

implementing section 252(i) which requires local exchange carriers (LECs) to make available to other telecommunications carriers interconnection agreements approved under section 252.

DATES: Comments are due on October 2, 2003 and Reply Comments are due on November 3, 2003.

FOR FURTHER INFORMATION CONTACT:

Jeremy Miller, Attorney-Advisor, Competition Policy Division, Wireline Competition Bureau, (202) 418-1580.

In rule FR Doc. 03-22194 published September 2, 2003 (68 FR 52307) make the following correction.

1. On page 52307, in the first column, in the dates section remove "Reply Comments are due October 23, 2003" and add "Reply Comments are due November 3, 2003" in its place.

Federal Communications Commission.

Marlene H. Dortch,

Secretary.

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OFFICE OF MANAGEMENT AND BUDGET

48 CFR Part 9904

Cost Accounting Standards Board; Accounting for the Costs of Post-Retirement Benefit Plans Sponsored by Government Contractors

AGENCY: Cost Accounting Standards Board, Office of Federal Procurement Policy, OMB.

ACTION: Notice of withdrawal of Advance Notice of Proposed Rulemaking.

SUMMARY: The Office of Federal Procurement Policy (OFPP), Cost Accounting Standards (CAS) Board, is providing public notification of the decision to discontinue the development of a Cost Accounting Standard (CAS) addressing the recognition of costs of post-retirement benefit plans under government cost-based contracts and subcontracts.

FOR FURTHER INFORMATION CONTACT: Robert Burton, Office of Federal Procurement Policy (telephone: 202-395-3302).

SUPPLEMENTARY INFORMATION:

A. Regulatory Process

The Cost Accounting Standards Board's rules, regulations and Standards are codified at 48 CFR Chapter 99. The Office of Federal Procurement Policy Act, 41 U.S.C. 422(g)(1), requires the Board, prior to the establishment of any

new or revised Cost Accounting Standard, to complete a prescribed rulemaking process. The process generally consists of the following four steps:

1. Consult with interested persons concerning the advantages, disadvantages, and improvements anticipated in the pricing and administration of government contracts as a result of the adoption of a proposed Standard.
2. Promulgate an Advance Notice of Proposed Rulemaking (ANPRM).
3. Promulgate a Notice of Proposed Rulemaking (NPRM).
4. Promulgate a Final Rule.

This notice announces the discontinuation of a case after completing steps one and two of the four-step process in accordance with the requirements of 41 U.S.C. 422(g)(1)(B) and (C).

B. Background and Summary

Prior Promulgations

Post-retirement benefit plans have existed for many years, but received little attention until the Financial Accounting Standards Board (FASB) examined the potential liabilities and costs of these plans and issued Statement No. 106, "Employers' Accounting for Post-Retirement Benefits Other Than Pensions" (SFAS 106), in December of 1990. In response to numerous public comments recommending that the CAS Board establish a case concerning the measurement, assignment, and allocation of the costs of post-retirement benefit plans, at a February 24, 1995 meeting, the CAS Board directed the staff to begin work on a Staff Discussion Paper (SDP).

On September 20, 1996, the Board published an SDP, "Post-Retirement Benefit Plans Other Than Pension Plans Sponsored by Government Contractors" (61 FR 49533), identifying the cost accounting issues related to post-retirement benefit plans. On January 12, 1999, the Board sent a letter to all the respondents to the SDP. This letter was also made widely available for public comment on February 18, 1999 (64 FR 8141).

The Board published an ANPRM (65 FR 59503), "Accounting for the Costs of Post-Retirement Benefit Plans Sponsored by Government Contractors," on October 5, 2000.

Public Comments

The Board received twenty-three (23) sets of public comments in response to the ANPRM. Most respondents believed that accrual accounting following the provisions of SFAS 106 was the most appropriate basis for measuring and

assigning the costs of a post-retirement benefit plan that created a firm liability. However, many respondents believed that the imposition of any nonforfeitable criteria, as proposed, could lock a contractor into providing explicit benefits with no ability to control the employer-paid portion of the cost or to switch to alternative benefit delivery arrangements. Moreover, the continuing high level of medical inflation coupled with various economic factors, and global competition, raises the question whether any contractor could risk the adverse effects of providing any level of nonforfeitable benefits. The argument has been made that the only prudent way of providing some assurance that some level of benefit will be available in the future, is for a contractor to currently fund the accrued cost as permitted by existing procurement regulations. Many commenters did not believe the Board should proceed with this project.

Continuing Research

Subsequent to the publication of the ANPRM, the General Accounting Office (GAO) issued a report to the Chairman, Committee on Health, Education, Labor, and Pensions, U.S. Senate, entitled "RETIREE HEALTH BENEFITS—Employer-Sponsored Benefits May Be Vulnerable to Further Erosion" (GAO-01-374) in May 2001. The GAO summarized its findings as follows:

Despite a sustained strong economy and several years of relatively low rates of increase in health insurance premiums, the decline in the availability of employer-sponsored retiree health benefits has not reversed since 1997—the last year for which we had reported previously—and several indicators suggest that there may be further erosion in these benefits. Employer benefit consultants we contacted generally indicated that retiree health benefits were continuing to decline. Two widely cited employer benefit surveys, however, provide conflicting data as to whether the proportion of employers sponsoring retiree health insurance remained stable or declined slightly from 1997 through 2000. In some cases, employers provide retiree health benefits to current retirees or long-term employees, but newly hired employees are not eligible. To date, however, the percentage of retirees with employer-sponsored coverage has remained relatively stable over the past several years, with about 37 percent of early retirees and 26 percent of Medicare-eligible retirees receiving retiree health coverage from a former employer. This stability may also be linked to employers' tendency to reduce coverage for future rather than current retirees. In some cases, employers that continue to offer retiree health benefits have reduced the terms of these benefits by increasing the share of premiums that retirees pay for health benefits, increasing co-payments and