

application process. We invite comment on whether an online eligibility list including brand name products in the telecommunications services and Internet access categories would affect the cost of complying for small businesses.

35. In addition, the proposal to modify our existing requirement that applicants can certify that their technology plan will be approved does not add a requirement for small entities, but rather extends the timing of the requirement to allow more time to meet the requirement of the program. As we noted in the Order, we believe that the rule change will reduce any burden on applicants in obtaining approval of a technology plan well in advance of the commencement of a funding year. We seek comment on the costs and benefits of our proposal.

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

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

37. As noted, in the *First Order* we revised our rules regarding the treatment of unused funds from the schools and libraries universal service support mechanism. In the FNPRM, we seek comment on how to implement the Commission's policy to carry over unused funds to subsequent years of the schools and libraries mechanism. 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. We propose that USAC provide the Commission with quarterly estimates of the amount of unused funds, and that the Commission would carry forward available unused funds from prior years on an annual basis. Consistent with our analysis in the *First Order*, we believe that the rules and procedures that we propose will have a similar impact on both small and large

entities, because schools and libraries will benefit equally from the additional funds made available. We invite commenters to discuss the benefits of these proposed rules and procedures and whether these benefits are outweighed by resulting costs to any other small entities.

38. Regarding an online eligible services list including brand name products in the telecommunications services and Internet access categories, we direct the Administrator in the Order to create a pilot program for a similar item, internal connections discounts. In the Second Order, we also direct the Administrator to report back to the Commission about the ramifications of the pilot program for internal connections. We believe this will help us in our assessment of the feasibility of an online eligible services list including brand name products in the telecommunications services and Internet access categories. We request that commenters, in proposing possible alternatives to an online eligible services list including brand name products in the telecommunications services and Internet access categories, discuss the economic impact that changes may have on small entities.

39. In addition, in the FNPRM, we seek comment on the allocation of funds for Priority One services in the event that requests for such services exceed the funding cap. Although the program has not had a funding year in which this has happened, if the requests for Priority One services exceed the funding cap, there currently are no rules that govern the way the Priority One requests would be awarded discounts. The way in which such funding is disbursed may have an impact upon those small entities applying for discounts and any small companies providing such goods and services. We request that commenters, in proposing possible alternatives to our rules, discuss the economic impact that changes may have on small entities.

40. We also consider whether it is appropriate to debar certain persons from participation in the schools and libraries universal service mechanism under certain circumstances that may not culminate in a criminal conviction or civil judgment. We believe that providing the Commission the flexibility to debar persons who, for example, willfully or repeatedly violate Commission's rules, ensures accountability in the program and allows for addition funding for more deserving applicants. This would potentially benefit applicants that abide by the Commission's rules, including small entities. We also seek comment on

whether there should be a process whereby the Commission could delay, reverse, or modify suspension or debarment on a case-by-case basis. Such action may provide the Commission with additional flexibility to take into account the various situations that may arise under the debarment program. In addition, we seek comment on whether our rules should permit applicants whose service provider has been debarred to change service providers before their application for discounted services has been approved or after the last date for invoices. We believe that such action would provide greater flexibility to all entities, including small entities, to change service providers under a greater range of circumstances. We request that commenters, in proposing possible alternatives to these rules, discuss the economic impact that changes may have on small entities.

6. Federal Rules That May Duplicate, Overlap, or Conflict With the Proposed Rules

41. None.

C. Comment Filing Procedures

42. We invite comment on the issues and questions set forth in the Further Notice of Proposed Rulemaking and Initial Regulatory Flexibility Analysis contained herein. Pursuant to applicable procedures set forth in §§ 1.415 and 1.419 of the Commission's rules, interested parties may file comments are due on or before July 21, 2003. Reply comments are due on or before August 19, 2003. All filings should refer to CC Docket No. 02-6. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies.

43. Comments filed through ECFS can be sent as an electronic file via the Internet to <http://www.fcc.gov/e-file/ecfs.html>. Generally, only one copy of an electronic submission must be filed. In completing the transmittal screen, commenters should include their full name, Postal Service mailing address, and the applicable docket number, which in this instance is CC Docket No. 02-6. Parties may also submit an electronic comment by Internet e-mail. To receive filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the body of the message: get form <your e-mail address>. A sample form and directions will be sent in reply.

44. Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding,