



## Schools & Libraries – Service Provider Number (SPIN) Change

### **What is a corrective SPIN change?**

A corrective SPIN change is a notification to USAC that the SPIN associated with a Funding Request Number (FRN) is not correct. These are typically caused by a data entry error by the applicant or a change that was not initiated by the applicant, such as a merger or acquisition.

### **When and how can you make a corrective SPIN change?**

Corrective SPIN changes must be postmarked or received no earlier than the date of the Receipt Acknowledgment Letter (RAL) and no later than the last date to submit an invoice. See the USAC website for instructions on submitting a corrective SPIN change.

### **What is an operational SPIN change?**

An operational SPIN change is a deliberate decision by the applicant to change the service provider supplying the services for an FRN.

### **When can you make an operational SPIN change?**

Operational SPIN changes must be postmarked or received no earlier than the date of your Funding Commitment Decision Letter (FCDL) and no later than the last date to submit an invoice.

### **What certifications are needed for an operational SPIN change?**

You must certify that the change is allowed under state and local procurement rules, that it is allowable under the terms of the contract with the original service provider, and that you have notified the original service provider of your intent to make the change. See the USAC website for instructions on submitting an operational SPIN change.

### **What happens if some service has been received from the original service provider?**

In this case, you must advise USAC of the effective date of the change, and the FRN will be split between the original and new service providers. This action requires USAC to create at least one new FRN and allocate the funding commitment between the two FRNs based upon the effective date of the change or the portions of the service provided by each service provider. Note that you must file a Form 486 for any new FRNs.

### **How can you make an operational SPIN change?**

Contact USAC by mail, fax, or email as described on the website. If the request involves a multiple year contract, or may require a service substitution, the appropriate procedure is also detailed on the website.

#### **For additional information, please use the USAC resources listed below:**

<b>SPIN Change Guidance:</b>	<a href="http://www.usac.org/sl/about/changes-corrections/spin-change-guidance.aspx">http://www.usac.org/sl/about/changes-corrections/spin-change-guidance.aspx</a>
<b>Corrective SPIN Change:</b>	<a href="http://www.universalservice.org/sl/about/changes-corrections/corrective-spin.aspx">http://www.universalservice.org/sl/about/changes-corrections/corrective-spin.aspx</a>
<b>Operational SPIN Change:</b>	<a href="http://www.usac.org/sl/about/changes-corrections/operational-spin.aspx">http://www.usac.org/sl/about/changes-corrections/operational-spin.aspx</a>

## Schools and Libraries - Invoice Processing Tips

- **File Form 486 promptly:** Applicants lost a total of nearly \$25 million in funding in 2004 because they forgot to file their Form 486 on time. You must file your Form 486 within 120 days of the receipt of the Funding Commitment Decision Letter (FCDL) or the service start date, whichever is later, or your funding may be reduced. Also, an invoice (BEAR Form 472 or SPI Form 474) will be rejected if no Form 486 has been filed.
- **Services must be listed on Item 21 attachment:** Only invoices for approved eligible services listed on your Form 471 Item 21 attachment will be paid. If you are invoicing for a different product or service, you must first file a service substitution.
- **Share with your service provider:** Share your Item 21 attachment with your service provider to ensure that the products or services ordered match what is being invoiced.
- **Remove ineligible equipment:** Do not submit invoices for ineligible equipment. Invoice line items containing ineligible equipment may be rejected.
- **Fix it the first time:** All invoices (new and resubmitted) go to the end of the line. Verify your information before sending your invoice to the invoicing team to prevent delays.
- **BEAR Form line items can “pass zero”:** BEAR Form line items that contain insufficient or inconsistent information can now “pass zero” — that is, pass through the review process without being paid. Line items that “pass zero” must be resubmitted with correct or complete information before USAC can pay them.
- **Pay your share:** You should pay your share within 90 days of receipt of the customer bill from the service provider.
- **The check is in the mail:** If you file a BEAR Form, the service provider must reimburse you within 20 days of the service provider’s RECEIPT of funds.
- **Need more time?** If you need more time to complete the delivery of non-recurring services or to invoice for the services delivered, file a service extension request or an invoice deadline extension request.
- **Use the Form 500:** If your service delivery deadline has been extended, you may need to negotiate an extension to your contract. Use a Form 500 to extend the contract expiration dates you reported to USAC.

