

compliance to assemble the necessary equipment, for a total of 10,000 burden hours. Staff also estimates that the companies that already have recordkeeping systems would require only one hour to comply with the proposed recordkeeping requirements, for a total burden estimate of 49,900 hours. The Commission is requesting that this figure be rounded up to 50,000 hours. A burden estimate of 50,000 hours, which is a yearly estimate, would allow approximately 100 new companies to enter the industry during each succeeding year without requiring the Commission to modify the burden estimate.

The Commission's February 14, 1995 Application to OMB did not request clearance for the various disclosure requirements contained in the proposed Telemarketing Rule. The Commission is now submitting these disclosure requirements to OMB for clearance. The primary purpose of the rule's disclosure requirements is to assist in preventing deceptive and abusive telemarketing acts or practices by ensuring that customers are informed of the purpose of the call and the terms and conditions of the potential sale.

Specifically, the revised proposed rule requires sellers or telemarketers to disclose the identity of the seller; the purpose of the call; the nature of goods or services; and that no purchase is necessary to win if a prize promotion is offered in conjunction with a sales offer of goods or services. If requested, the telemarketer must also disclose the no-purchase entry method of the prize promotion.

Staff estimates that 40,000 industry members make approximately 9 billion calls per year, or 225,000 calls per year per company. However, sections 310.6(d) and (e) provide that if an industry member chooses to solicit consumers by using advertising media other than direct mail or by using direct mail solicitations that make certain required disclosures, they are exempted from complying with other disclosures required by the rule. Because the burden of complying with written disclosures is much lower than the burden of complying with all the rule's provisions, staff estimates that at least 9,000 firms will choose to adopt marketing methods that exempt them from oral disclosure requirements. Staff estimates that it will take 7 seconds for callers to disclose the

required information. Staff also estimates that at least 60% result in "hang-ups" before the seller or telemarketer can make all the required oral disclosures. Staff estimates that hang-up calls last for only 2 seconds. Accordingly, staff estimates that the total disclosure burden of these requirements is approximately 250 hours per firm or 7.75 million hours.

The revised proposed rule also requires additional disclosures before the customer pays for goods or services. Specifically, the sellers or telemarketers must disclose the total costs to purchase, receive, or use the offered goods or services; all material restrictions; all material terms and conditions of the seller's refund, cancellation, exchange, or repurchase policies if a representation about the policy is part of the sales offer; and that no purchase is necessary to win if a prize promotion is offered in conjunction with a sales offer of goods or services. The telemarketer must disclose the non-purchase entry method for the prize promotion. Staff estimates that approximately 10 seconds is necessary to make these required disclosures. However, these disclosures need only be made where a call results in an actual sale. Staff estimates that sales occur in approximately 6 percent of telemarketing calls. Accordingly, the estimated burden for the disclosures is 37.5 hours per firm or 1.163 million hours.

Alternately, the disclosures required before the customer pays for goods or services may be *in writing*. As discussed above, staff estimates that approximately 9,000 firms will choose to comply with this optional written disclosure requirement. Although this burden estimate is difficult to quantify, mailing campaigns appear to be much less burdensome for firms than are individual oral disclosures. Staff also finds that these disclosure requirements are closely consistent with the ordinary business practices of most members of the industry. Nonetheless, staff has no reliable data from which to conclude that there is *no* separately identifiable burden associated with this provision. Therefore, staff estimates that a typical firm will spend approximately 10 hours per year engaged in activities ensuring compliance with this provision of the rule, for an estimated burden estimate of 90,000 hours.

Total Yearly Burden

Based on these figures, staff estimates the total yearly burden of the proposed rule to be 9,053,000 hours (50,000 recordkeeping hours + 9,003,000 disclosure hours). The basis for this estimate is described in more detail in the Supporting Statement submitted with the Amended Request for OMB Review.

DATES: Comments on this application must be submitted on or before June 30, 1995.

ADDRESSES: Send comments both to Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3228, Washington, DC 20503, ATTN: Desk Officer for the Federal Trade Commission, and to the Office of the Secretary, Room 159, Federal Trade Commission, Washington, DC 20580. Copies of the submission to OMB may be obtained from the Public Reference Section, Room 130, Federal Trade Commission, Washington, DC 20580.

FOR FURTHER INFORMATION CONTACT: David M. Torok, Attorney, Bureau of Consumer Protection, Division of Marketing Practices, Federal Trade Commission, Washington, DC 20580, (202) 326-3140.

Donald S. Clark,
Secretary.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

Agency Information Collection Under OMB Review

Title: Monthly "FLASH" Report of Selected AFDC Program Data.

OMB No.: 0970-0071.

Description: The information collected by use of this form is used to monitor program trends and serves as advanced indicators of program activity and costs. The affected public is comprised of State and local agencies administering AFDC programs. The forms are completed by State agencies administering AFDC programs.

Respondents: State and Local governments.