

commitment decision, it may be more difficult for SLD to determine whether program requirements are met if an applicant changed service providers because of potential irregularities. Permitting applicants to change service providers after the last date for invoices to be submitted could introduce a lack of finality into the process, undermining our efforts to streamline program procedures.

25. We seek comment on whether applicants whose service providers have been debarred should be permitted to change service providers before a funding commitment decision has been issued, or after the last date for invoices. We seek comment on how such a rule might reconcile our goals of ensuring both fairness and finality. We seek comment on what procedures SLD might implement in such situations.

26. We further seek comment on whether applicants that are complicit in the bad acts of a debarred service provider, but who are not themselves convicted or held civilly liable, should be permitted to change service providers in the same manner as applicants that were not so complicit. While we do not intend to punish applicants that are merely innocent victims of a particular service provider, we also do not want to create incentives for applicants to undermine the goals of the program through complicity in program violations by a service provider. We therefore seek comment on whether complicit applicants should not be permitted to change service providers (and therefore are effectively debarred for that funding year), and if so, how such a standard of "complicity" should be defined. Finally, we seek comment generally on whether any other rules should be adopted relating to debarment that would serve our goals of protecting against waste, fraud, and abuse.

III. Procedural Issues

A. Initial Paperwork Reduction Act of 1995 Analysis

27. This FNPRM contains no proposed or modified information collection. As part of a continuing effort to reduce paperwork burdens, we invite the general public and the Office of Management and Budget (OMB) to take this opportunity to comment on the information collections contained in this FNPRM, as required by the Paperwork Reduction Act of 1995, Pub. L. 104-13. Public and agency comments are due at the same time as other comments on this FNPRM; OMB comments are due August 19, 2003. Comments should address: (a) Whether the proposed collection of information

is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimates; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology.

B. Initial Regulatory Flexibility Analysis

28. As required by the Regulatory Flexibility Act (RFA), the Commission has prepared this Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on small entities by the policies and rules proposed in the Further Notice of Proposed Rulemaking (FNPRM). Written public comments are requested on this IRFA. Comments must be identified as responses to the IRFA and must be filed by the deadlines for comments on the FNPRM. The Commission will send a copy of the IRFA to the Chief Counsel for Advocacy of the Small Business Administration (SBA). In addition, the IRFA (or summaries thereof) will be published in the **Federal Register**.

1. Need for, and Objectives of, the Proposed Rules

29. In the *Schools and Libraries NPRM*, 67 FR 7327, February 19, 2002, we sought comment on whether to amend our rules regarding the treatment of unused funds from the schools and libraries universal service mechanism. In the *First Order*, 67 FR 41862, June 20, 2002, revising our rules regarding the treatment of unused funds from the schools and libraries universal service support mechanism, we determined that beginning no later than the second quarter of 2003, any unused funds from the schools and libraries support mechanism shall, consistent with the public interest, be carried forward for disbursement in subsequent funding years of the schools and libraries support mechanism. We also stated our intent to develop specific rules implementing this policy. In the FNPRM, we seek comment on proposed rules and procedures implementing that policy.

30. In addition, in the FNPRM, we seek further comment on the viability of an online eligible services list with brand name products in the telecommunications services and Internet access categories. We also seek comment on whether to modify our existing rules so that applicants no longer need to certify that their technology plan has been approved, but

instead can certify that it will be approved by the time that services supported by the universal service mechanism for schools and libraries begin. We seek comment on whether it may be appropriate to debar persons from participation in the schools and libraries program under circumstances that do not culminate in a criminal or civil judgment. Finally, we seek comment on the effect of a debarment on a provider's participation in other universal service programs, and on our rules regarding changing service providers post-debarment.

2. Legal Basis

31. The legal basis for the FNPRM is contained in sections 1 through 4, 201 through 205, 254, 303(r), and 403 of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, 47 U.S.C. 151 through 154, 201 through 205, 254, 303(r), and 403, and § 1.411 of the Commission's rules.

3. Description and Estimate of the Number of Small Entities to Which Rules Will Apply

32. We have described in detail in the Final Regulatory Flexibility Analysis in this proceeding the categories of entities that may be directly affected by our proposals. For this Initial Regulatory Flexibility Analysis, we hereby incorporate those entity descriptions by reference.

4. Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements

33. The specific proposals under consideration in the FNPRM would not, if adopted, result in additional recordkeeping requirements for small businesses. The proposal to have the Universal Service Administrative Company report unused fund data to the Commission does not add any reporting, recordkeeping, or compliance requirements to small entities.

34. In the FNPRM, we ask for further comment on the feasibility of an online eligibility list including brand name products in the telecommunications services and Internet access categories to help applicants in the application process. We conclude in the Second Order that the establishment of a similar program with regard to internal connections is likely to reduce compliance burdens on small applicants because it would help facilitate the application process, as commenters noted. We believe that such a list would help all schools, libraries, local governments applying for these entities, all of which include small entities, and reduce any costs by facilitating the