**For additional information, please use the USAC resources listed below:**

<b>Invoicing Questions:</b>	(888) 203-8100
<b>Eligible Services List:</b>	<a href="http://www.usac.org/sl/about/eligible-services-list.aspx">http://www.usac.org/sl/about/eligible-services-list.aspx</a>
<b>Invoicing Overview:</b>	<a href="http://www.usac.org/sl/applicants/step11">http://www.usac.org/sl/applicants/step11</a>
<b>Invoice Error Codes:</b>	<a href="http://www.usac.org/sl/providers/step09/invoice-error-codes.aspx">http://www.usac.org/sl/providers/step09/invoice-error-codes.aspx</a>



## Schools & Libraries – Non-instructional Facilities

### What is a non-instructional facility?

The 1996 Telecommunications Act states that services requested by schools and libraries must be used for “educational purposes,” meaning “activities... integral, immediate, and proximate to the education of students, or... the provision of library services” in school, classrooms, and libraries. In 2003, the FCC 2<sup>nd</sup> Order expanded the scope of “educational purposes” to allow funding for certain services at onsite “non-instructional facilities” that are also “integral, immediate and proximate” to student education or library services and — *in limited cases* — at certain offsite non-instructional facilities as well.

### What non-instructional facilities are eligible for discounts?

Examples of onsite non-instructional facilities for schools include administrative buildings, school bus barns and garages, school food service facilities, and facilities associated with athletic activities. Examples of non-instructional facilities for libraries include administrative buildings, bookmobile garages, interlibrary loan facilities, and library technology centers.

- Priority I services (telecommunications and Internet access) provided to onsite non-instructional facilities are eligible for Universal Service Fund support.
- Priority II services (internal connections) for onsite non-instructional facilities are not eligible for Universal Service Fund support *unless* they are essential for the effective transport of information to an instructional building of a school or to a non-administrative building of a library.

In certain limited circumstances, telecommunications services used offsite may also be eligible.

- Examples of services delivered offsite that are eligible for Universal Service Fund support include mobile telephone services used by (1) a school bus driver delivering children to and from school, (2) a librarian in a bookmobile, or (3) a teacher accompanying students on a field trip or sporting event.
- Internet access services used offsite, including e-mail services, are not eligible for Universal Service Fund support.

### What non-instructional facilities require an entity number?

A non-instructional facility does not need a separate Entity Number if it is on the same campus as a school or library and access to the facility does not cross a public right of way. Applicants should use the Entity Number of the school or library and then provide the non-instructional facility's name, location and services received on the Item 21 attachment for the funding request.

A non-instructional facility serving multiple schools or libraries (such as a district-wide kitchen) must have its own Entity Number beginning in Funding Year 2005.

A non-instructional facility that is physically separate from the rest of the school or library and that does not serve an entire district (such as a stadium located on the outskirts of town) must have an Entity Number beginning in Funding Year 2005.

*Note:* An administrative office or wing in a school or library is not considered a separate non-instructional facility.

#### For additional information, please use the USAC resources listed below:

<b>Non-instructional Facilities:</b>	<a href="http://www.usac.org/sl/applicants/step05/non-instructional-facilities.aspx">http://www.usac.org/sl/applicants/step05/non-instructional-facilities.aspx</a>
<b>Examples of Facilities:</b>	<a href="http://www.usac.org/sl/applicants/step06/educational-purposes.aspx">http://www.usac.org/sl/applicants/step06/educational-purposes.aspx</a>
<b>FCC 2<sup>nd</sup> Order (FCC 03-101):</b>	<a href="http://www.usac.org/_res/documents/sl/pdf/FCC-03-101.pdf">http://www.usac.org/_res/documents/sl/pdf/FCC-03-101.pdf</a>



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## Schools & Libraries - Technology Plans

- **What is a Technology Plan?** A plan for using IT technology and telecommunications services and systems to achieve educational goals, curriculum reforms, and/or library improvements.
- **Why do I need a plan?** A plan **IS** required by the FCC for discounts on any products or services other than "Basic Telephone Service" and voice mail.
- **What is Basic Telephone Service?** Wireline or wireless single-line voice service (e.g., local, cellular/PCS, and/or long distance). Anything else – even PBX or Centrex – requires a plan.
- **Who should approve your plan?** The FCC requires independent approval of all plans. A list of plan approvers for all types of institutions can be found on the USAC website.
- **How many years can the plan cover?** Plans should not cover more than three years and **MUST** cover the entire funding year involved. If circumstances change during the period covered by the plan, you can modify and submit a new plan for approval at any time. Plans prepared for other programs, such as EETT, are often acceptable if supplemented with budget information or other missing elements.
- **When do I need to have a plan in place?** The plan must be written – including all five elements – at the time the Form 470 is filed, as it provides the foundation for the services requested. You must certify on both the Form 470 and the Form 471 that your request for services is based on a technology plan.
- **When must the plan be approved?** It must be approved by an independent approver listed on the USAC website for your location and/or type of institution before the start of service or when the Form 486 is certified, whichever comes first. On your Form 486, you must identify your approver(s) and certify that approval was obtained before you began to receive the services.
- **Do I need to send the plan or the approval to USAC?** No, not unless you are requested to do so during a program integrity review of your application. However, you need to retain your plan and your approval documentation in accordance with the FCC document retention policy.
- **What must the plan contain for approval?** It **MUST** contain the following five elements:
  - Goals and a realistic strategy for using telecommunications and information technology
  - A professional development strategy
  - An assessment of telecom services, hardware, software, and other services needed
  - Sufficient budget and other resources needed to implement the plan
  - An ongoing evaluation process.

**For additional information, please use the USAC resources listed below:**

**Technology Plan Questions:** (888) 203-8100

**Technology Plan Development:** <http://www.usac.org/sl/applicants/step02/>

**Certified Plan Approvers:** <http://www.usac.org/sl/tools/search-tools/tech-plan-approver-locator.aspx>

**Submit a Question:** [http://www.slforms.universalservice.org/EMailResponse/EMail\\_Intro.aspx](http://www.slforms.universalservice.org/EMailResponse/EMail_Intro.aspx)



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## Schools & Libraries - "Two-in-Five" Rule for Internal Connections

- **What is the "Two-in-Five" Rule?** Starting in Funding Year 2005, eligible schools and libraries can only receive funding for Internal Connections in two out of every five years.
- **How is it applied ?** This Rule is "site specific" to services to a single entity, as well as services that are shared by multiple entities.
- **Who is impacted by this rule?** School Districts, Schools, Libraries, and Educational Service Agencies (ESA) that receive discounts on Internal Connections for any number of entities listed in the Block 4 of the Form 471.
- **What other services are involved?** It does not apply to Telecommunications Services, Internet Access, or Basic Maintenance services.
- **When is it invoked?** When a funding commitment is made for Internal Connections. If the entire commitment is subsequently cancelled for any reason, that funding year will not count for the individual recipient of service on the associated Block 4 worksheet.
- **Are there any pitfalls I should know about?** Be aware that a request for even one small item of equipment such as a router on a funding request that lists many recipients of services on the Block 4 worksheet will trigger this rule for **all** those recipients for that funding year. The actual location of the equipment is not an issue.
- **Any other issues?** When considering the ramifications of the "Two-in-Five" Rule, applicants must remember that their funding requests for Internal Connections must be in accordance with their approved Technology Plan. Applicants should not overstate their funding needs by submitting a "wish list" to USAC for approval (otherwise known as "gold plating"). USAC will continue to scrutinize applications for services against approved Technology Plans.

**For additional information, please use the USAC resource listed below:**

**"Two-in-Five" Rule Questions:**

**(888) 203-8100**

**"Two-in-Five" Rule Overview:**

<http://www.usac.org/sl/applicants/step06/two-out-of-five-rule.aspx>

**Technology Planning:**

<http://www.usac.org/sl/applicants/step02/technology-planning/default.aspx>

## Schools & Libraries - Application Do's and Don'ts

### APPLICANT CHECKLIST

#### Pre-Application Process

- ☐ **DO** update your contact information with the Client Service Bureau (1-888-203-8100).
- ☐ **DO** make sure your technology plan covers the complete upcoming funding year.
- ☐ **DO** verify that your technology plan has the 5 required elements: Goals, Professional Development, Needs Assessment, Budget, and Evaluation Process.
- ☐ **DO** write your technology plan before filing the Form 470.
- ☐ **DO** have a certified tech plan approver certify your technology plan before services start.

#### Form 470 and Competitive Bidding

- ☐ **DON'T** allow a service provider that may bid on your services to fill out your Form 470.
- ☐ **DON'T** wait until the Form 471 window opens to file your Form 470.
- ☐ **DO** list your requested services on your Form 470 — or your RFP if you have one.
- ☐ **DO** list your requested services in the correct categories of service (Telecommunications, Internet Access, Internal Connections, or Basic Maintenance of Internal Connections).
- ☐ **DO** mark the correct boxes in Block 2 for multi-year contracts and/or voluntary extensions.
- ☐ **DO** certify your Form 470 prior to the close of the Form 471 application window.
- ☐ **DO** ensure a fair and open competitive bidding process. All service providers must be treated equally and cannot be given biased or privileged knowledge of the bid.
- ☐ **DO** select the most cost-effective service provider, with price as the primary factor.
- ☐ **DO** keep ALL records relating to the bid evaluation process (winning and losing bids, worksheets, evaluation criteria, contract). Note in a memo if one (or no) bids are received.
- ☐ **DON'T** sign a contract until after the Form 470 has been posted for 28 days.
- ☐ **DO** remember that contracts must be signed and dated by both parties before filing the Form 471.

#### Form 471

- ☐ **DO** verify that services ordered match the category requested on the correct Form 470.
- ☐ **DO** file separate Form 471 applications for Priority 1 services and Priority 2 services.
- ☐ **DO** read the Eligible Services List and request discounts only on eligible services.
- ☐ **DO** complete your Item 21 Attachment and include the pre-discount prices of the services.
- ☐ **DO** split out requests of questionable eligibility into separate Funding Request Numbers (FRNs).
- ☐ **DO** check your math. The Form 471 and the Item 21 attachment totals should match.
- ☐ **DO** file electronically and **DO** certify online before the close of the window.
- ☐ **DO** keep a record of postmark or electronic submission.

**For additional information, please use the USAC resources listed below:**

<b>Technology Plan approvers:</b>	<a href="http://www.usac.org/sl/tools/reference/tech/default.asp">http://www.usac.org/sl/tools/reference/tech/default.asp</a> .
<b>Form 470 questions:</b>	<a href="http://www.usac.org/sl/applicants/step03/form470-filing-information.aspx">http://www.usac.org/sl/applicants/step03/form470-filing-information.aspx</a>
<b>Calculating discount levels:</b>	<a href="http://www.usac.org/sl/applicants/step05">http://www.usac.org/sl/applicants/step05</a>
<b>Form 471 questions:</b>	<a href="http://www.usac.org/sl/applicants/step07">http://www.usac.org/sl/applicants/step07</a>



## Schools & Libraries – Calculating Discount Levels

### How are school discounts calculated?

The discount level for an individual school is based upon (1) the percentage of students eligible for free and reduced lunches under the National School Lunch Program (NSLP) and (2) whether the location of the school is urban or rural. The Discount Matrix (see link below) shows the appropriate discount level for the NSLP percentage of the school.

### What about discounts for multiple schools or school districts?

If **all** the schools in a school district will share one or more services, the shared discount is calculated from the **weighted average** of the discounts of all individual schools. That is, the discount level of a school with more students is weighted more heavily in the calculation than the discount level of a school with fewer students. If some services will be shared by some schools in the district and not others, only the weighted average of the discounts of the schools actually receiving the service is calculated. In general, each set of entities receiving services requires a separate Block 4 worksheet of the Form 471 application. See the Form 471 instructions on the website link below.

### What if the school does not participate in the NSLP?

A school can also use certain alternative methods to determine the level of poverty, as long as those methods are based on – and do not exceed – the same measure of poverty used by NSLP, which is 185% of the federal poverty guideline. These federally approved alternative methods can use data collected through surveys or from existing sources. Note that lunch applications are not considered surveys. See the references below for details.

