisms.

On November 20, 1998, the Commission released an Order¹ directing the merger of SLC and RHCC into USAC as the single entity responsible for administering the universal service support mechanisms as of January 1, 1999. The Order adopted rules that govern USAC following the required merger. Although initially the Commission established that the USAC Board of Directors be comprised of "17 directors that will represent a cross-section of industry and beneficiary interests,"² the Commission increased the size to

¹ In the Matter of changes to the Board of directors of the National Exchange Carrier Association, Inc. and Federal-State Joint Board on Universal Service, *Third Report and Order in CC Docket No. 97-21, Fourth Order on Reconsideration in CC Docket No. 97-21, and Eighth Order on Reconsideration in CC Docket No. 96-45*, FCC 98-306, released November 20, 1998 (*Order*).

² *Federal-State Joint Board on Universal Service; Changes to the Board of Directors of the National Exchange Carrier Association*, CC Docket Nos. 96-45, 97-21, Report and Order and Second Order on Reconsideration, 12 FCC Rcd 18400, 18420-23, para. 33 (1997) (*Second Order on Reconsideration*).

19 members in 1998³ and added a Tribal member in 2023.⁴

Pursuant to 47 CFR Section 54.703 industry and non-industry groups may submit to the Commission for approval nominations for individuals to be appointed to the USAC Board of directors. See 47 CFR 54.703.

The USAC Board currently consists of the following twenty members: (i) three incumbent local exchange carrier representatives (one director representing the Bell Operating Companies and GTE, one director representing ILECs (other than the Bell Operating Companies) with annual operating revenues in excess of \$40 million, and one director representing ILECs (other than the Bell Operating Companies) with annual operating revenues of \$40 million or less); (ii) two interexchange carrier director representing interexchange carriers, with one director representing interexchange carriers with more than \$3 billion in annual operating revenues and one director representing interexchange carriers with annual operating revenues of \$3 billion or less; (iii) one commercial mobile radio service(CMRS) providers; (iv) one competitive local exchange carrier representative; (v) one cable operator representative; (vi) one information service representative; (vii) three schools representatives; (viii) one library representative; (vix) two rural health care provider representatives; (x) one low income consumer representative; (xi) one state telecommunications regulator; (xii) one state consumer advocate representative; (xiii) one Tribal representative; and (xiv) the Chief Executive Office of USAC.

47 CFR Sections 54.719-54.725 contain the procedures for Commission review of USAC decisions, including the general filing requirements pursuant to which parties must file requests for review. Under section 54.719 of the Commission's rules, any person seeking review of an action taken by USAC, as defined by sections 54.701, 54.703, or 54.705 of the Commission's rules, must first seek review from USAC. See 47 CFR 54.719. After USAC issues a decision on an initial request for review, parties may seek review from the Commission. An affected party would be permitted to file a petition for Commission review with the Bureau within sixty days of an action taken by USAC. The appellant must state specifically its interest in the matter presented for review. The appellant also must provide the Commission with a full statement of relevant, material facts with supporting affidavits and documentation. In addition, the appellant must state concisely the question presented for review, with reference, where appropriate, to the relevant Commission rule, Commission order, or statutory provision. The appellant also must state the relief sought and the relevant statutory or regulatory provision pursuant to which such relief is sought. If an appellant alleges prohibited conduct by a third party, the appellant shall serve a copy of the appeal on such third party, who shall have an opportunity to file an opposition. Similarly, appellants shall serve on USAC a copy of the appeal of a USAC decision filed with the Commission. See 47 CFR Sections 54.719-54.725.

³ *Federal-State Joint Board on Universal Service; Changes to the Board of Directors of the National Exchange Carrier Association*, CC Docket Nos. 96-45, 97-21, Third Report and Order in CC Docket No. 97-21, Fourth Order on Reconsideration in CC Docket No. 97-21, and Eighth Order on Reconsideration in CC Docket No. 96-45, 13 FCC Rcd 25058, 25071-74, paras. 22-29 (1998) (*USAC Appointment Order*) (adding a second board member representing rural health care providers and a seat on the board for the USAC Chief Executive Officer); see 47 C.F.R. § 54.703(b).

⁴ *Schools and Libraries Universal Service Support Mechanism; Federal-State Joint Board on Universal Service; Changes to the Board of Directors of the National Exchange Carrier Association*, CC Docket Nos. 02-6, 96-45, 97-21, Report and Order and Further Notice of Proposed Rulemaking, FCC 23-56, paras. 34-35 (2023).

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

The statutory authority for this collection is contained in: Sections 1-4, 201-205, 218-220, 254, 303(r), 403 and 405 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154, 201-205, 218-220, 254, 303(r), 403 and 405.

2. The information is used by the Commission to select USAC's Board of Directors and to ensure that requests for review are filed properly with the Commission. The information requested is not otherwise available. Without such information, the Commission could not appoint a representative body to USAC's Board of Directors nor resolve requests for review and, therefore, could not fulfill its statutory responsibility in accordance with the Communications Act of 1934, as amended.

