

long as they are disclosed as provided in the Commission's rules.

B. Initial Paperwork Reduction Act Analysis

5. This NPRM may modify an information collection. As part of a continuing effort to reduce paperwork burdens, we invite the general public and the Office of Management and Budget (OMB) to take this opportunity to comment on the information collections contained in this NPRM, as required by the Paperwork Reduction Act of 1995, Public Law 104-13. Public and agency comments are due at the same time as other comments on this Notice; OMB comments are due August 18, 2003. Comments should address: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimates; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology.

C. Initial Regulatory Flexibility Analysis

6. As required by the Regulatory Flexibility Act (RFA), the Commission has prepared this Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on small entities by the policies and rules proposed in this NPRM. Written public comments are requested on this IRFA. Comments must be identified as responses to the IRFA and must be filed by the deadlines for comments on the NPRM provided below in section I.D. The Commission will send a copy of the NPRM, including this IRFA, to the Chief Counsel for Advocacy of the Small Business Administration. In addition, the NPRM and IRFA (or summaries thereof) will be published in the **Federal Register**.

1. Need for and Objectives of the Proposed Rules

7. On December 21, 2000, the Commission requested the Joint Board to review the Lifeline/Link-Up program for all low-income consumers. The Joint Board subsequently released a public notice seeking comment on the Lifeline/Link-Up program. On April 2, 2003, the Joint Board released its recommendations regarding modifications to the Lifeline/Link-Up program. This NPRM seeks comment on the Joint Board's recommendations.

8. Since its inception, the Lifeline/Link-Up program has provided support for telephone service to millions of low-income consumers. Despite this success, the Commission believes that the program can be further improved. For example, expanding the current federal default eligibility criteria to add an income-based criterion of 135% of the Federal Poverty Guidelines (FPG) and additional means-tested programs would allow the Lifeline/Link-Up program to adapt to the changes resulting from "The Personal Responsibility and Work Opportunity Reconciliation Act" (PROWRA) and would otherwise address issues associated with receiving public assistance. Permitting eligibility based solely on income responds to concerns that PROWRA has caused decreased enrollment in welfare assistance programs. Participants in means-tested programs must meet income-based eligibility criteria that vary by program. Requiring participation in such programs or utilizing income-based criteria ensures that only low-income consumers are eligible for Lifeline/Link-Up support.

9. Adding certification for income-based eligibility and verification requirements for program and income-based eligibility would ensure that only eligible low-income individuals receive benefits, thereby preventing fraud and abuse. Adopting outreach guidelines would facilitate the marketing of the Lifeline/Link-Up program to eligible individuals and increase telephone subscribership among low-income households. Finally, issuing a survey form would enable the Commission to gather data and information from states regarding the administration of Lifeline/Link-Up programs. The Commission believes that these proposed modifications to the Lifeline/Link-Up program may increase Lifeline/Link-Up subscription rates and make phone service affordable to more low-income individuals and families.

2. Legal Basis

10. The legal basis as proposed for this NPRM is contained in sections 4(i), 4(j), 201-205, 214, 254, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. 4(i), 4(j), 201-205, 214, 254, 403.

3. Description and Estimate of the Number of Small Entities to Which the Proposed Rules Will Apply

11. The RFA directs agencies to provide a description of, and where feasible, an estimate of the number of small entities that may be affected by the proposed rules, if adopted. The RFA

generally defines the term "small entity" as having the same meaning as the terms "small business," "small organization," and "small governmental jurisdiction." In addition, the term "small business" has the same meaning as the term "small business concern" under the Small Business Act. A "small business concern" is one which: (1) Is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the Small Business Administration (SBA).

12. The Commission's decision to adopt certification and verification requirements, and its use of a voluntary survey, would apply to service providers that provide services to qualifying low-income consumers who receive Lifeline/Link-Up support. According to the Universal Service Administrative Company's (USAC) 2002 Annual Report, only local exchange carriers, cellular/personal communications services (PCS) providers, and competitive access providers would be subject to these requirements. Because many of these service providers could include small entities, the Commission expects that the proposal in this proceeding could have a significant economic impact on local exchange carriers, small incumbent local exchange carriers, cellular/PCS providers, and competitive access providers that are small entities.

13. *Small Incumbent Local Exchange Carriers*. The Commission has included small incumbent local exchange carriers in this present RFA analysis. As noted above, a "small business" under the RFA is on that, *inter alia*, meets the pertinent small business size standard (e.g., a telephone communications business having 1,500 or fewer employees), and "is not dominant in its field of operation." The SBA's Office of Advocacy contends that, for RFA purposes, small incumbent local exchange carriers are not dominant in their field of operation because any such dominance is not "national" in scope. The Commission has therefore included small incumbent local exchange carriers in this RFA analysis, although we emphasize that this RFA action has no effect on Commission analyses and determinations in other, non-RFA contexts.

14. *Local Exchange Carriers, Small Incumbent Local Exchange Carriers, Competitive Access Providers*. Neither the Commission nor the SBA has developed a size standard specifically for small providers of local exchange services. The closest applicable size standard under the SBA rules is for wired telecommunications carriers. This