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## Schools and Libraries News Brief

April 6, 2007

**TIP OF THE WEEK:** Check the preferred mode of contact information you supplied on your Form 471 and monitor it regularly so that you receive timely notification of application review questions and other communications from USAC. If it is incorrect, use the [Contact Information Change procedure](#) to make any necessary changes.

### Agenda Posted for Service Provider Training

USAC has posted the agenda for the service provider training sessions in Atlanta and Chicago. You can find the agenda – along with information on the locations and times of the training sessions – from the [2007 Service Provider Training Information page](#).

The training presentations will be the same for both sessions. We will post the presentations to the above web page in the near future. Attendees are requested to download or print the presentations and bring them along to the training; we will not have printed copies available.

### Operational SPIN Changes

In certain situations, applicants can request a change to the Service Provider Identification Number (SPIN) associated with a Funding Request Number (FRN). [SPIN Changes](#) fall into two general categories:

- A [Corrective SPIN Change](#) is, as its name implies, a change made because the existing SPIN on an FRN does not identify the correct service provider. This can be due to a data entry error, a merger or acquisition, or an interim SPIN used as a placeholder when a valid SPIN is not yet available.
- An [Operational SPIN Change](#) is an actual change from one service provider to another. An Operational SPIN change can be requested after a commitment has been made and can occur before or after services have started.

Last week we discussed Corrective SPIN Changes; this week we will take a look at Operational SPIN Changes.

In the [Copan Order](#) (FCC 00-100, released March 16, 2000), the FCC provided guidance on the situations in which an applicant can change service providers. In general, Operational SPIN Changes can only occur after USAC has issued a funding commitment. In other words, USAC must complete its review of the application – which can include the technology plan that the applicant created, the competitive bidding process that the applicant followed, the recipients of service that the applicant specified in the Form 471 Block 4 worksheet, and so on – and make a positive decision on the funding request as it was submitted before the applicant can request a change of service provider.

The applicant must make three certifications as part of a request for an Operational SPIN Change:

- The change of service providers is allowed under the applicable state and local procurement rules.
- The change of service providers is allowed under the terms of the contract between the applicant and the original service provider.
- The applicant has notified the original service provider of its intent to change service providers.

### Tariffed or month-to-month services

USAC can process Operational SPIN Changes for services provided without a contract. Such services include non-contracted services provided under tariff (such as basic telephone service) or a month-to-month arrangement (such as monthly Internet access). Because there is no contract, the second of the three certifications above would be unnecessary; however, the applicant must comply with state and local procurement rules and must notify the original service provider.

### **Services covered by multi-year contracts**

USAC can also process Operational SPIN Change requests for services provided under a multi-year contract. However, certain additional restrictions apply:

- The contract with the new service provider cannot have an expiration date later than the contract with the original service provider.
- The term of the contract cannot be longer than the term described in the establishing Form 470 or the Request for Proposals (RFP) under which the original service provider was selected.

### **Service substitutions**

An Operational SPIN Change does **not** encompass changes or substitutions in the specific products and/or services for which discounts were provided. If the applicant requests only an Operational SPIN Change, USAC will assume that the products and services covered under the approved funding request will remain the same. However, in some cases, changing service providers may also require requesting some changes to the products and/or services approved for discounts.

If the request for an Operational SPIN Change will result in the need for a service substitution request, the applicant can make a simultaneous request for both. To make a simultaneous request, prepare the Operational SPIN Change request following the guidance in the [Operational SPIN Change guidance](#) on the website. Then follow the steps outlined in the [Service Substitutions](#) guidance posted on the website and include a copy of the Operational SPIN Change request with the service substitution request.

If there is a problem with either the Operational SPIN Change request or the service substitution request and USAC is unable to proceed with one request, USAC will contact the applicant to determine if it should continue to process the remaining request.

### **Deadlines**

In general, Operational SPIN Changes cannot be requested before the date of the FCDL nor after the [last date to submit an invoice](#). Remember that the last date to invoice depends on the last date to receive service and that, in some circumstances, extensions of both of these dates can be requested and granted. To calculate a deadline, you can use the [Deadlines tool](#) on the website.

If you are changing service providers during the funding year, you should file your Operational SPIN Change request as soon as possible. As a caution, note that if you have already filed a Form 486 for the affected Funding Request Number (FRN), USAC will continue to pay invoices from the original service provider until you submit a request for a change.

### **Requesting an Operational SPIN Change**

To prepare your request, follow the specific guidance in the [Operational SPIN Change document](#) on the website. You should:

- provide specific information on both the original and new service providers and the costs of the products and services
- include the certifications referenced above
- clearly mark your request as an "Operational SPIN Change"
- include contact information in case USAC has questions about your request.

Operational SPIN Changes can be filed by email, fax, or mail. Again, review the guidance on the website for submission instructions.

### Example

On January 1, 2006, Green School District (SD) signed a two-year contract with Blue Internet Service Provider (ISP) for two years' worth of Internet access at a rate of \$500 per month beginning July 1, 2006. Green SD was eligible for an 80% discount. Green SD applied for and received a funding commitment for FY2006 for \$4,800. Green SD filed a Form 486 for the FRN on July 1, 2006.

On August 1, 2006, Green SD receives an offer for the same Internet service from Yellow ISP at \$400 per month. Green SD determines that it would like to change service providers effective January 1, 2007.

Here is a sequence of events that could occur:

- Green SD verifies that the change of service providers is allowable under its state and local procurement rules and under the terms of the existing contract.
- Green SD notifies Blue ISP as specified in the terms and conditions of the original contract that it intends to terminate service effective January 1, 2007.
- Green SD completes its negotiations with Yellow ISP and signs an 18-month contract with a contract expiration date of June 30, 2008, the same date as that in the original contract.
- Green SD files an Operational SPIN Change request with USAC to change from Blue ISP to Yellow ISP as of January 1, 2007.
- USAC approves the request. Because USAC will make payments to both service providers during the funding year, USAC creates a second FRN that features Yellow ISP's SPIN.
- The original FRN has a committed amount of \$2,400, a service start date of July 1, 2006, and a service end date of December 31, 2006.
- The second FRN has a committed amount of \$1,920, a service start date of January 1, 2007, and a service end date of June 30, 2007.

Note the following:

- Green SD reduced the overall amount of funding requested from \$4,800 to \$4,320 because its costs were reduced under the new contract. Green SD made this adjustment as part of its Operational SPIN Change request, so it was not necessary for Green SD to file a Form 500.
- If Green SD waited until March 31, 2007 to file its Operational SPIN Change request but USAC had already processed and paid invoices from Blue ISP for January, February, and March of 2007, USAC would not be able to move more than the amount remaining on the original funding commitment to the new FRN.
- Green SD can apply for funding for FY2007 for the second year of its new contract. The Form 470 cited on the original FRN from FY2006 can serve as the establishing Form 470.
- However, Green SD cannot extend the 18-month contract with Yellow SP for FY2008, but must post a new Form 470 and conduct a competitive bidding process for that funding year.

You should refer to the [Operational SPIN Change guidance](#) on the USAC website for a list of details required by USAC to process an Operational SPIN Change and the email, fax, and mail options you can use to submit your request.

### HATS Quote for April:

"I feel that the HATS Initiative is a great idea and wish that USAC had offered this program three years ago when the school was having such difficulties."

J. Abrams, Facilities Systems Manager of the Jewish Institute of Queens

For more information on the Helping Applicants to Succeed (HATS) site visit outreach initiative, you can refer to the [HATS Overview information](#) on the USAC website.

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