3. Respondents submit nominations and appeals to the Commission via the Electronic Commission Filing System (ECFS), which is publicly accessible.

4. Each industry and non-industry group is encouraged to reach a consensus and submit a single candidate for the USAC Board of Directors. Under the Commission's rules, any party affected by a decision issued by USAC will have the right to file a request for review with the Commission.

5. 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 that absolutely necessary for evaluating nominations and requests for review.

6. Industry or non-industry groups are required to submit nominations to the Commission 60 days prior to the expiration of board members' terms. If a Board member vacates his or her seat before the end of the three-year term, the relevant industry or non-industry group will submit a replacement nominee to the Commission. Board members will be chosen by the Chairman of the Commission. The filing of requests for review is voluntary.

7. There are no special circumstances with this collection of information.

8. A 60-day notice was published in the Federal Register as required by 5 CFR 1320.8(d) on April 24, 2024 (89 FR 31205). No PRA comments were received.

9. The Commission does not anticipate providing any payments or gifts to respondents. Some respondents, however, may receive universal service support payments based on the Commission's rules.

10. The Commission is not requesting that respondents submit confidential information to the Commission. To the extent a respondent seeks to include confidential information in connection with the voluntary appeal of an Administrator's decision, it may request confidential treatment of any such information. Requests for confidentiality will be addressed consistent with 47 CFR §§ 0.457 and 0.459.

11. This request does not address any private matters of a sensitive nature.

12. **a. Submission of Nominations for USAC's Board of Directors:**

i. Number of respondents: 13 different groups are required to submit 19 nominations.
ii. Frequency of response: Once every three years. USAC board members serve three year terms, with one-third of the positions becoming open each year. Parties must therefore report nominations once every three years.

iii. Annual burden per respondent: 20 hours. The total annual hour burden is **126 hours**.

iv. Total estimate of annualized "in-house" costs to respondents for the hour burdens for collection of information: \$10,332. Assuming that respondents use personnel comparable in pay and status of a senior level federal government employee, this cost is estimated to be \$82 per hour, including administrative costs, to comply with this requirement.

v. Explanation of calculation: Because one-third of the 19 positions are open each year, we estimate that it will take 6.3 different industry and non-industry groups approximately 20 hours to determine a nominee. 6.3 (number of respondents) \times 1 (number of submissions required per year) \times 20 hours \times $\$82$ per hour, including administrative costs = $\$10,332$.

b. Submissions of appeals:

i. Number of respondents: Approximately 1,400.

ii. Frequency of response: Occasional.

iii. Annual burden per respondent: 20 hours. The total annual hour burden is **28,000 hours**.

iv. Total estimate of annualized "in-house" costs to respondents for the hour burdens for collection of information: \$2,296,000. Assuming that respondents use personnel comparable in pay and status of a senior level federal government employee, this cost is estimated to be \$82 per hour, including administrative costs, to comply with this requirement.

v. Explanation of calculation: We estimate that it will take 1,400 respondents approximately 20 hours to draft an appeal. $1,400$ (number of respondents) \times 20 hours \times $\$82$ per hour, including administrative costs = $\$2,296,000$.

Total Number of Respondents and Responses: $13 + 1,400 = 1,413$ respondents/responses.

Total Annual Burden: $126 + 28,000 = 28,126$ hours.

Total In-House Costs: $\$10,332 + \$2,296,000 = \$2,306,332$.

13. The Commission estimates that there will be no capital or start-up costs for any of these requirements. We do not believe that these requirements will necessitate any additional equipment. We estimate that there will be no operation, maintenance, or purchase of services costs for these requirements.

14. There will be few, if any additional costs to the Commission because oversight of the universal service programs and fund are already part of Commission duties. Moreover, there will be minimal cost to the Federal government since an outside party administers the program.

15. The Commission is reporting a minor program change to this collection to reflect the addition of a Tribal board member. This program change will result in an increase of the total number of respondents and responses from 12 to 13 (+1) and an increase in annual burden hours of +6 hours. This increase in burden hours is offset by an adjustment of -120 hours to correct the frequency of responses (only one-third of the board seats are up for nomination annually). This adjustment results in a decrease of -114 burden hours. Because more entities are availing themselves of the opportunity to appeal USAC decisions, there has been an increase in the number of appeals since the last reporting period. An additional adjustment is reported to reflect this increase. Specifically, there was an increase from 545 to 1,400 (+855) appeals, and an increase in annual burden hours from 17,440 to 28,000 (+10,560).

Thus, for this collection, the program changes account for an increase in the total number of responses from 12 to 13 (+1) and an increase in burden hours from 240 to 246 (+6). The adjustments account for an increase in the total number of responses from 545 to 1,400 (+855) and an overall increase in annual burden hours from 17,680 to 28,126 (+10,446).

16. The information collected is publicly filed through the Commission's electronic filing system.

17. The Commission does not intend to seek approval not to display the expiration date for OMB approval of the information collection.

18. There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods:

No statistical methods are employed.