

and secondary schools and libraries, an elementary school is generally "a non-profit institutional day or residential school that provides elementary education, as determined under state law." A secondary school is generally defined as "a non-profit institutional day or residential school that provides secondary education, as determined under state law," and not offering education beyond grade 12. For-profit schools and libraries, and schools and libraries with endowments in excess of \$50,000,000, are not eligible to receive discounts under the program, nor are libraries whose budgets are not completely separate from any schools. Certain other statutory definitions apply as well. The SBA has defined as small entities elementary and secondary schools and libraries having \$6 million or less in annual receipts. In Funding Year 2 (July 1, 1999 to June 20, 2000) approximately 83,700 schools and 9,000 libraries received funding under the schools and libraries universal service mechanism. Although we are unable to estimate with precision the number of these entities that would qualify as small entities under SBA's size standard, we estimate that fewer than 83,700 schools and 9,000 libraries might be affected annually by our action, under current operation of the program.

b. Telecommunications Service Providers

72. We have included small incumbent local exchange carriers in this RFA analysis. A "small business" under the RFA is one 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. We have therefore included small incumbent carriers in this RFA analysis, although we emphasize that this RFA action has no effect on the Commission's analyses and determinations in other, non-RFA contexts.

73. *Local Exchange Carriers and 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 provides that a wired telecommunications carrier is a small entity if it employs no more than 1,500

employees. According to the most recent Commission data there are 1,619 local services providers with 1,500 or fewer employees. Because it seems certain that some of these carriers are not independently owned and operated, we are unable at this time to estimate with greater precision the number of these carriers that would qualify as small business concerns under SBA's size standard. Of the 1,619 local service providers, 1,024 are incumbent local exchange carriers, 411 are Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs), 131 are resellers and 53 are other local exchange carriers. Consequently, we estimate that no more than 1,619 providers of local exchange service are small entities that may be affected.

74. *Interexchange Carriers.* Neither the Commission nor the SBA has developed a size standard of small entities specifically applicable to providers of interexchange services (IXCs). The closest applicable size standard under the SBA rules is for wired telecommunications carriers. This provides that a wired telecommunications carrier is a small entity if it employs no more than 1,500 employees. According to the most recent Commission data regarding the number of these carriers nationwide of which we are aware, there are 181 IXCs with 1,500 or fewer employees. Because it seems certain that some of these carriers are not independently owned and operated, we are unable at this time to estimate with greater precision the number of these carriers that would qualify as small business concerns under SBA's size standard. Therefore, we estimate that the majority of those 181 IXCs may be affected by our action.

75. *Cellular and Other Wireless Telecommunications.* The SBA has developed a small business size standard for Cellular and Other Wireless Telecommunications, which consists of all such firms having 1,500 or fewer employees. According to data for 1997, a total of 977 such firms operated for the entire year. Of those, 965 firms employed 999 or fewer persons for the year, and 12 firms employed 1,000 or more. Therefore, nearly all such firms were small businesses. In addition, we note that there are 1807 cellular licenses; however, a cellular licensee may own several licenses. According to Commission data, 858 carriers reported that they were engaged in the provision of either cellular service, Personal Communications Service (PCS), or Specialized Mobile Radio telephony services, which are placed together in the data. We have estimated that 291 of

these are small under the SBA small business size standard.

76. *Paging.* In the *Paging Second Report and Order*, we adopted a small size standard for "small businesses" for purposes of determining eligibility for special provisions for the auctions held in 2000. For those purposes, a small business was defined as an entity that, together with its affiliates and controlling principals, has average gross revenues not exceeding \$15 million for the preceding three years. The SBA approved this definition. There were 440 licenses sold, and 57 companies claiming small business status won licenses. In addition, at present there are approximately 24,000 Private Paging site-specific licenses and 74,000 Common Carrier Paging licenses. The SBA has developed a small business size standard for Paging, which consists of all such firms having 1500 or fewer employees. According to Commission data, 608 carriers reported that they were engaged in the provision of either paging or "other mobile" services. Of these, we estimate that 589 are small, under the SBA-approved small business size standard. We estimate that the majority of private and common carrier paging providers would qualify as small entities under the SBA definition.

c. Internet Service Providers

77. SBA has developed a small business size standard for Online Information Services. According to SBA regulations, a small business under this category is one having annual receipts of \$21 million or less. According to Census data, there are a total of 2,829 firms with annual receipts of \$9,999,999 or less, and an additional 111 firms with annual receipts of \$10,000,000 or more. Thus, the number of Online Information Services firms that are small under the SBA's \$21 million size standard is between 2,829 and 2,940. Further, some of these Internet Service Providers (ISPs) might not be independently owned and operated. Consequently, we estimate that the great majority of ISPs are small.

d. Vendors of Internal Connections

78. The Commission has not developed a definition of small entities applicable to the manufacturers of internal network connections. The most applicable definitions of a small entity are the size standards under the SBA rules applicable to manufacturers of "Radio and Television Broadcasting and Communications Equipment" (RTB) and "Other Communications Equipment." According to the SBA's regulations, manufacturers of RTB or other communications equipment must have