

750 or fewer employees in order to qualify as a small business. The most recent available Census Bureau data indicates that there are 1,187 establishments with fewer than 1,000 employees in the United States that manufacture radio and television broadcasting and communications equipment, and 271 companies with less than 1,000 employees that manufacture other communications equipment. Some of these manufacturers might not be independently owned and operated. Consequently, we estimate that the majority of the 1,458 internal connections manufacturers are small.

#### 4. Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities

79. There are no additional reporting or recordkeeping requirements relating directly to the decisions in this Order. The decision to have the Universal Service Administrative Company notify applicants of suspension and debarment proceedings, and maintain a list of persons debarred from the program does not add any reporting, recordkeeping, or compliance requirements to small entities.

80. Regarding other compliance burdens, the Order clarifies a compliance requirement that would affect all participating entities, by requiring service providers to allow applicants to choose whether they should be provided with discounted bills or whether they should pay the service provider for the undiscounted price and later be reimbursed. In addition, the Order establishes a time limit for service providers to reimburse the applicant. This potentially could require small service providers to implement accounting systems to allow them to provide such discounts and remit such payments within the required time frame. In the *Schools and Libraries NPRM*, we specifically invited commenters to discuss the impact of such changes on small businesses and schools and libraries that might also be small entities. We find that this would have a positive economic impact on the schools and libraries, including small ones, that cannot afford upfront payments. We are not persuaded that any burden regarding this billing clarification is significant and conclude that it will not be a burden upon small providers that wish to participate in the program to provide applicants with such a choice. Regarding the remittance deadline, we find this will not be a burden to small providers and that it will positively impact schools and

libraries, including small ones, waiting for reimbursement.

#### 5. Steps Taken To Minimize the Significant Economic Impact on Small Entities, and Significant Alternatives Considered

81. The RFA requires an agency to describe any significant alternatives that it has considered in developing its approach, which may include the following four alternatives (among others: “(1) establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance and reporting requirements under the rule for such small entities; (3) the use of performance rather than design standards; and (4) an exemption from coverage of the rule, or any part thereof, for such small entities.”

82. Although there were no comments specifically regarding the IRFA, there were concerns from commenters about how an online eligible services list might impact businesses providing services, and might help small schools and libraries. Consistent with our desire to assist small entities, we have directed USAC to develop a pilot program testing an online list of internal connections equipment that is eligible for discounts and report back to the Commission about its impact.

83. The Order also allows for the funding of discounts for voice mail, a proposal that garnered overwhelming support of commenters. We find that adoption of this proposal would reduce the administrative burden on schools and libraries participating in the program because they would no longer have to segregate out the voice mail portion of their phone bills when they apply for funding. The inclusion of voice mail would have a positive effect on entities that receive discounts for telecommunications in that this commonly used service would now be included in discounts.

84. In addition, we codify an existing policy of less than “30 percent” of a request to include ineligible services. This maintains the status quo.

85. We also extend the time limit for filing an initial appeal with the Schools and Libraries Division and the Commission to 60 days and accept appeals as filed when postmarked based on comments that this would benefit all entities involved in the program. Also, all entities will benefit by the steps we have taken to ensure that all successful appeals will be funded to the extent that they would have been funded had the

discounts been awarded through the normal funding process.

86. Additionally, we direct the Enforcement Bureau to undertake suspension and debarment proceedings for persons convicted of criminal violations or held civilly liable for certain acts arising from their participation in the schools and libraries support mechanism. We have given a suspended or debarred person, or a person that has contracted or intends to contract with a suspended or debarred person to provide or receive services in connection with the schools and libraries support mechanism the opportunity to request that the Commission reverse or reduce the period or scope of suspension or debarment.

87. *Report to Congress:* The Commission will send a copy of the Order, including this FRFA, in a report to be sent to Congress pursuant to the Congressional Review Act, see 5 U.S.C. 801(a)(1)(A). In addition, the Commission will send a copy of the Order, including the FRFA, to the Chief Counsel for Advocacy of the Small Business Administration. A copy of the Order and FRFA (or summaries thereof) will also be published in the **Federal Register**.

#### IV. Ordering Clauses

88. Pursuant to the authority contained in sections 1, 4(i), 4(j), 201–205, 214, 254, and 403 of the Communications Act of 1934, as amended, this Second Report and Order is adopted.

89. Part 54 of the Commission’s rules, 47 CFR part 54, is amended as set forth, effective July 21, 2003, except for §§ 54.500(k), 54.503, 54.507(g)(1)(i) and (g)(1)(ii), 54.514(a), and 54.517(b) will become effective July 1, 2004. In addition, § 54.515(b) contains information collection requirements that have not been approved by the Office of Management Budget (OMB). The Commission will publish a document in the **Federal Register** announcing the effective date of that section.

90. The Commission’s Consumer and Governmental Affairs Bureau, Reference Information Center, shall send a copy of this Second Report and Order, including the Final Regulatory Flexibility Analysis and Initial Regulatory Flexibility Analysis, to the Chief Counsel for Advocacy of the Small Business Administration.

#### List of Subjects

##### 47 CFR Part 0

Classified information, Organization and functions (government agencies),