A BILL TO REQUIRE THE COMPTROLLER GENERAL OF THE UNITED STATES TO CONDUCT A STUDY AND SUBMIT A REPORT ON FILING REQUIREMENTS UNDER THE UNIVERSAL SERVICE FUND PROGRAMS

REPORT
OF THE
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
ON
S. 875

DECEMBER 11, 2017.—Ordered to be printed
A BILL TO REQUIRE THE COMPTROLLER GENERAL OF THE UNITED STATES TO CONDUCT A STUDY AND SUBMIT A REPORT ON FILING REQUIREMENTS UNDER THE UNIVERSAL SERVICE FUND PROGRAMS

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Mr. THUNE, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 875]

[Including cost estimate of the Congressional Budget Office]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 875) to require the Comptroller General of the United States to conduct a study and submit a report on filing requirements under the Universal Service Fund programs, having considered the same, reports favorably thereon with an amendment (in the nature of a substitute) and recommends that the bill (as amended) do pass.

PURPOSE OF THE BILL

S. 875 would direct the Government Accountability Office (GAO) to study the various filing requirements the Federal Communications Commission (FCC) and Universal Service Administrative Company (USAC) impose on companies receiving Universal Service Fund (USF) support. The GAO would be required to submit a report assessing the financial impact of these filings and recommending how to consolidate any redundant filing requirements. S. 875 also would require the FCC to incorporate the GAO report in an FCC rulemaking regarding consolidation of redundant filing requirements. The FCC also would be required to consider whether any recommendation would affect the FCC’s ability to prevent and take enforcement action against waste, fraud, and abuse.

BACKGROUND AND NEEDS

The FCC’s USF supports four main programs: the Connect America Fund which provides support for wireline providers and,
through the Mobility Fund, for mobile providers, in rural areas; lifeline, which provides support for low-income consumers for fixed or mobile service; Schools and Libraries, also known as E-Rate, which supports broadband for schools and libraries; and Rural Health Care, which supports broadband for health care providers. The USF is administered by the USAC, which distributes almost $10 billion in USF support annually.1

Participants in programs funded by the USF are required to submit a wide variety of reports to both the FCC and to USAC annually.2 For example, Cordova Telephone Cooperative, Inc., a small rural telephone cooperative providing wireline and wireless service covering approximately 4,000 square miles in Alaska with a population of just over 2,000, reported that, in 2014, it was required to submit 91 regulatory filings to the FCC and USAC.3 Many of those filings required the use of outside consultants. A comprehensive review of these varied filing requirements may identify redundancies, unnecessary collections, or overly burdensome requirements not justified by their contribution to the operation of the fund or the prevention of waste, fraud, and abuse.

LEGISLATIVE HISTORY

S. 875 was introduced on April 6, 2017, by Senator Sullivan and was referred to the Committee on Commerce, Science, and Transportation of the Senate. On June 29, 2017, the Committee met in open Executive Session and, by a voice vote, ordered S. 875 reported favorably with an amendment (in the nature of a substitute). Senator Sullivan offered a substitute amendment that was adopted by the Committee.

A similar bill, H.R. 3523, was introduced in the House of Representative by Representative Don Young on July 27, 2017, and referred to the Committee on Energy and Commerce of the House of Representatives.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

S. 875—A bill to require the Comptroller General of the United States to conduct a study and submit a report on filing requirements under the Universal Service Fund programs

S. 875 would require the Government Accountability Office (GAO) to undertake a study and produce a report on consolidating filing requirements for participants in Universal Service Fund (USF) programs. Under the bill, the Federal Communications Commission (FCC) would be required to initiate a rulemaking that in-

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cludes recommendations from the GAO report and an analysis of whether the benefits of consolidated filing outweigh the potential risks of increased waste, fraud, and abuse in the USF program.

Based on an analysis of information from the FCC, CBO estimates that implementing the provisions of S. 875 would require four additional employees and cost $1 million over the 2018–2022 period for FCC to conduct the rulemaking and to produce the required analysis. However, under current law, the FCC is authorized to collect fees sufficient to offset the costs of its regulatory activities each year; therefore, CBO estimates that the net cost to the FCC to implement S. 875 would be negligible, assuming appropriation actions consistent with that authority. Based on the costs of similar reports produced by GAO, CBO estimates that the costs to the agency to conduct the required analysis and report would not be significant.

Enacting S. 875 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting S. 875 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

S. 875 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

If the FCC increases annual fee collections to offset the costs of the rulemaking and analysis required by the bill, S. 875 would increase the cost of an existing private-sector mandate on commercial entities required to pay those fees. Based on information from the FCC, CBO estimates that the incremental cost of the mandate would be small—no more than about $1 million over the 2018–2022 period—and would fall well below the annual threshold established in UMRA for private-sector mandates ($156 million in 2017, adjusted annually for inflation).

The CBO staff contacts for this estimate are Stephen Rabent (for federal costs) and Logan Smith (for private-sector mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported:

NUMBER OF PERSONS COVERED

The bill would only apply to those persons already subject to filing requirements associated with the USF, and is intended to reduce those filing requirements. The bill would have no effect on the number or types of individuals and businesses regulated in the United States.

ECONOMIC IMPACT

By reducing duplicative, unnecessary, and unduly burdensome reporting requirements, the bill is expected to have a positive economic impact.
PRIVACY

The bill is not expected to have an adverse effect on the personal privacy of any individuals.

PAPERWORK

The Committee does not anticipate an increased paperwork burden on regulated entities as a result of this bill.

CONGRESSIONALLY DIRECTED SPENDING

In compliance with paragraph 4(b) of rule XLIV of the Standing Rules of the Senate, the Committee provides that no provisions contained in the bill, as reported, meet the definition of congressionally directed spending items under the rule.

SECTION-BY-SECTION ANALYSIS

Section 1. Study and report on filing requirements under Universal Service Fund programs.

This section would define terms used in the bill and would require the GAO, within 18 months of enactment of S. 875, to do the following: conduct a study analyzing the filing requirements for covered carriers participating in USF programs, including any filings required by the USAC; analyze the financial impact of those filing requirements on those carriers; and make recommendations, if any, on how to consolidate redundant filing requirements on those carriers. The GAO would be required to submit the study to the FCC, the Committee, and the Committee on Energy and Commerce of the House of Representatives. The Committee understands that, under the bill, the GAO is not required to study or consider filing requirements imposed upon specified carriers by the National Exchange Carrier Association (NECA). Nonetheless, the Committee believes that the GAO may still consider all relevant NECA reporting requirements in assessing opportunities to streamline FCC and USAC reporting requirements.

Within 60 days of receiving the report developed by the GAO, the FCC would be required to initiate a rulemaking regarding, or to include in an ongoing rulemaking, GAO’s recommendations, if any, to consolidate redundant filing requirements. The FCC also would be required to seek comment on whether the benefit of each recommendation is outweighed by any potential increased risk of waste, fraud, and abuse. In the event the FCC has completed a rulemaking to consolidate redundant filing requirements for carriers participating in USF programs before the GAO report is submitted to the FCC, the FCC would not be required to conduct a new rulemaking. The Committee believes that the FCC’s July 7, 2017, report and order in WC Docket Nos. 10-90 and 14-58 (FCC 17-87), which streamlined the annual reporting requirements for eligible telecommunications carriers receiving high-cost universal service support, does not constitute the broad review of all USF programs envisioned by S. 875.
CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee states that the bill as reported would make no change to existing law.