



E-rate Program

Openings, Closings, and Mergers Tutorial

Fall 2013 Applicant Trainings



Openings, Closings, and Mergers

Overview

- When to contact USAC
 - New entity number
 - Name and address changes
 - Merger and closing
- Planning for the new entity, merger or closing
- Program reminders
 - Equipment Transfer
 - Filing FCC Form 500
 - FCC Form 471 Block 4 updates

Openings, Closings, and Mergers Tutorial | 2013 Schools and Libraries Fall Applicant Trainings

2



When to Contact USAC

New Entity Number

- Obtain a new entity number when your state determines a school or library is a new entity. Contact the Client Service Bureau (CSB) for a new entity number.
- If the state does not consider the school or library to be new, a new entity number is not required.
- New facility on existing campus should obtain an entity number when the facility has a different address, it is separated from the entity by a public right of way, or it serves multiple entities (e.g., IT facility serving multiple schools).

Openings, Closings, and Mergers Tutorial | 2013 Schools and Libraries Fall Applicant Trainings

3



When to Contact USAC

New Entity Number

- New entity construction
 - If the legal name is unknown, provide the CSB with a temporary name. Provide the legal name once it is known.
 - If the physical address is not known, you may still receive an entity number. Invoices will not be paid until the physical address is provided.



When to Contact USAC

Name and Address Changes

- The entity is not new, but the BEN name changed and/or the entity moved to a new location.
 - Update the BEN information.
 - Update contact information, if necessary.
 - Determine whether submitted forms require updating.



When to Contact USAC

Merger or Closing

- Merger - Two or more entities combine into an existing entity, and that existing entity maintains the same entity number.
- Closing – Services are permanently or temporarily discontinued to an entity.



When to Contact USAC

Merger or Closing cont'd

Inform your PIA reviewer if FCC Forms 471 are in review. If not, contact CSB.

- Provide a description of what is happening (e.g., will the equipment be transferred, will services be maintained at the same level, etc.)
- Cite effective dates (e.g., closing, service start date, service end date)
- List all of the affected FCC Forms 471 and FRNs
- Submit FCC Form 500 to cancel or modify FRNs, equipment transfer
- Update name, address or contact person (if applicable)
- Request invoice deadline extension, service substitution, service delivery extension and/or FCC Form 471 Block 4 update



Planning

Competitive bidding

- New competitive bid is required when:
 - Increasing services and/or bandwidth significantly.
 - Adding entities.
 - Negotiating new pricing.
- Merging entities should conduct the bid together (if possible).
- Include the possibility for expansion when developing and requesting competitive bids.



Planning

Contracts

- Review existing contracts for:
 - Provisions to add new entities.
 - Termination clauses (e.g., penalties).
 - Successor rights, benefits and obligations.
- Contract addendum to accommodate new entities could alter the original scope of the procurement. This may lead to a competitive bidding violation.



Planning

How to Apply

- Merging entities should consider applying as a consortium if the merger occurs during the funding year.
 - Merging entities sign Letter of Agency (LOA)
 - Each entity has its own FRN for services
 - PIA may ask about duplicative services
- Services/Equipment Requests
 - Will the same level of service be needed?
 - Be able to explain why you are maintaining the same level of service (e.g., network service, cell phones)
 - 2-in-5 status will change for **NEW** entities only



Planning

How to Apply (cont.)

Calculating discounts

- If you know which students will attend the “new” school, calculate the discount based on that student population.
- Unknown student population:
 - Use the school district weighted average, or
 - If not part of a school district, use 20 percent discount
 - The discount can updated during PIA review once the population is known
- Use the FCC Form 471 instructions on new construction for guidance in determining the discount calculation.



Planning

Invoicing

- Use the entity name from the FCDL to invoice for the service.
 - Additional documentation may be necessary if the invoice information differs from the information on the FCDL.
- Ensure the new customer bills clearly identify the relationship between the old and new entities for Service Certifications.
- If you get questions from invoicing, attach a description of the merger.



Planning

Post Commitment Block 4 Updates

- When the entity is closed and the students are transferred to another entity, an applicant should submit a request to add and/or remove an entity to and/or from FCC Form 471 Block 4 or Block 5 Item 22 and transfer the funding to USAC Appeals.
- Original discount and/or funding request will not increase
- Appeals reviewer may request cost allocation for the cost of services to the closed school – split FRN may occur
- Entity will not be removed if a disbursement was made for an internal connections FRN
- USAC will issue a revised FCDL (RFCDL)

Openings, Closings, and Mergers Tutorial | 2013 Schools and Libraries Fall Applicant Trainings

13



Program Reminders

Document Retention

The receiving entity is responsible for retaining the closed entities' documentation. Make sure you have a document retention strategy and that you follow it.

Non-Instructional Facilities (NIFs)

Closed entities may become NIFs when the facility is repurposed for the school use (e.g., admin building, IT).

Swing Schools

The closed entity may be designated a swing school. Swing schools are used to house students on a temporary basis. Schools should have a plan outlined for student placement.

Openings, Closings, and Mergers Tutorial | 2013 Schools and Libraries Fall Applicant Trainings

14



Program Reminders

Equipment Transfers

- You must notify USAC when equipment is transferred if it is less than 3 years from the date of purchase.
- Equipment may be transferred to another eligible entity if the facility where the equipment is located is permanently or temporarily closed.
- The eligible entity is not required to have the same discount.
- Submit equipment transfer requests to USAC. Use the FCC Form 500 when the new version of the form is available.

Openings, Closings, and Mergers Tutorial | 2013 Schools and Libraries Fall Applicant Trainings

15



Program Reminders

Service Substitutions

Service substitutions are changes in the products and/or services **specified** and approved in the FCC Form 471 and Item 21 attachment. Service sub criteria:

- The substituted services or products have the same functionality as the services or products contained in the original proposal.
- The substitution does not violate any contract provisions or state or local procurement laws.
- The substitution does not result in an increase in the percentage of ineligible services or functions.
- The requested change is within the scope of the controlling FCC Form 470, including any Requests for Proposal (RFP), for the original service.
- **DEADLINE:** Request must be received or postmarked by the last day to receive services.



Program Reminders

Invoice Deadline Extensions

- An extension of the deadline to file invoices – FCC Form 472 (BEAR Form) or FCC Form 474 (SPI Form)
- An extension request must be filed with and granted by USAC before an invoice can be processed.
 - **DEADLINE:** Requests should be received or postmarked no later than 120 days after the last day to invoice.



Program Reminders

Service Delivery Extension

- Extensions can be requested if the service provider:
 - Was unable to complete delivery and installation for reasons beyond the service provider's control, or
 - Was unwilling to complete delivery and installation after USAC withheld payment for those services on a properly submitted invoice for more than 60 days after submission of the invoice.
- To request an extension, applicants will complete FCC Form 500, when the new form is available.
- **DEADLINE:** Requests **MUST BE** received or postmarked on or before the last date to receive service.



Program Reminders

Service Delivery Extension

Extensions are automatically granted when:

- A Funding Commitment Decision Letter (FCDL) is issued by USAC on or after March 1 of the funding year for which support is authorized.
- Operational SPIN changes or service substitutions are approved by USAC on or after March 1 of the funding year.



SCENARIO



Questions?
