

For additional information, see the direct final rule which is located in the Rules Section of this **Federal Register**.

Dated: June 2, 2003.

Robert W. Varney,

Regional Administrator, EPA New England.

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FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 54

[CC Docket No. 02-6; FCC 03-101]

Schools and Libraries Universal Service Support Mechanism

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: In this document, the Commission seeks comment on additional proposals to further improve the operation of the schools and libraries support mechanism. Specifically, the Commission seeks comment on specific rules and procedures implementing the Commission's policy to carry forward unused funds from the schools and libraries support mechanism in subsequent funding years of the schools and libraries support mechanism adopted in the First Report and Order adopted in this docket.

DATES: Comments are due on or before July 21, 2003. Reply comments are due on or before August 19, 2003.

ADDRESSES: All filings must be sent to the Commission's Secretary, Marlene H. Dortch, Office of the Secretary, Federal Communications Commission, 445 12th Street, SW., Washington, DC 20554. See Supplementary Information for further filing instructions.

FOR FURTHER INFORMATION CONTACT: Jonathan Secrest and Katherine Tofigh, Attorneys, Telecommunications Access Policy, Wireline Competition Bureau, (202) 418-7400.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Further Notice of Proposed Rulemaking in CC Docket No. 02-6, FCC 03-101, released on April 30, 2003. This Further Notice of Proposed Rulemaking was also released with a companion Second Report and Order (Second Order). The full text of this document is available for public inspection during regular business hours in the FCC Reference Center, Room CY-A257, 445 12th Street, SW., Washington, DC 20554.

I. Introduction

1. After consideration of many of the important issues raised in the comments to the *Schools and Libraries NPRM*, 67 FR 7327, February 19, 2002, we find that it is appropriate to seek further comment on several additional matters. Therefore, in the Further Notice of Proposed Rulemaking (FNPRM), we seek comment on additional proposals to further improve the operation of the schools and libraries support mechanism. In particular, we seek comment on specific rules and procedures implementing the Commission's policy to carry forward unused funds from the schools and libraries support mechanism in subsequent funding years of the schools and libraries support mechanism adopted in the First Report and Order (*First Order*), 67 FR 41862, June 20, 2002, adopted in this docket. We seek comment regarding our existing rules governing the filing of an applicant's technology plan, and the viability of an online computerized eligible services list. We also seek comment on additional measures to limit waste, fraud, and abuse.

II. Further Notice of Proposed Rulemaking

A. Background

2. In the *First Order*, we determined that unused funds from the schools and libraries mechanism should be used to stabilize the contribution factor while the Commission considers whether and how to reform its methodology for contributions to the universal service support mechanism. We also determined that beginning no later than the second quarter of 2003, which began April 1, 2003, unused funds shall be carried forward for disbursement in subsequent funding years of the schools and libraries mechanism. Accordingly, in this FNPRM we seek comment on proposed rules regarding the carryover of unused funds from funding year to funding year of the schools and libraries support mechanism.

3. We also seek comment on several other matters relevant to the schools and libraries mechanism. We seek comment regarding our rules pertaining to when applicants file a technology plan. We seek further comment on the establishment of an online computerized eligible services list for telecommunications services and Internet access. Finally, we seek comment on additional measures to limit waste, fraud, and abuse.

B. Proposed Unused Funds Carryover Rules

4. In this FNPRM, we propose specific rules implementing the Commission's decision to carry forward unused funds for use in subsequent funding years of the schools and libraries program. In general, we propose to amend our rules to require USAC to provide quarterly estimates to the Commission regarding the amount of unused funds that will be available to be carried forward. We further propose to amend our rules so that the Commission would carry forward available unused funds from prior years on an annual basis for use in the following full funding year of the schools and libraries program. We seek comment on the proposed rules and our proposed procedures implementing these rules.

5. We propose that on a quarterly basis, USAC, after consultation with the Schools and Libraries Committee, provide the Commission with an estimate of unused funds from the schools and libraries support mechanism for each of the prior funding years. By providing quarterly estimates of unused funds, we would establish a regular reporting cycle for USAC. In addition, quarterly estimates would provide schools and libraries with general notice regarding the amount of unused funds that may be made available for use in the subsequent funding year. We seek comment on this proposal.

6. We propose that USAC's estimate of unused funds for a particular funding year generally total the difference between the amount of funds collected, or made available for that particular funding year, and the amount of funds disbursed or to be disbursed. We expect that USAC's estimates will become more refined as a particular funding year progresses, given its unique skills and experience administering the schools and libraries mechanism. We seek comment on this proposal.

7. In addition, we propose that in the second quarter of each calendar year, the Commission will announce a specific amount of unused funds from prior funding years to be carried forward in accordance with the public interest for use in the next full funding year, in excess of the annual funding cap. For example, unused funds as of second quarter 2004 would be carried forward for use in the Schools and Libraries Funding Year 2004. Carrying forward unused funds in the second quarter of the calendar year would coincide with the time of year the SLD makes funding commitment decisions, which typically occurs in the second