### Are discounts for libraries or library systems calculated differently?

A library branch or outlet uses the NSLP data for the public school district in which it is located. However, instead of using the school district's weighted average, the library outlet or branch calculates its NSLP percentage by dividing the total number of students in the school district by the total number eligible for NSLP. This may result in a different NSLP percentage than the weighted average calculated by the school district. Again, the discount level also depends upon whether the school is in a rural or an urban area.

A library system discount is calculated from the **simple average** of the discounts of the branches or outlets. See the Form 471 instructions on the website link below.

### What about consortia of libraries and/or schools?

The discount for a consortium is calculated using the **simple average** of the discounts of all its members, whether they are individual schools, library outlets or branches, school districts, or library systems.

**For additional information, please use the USAC resources listed below:**

<b>Discount Guidelines:</b>	<a href="http://www.usac.org/sl/applicants/step05/">http://www.usac.org/sl/applicants/step05/</a>
<b>Discount Matrix:</b>	<a href="http://www.usac.org/sl/applicants/step05/discount-matrix.aspx">http://www.usac.org/sl/applicants/step05/discount-matrix.aspx</a>
<b>Urban or Rural Determination:</b>	<a href="http://www.usac.org/sl/applicants/step05/urban-rural/">http://www.usac.org/sl/applicants/step05/urban-rural/</a>
<b>Form 471 Instructions:</b>	<a href="http://www.usac.org/sl/tools/required-forms.aspx">http://www.usac.org/sl/tools/required-forms.aspx</a>
<b>Library Consortia:</b>	<a href="http://www.usac.org/sl/applicants/step05/library-consortium-faq.aspx">http://www.usac.org/sl/applicants/step05/library-consortium-faq.aspx</a>
<b>Alternative Discount Mechanisms:</b>	<a href="http://www.usac.org/sl/applicants/step05/alternative-discount-mechanisms.aspx">http://www.usac.org/sl/applicants/step05/alternative-discount-mechanisms.aspx</a>
<b>Non-Instructional Facilities:</b>	<a href="http://www.usac.org/sl/applicants/step05/non-instructional-facilities.aspx">http://www.usac.org/sl/applicants/step05/non-instructional-facilities.aspx</a>



## Schools & Libraries – Competitive Bidding Process

The competitive bidding process begins when an applicant posts the Form 470 to the USAC website and/or issues an RFP. The applicant must then wait 28 days after the Form 470 is posted or an RFP is issued (whichever is later) before selecting a service provider, ordering services and/or executing a contract.

### Conduct an open, fair competitive bidding process

- “Open” means that there are no secrets in the process and that all bidders have equal access to the same information.
- “Fair” means that all bidders are treated the same and that no bidder has privileged knowledge over the contents of the Request for Proposal (RFP) or the Form 470.

### Service provider involvement in the competitive bidding process

- Service provider involvement in the preparation or certification of the Form 470 or the vendor selection can taint the competitive bidding process and result in denials.
- Applicants cannot turn over their responsibility for ensuring a fair and open competitive bidding process to a service provider or a consultant acting on behalf of a service provider. Only applicants or authorized representatives can prepare, sign and submit (i.e., post to the website or file on paper) the Form 470 and certification.
- Listing a service provider representative as the Form 470 contact person and allowing the same service provider to participate in the competitive bidding process is a violation of FCC rules and will result in denial of funding.
- Service providers who bid on services must not participate in the evaluation process.

### Select the winning bid

- Price of the eligible products and services must be the primary factor and given more weight than any other category when evaluating bids. It does not have to be the sole factor. Examples of relevant factors include: prior experience, personnel qualifications, management capability, environmental objectives, and the cost of ineligible goods and services.
- The selected bid must be cost-effective in comparison to prices available commercially. If you receive only one bid, it is not necessarily cost-effective.

### Retain all documents for a period of five years from the last date of service

- This includes:
  - Request For Proposal (RFP), with evidence of publication date
  - Bid evaluation matrix, criteria and weighting
  - Bid evaluation worksheets
  - All written correspondence with the service providers
  - All bids submitted, both winning and losing
  - Other documentation related to service provider selection

#### For additional information, please use the USAC resources listed below:

<b>28 Day Waiting Period:</b>	<a href="http://www.usac.org/sl/applicants/step04/28-day-waiting-period.aspx">http://www.usac.org/sl/applicants/step04/28-day-waiting-period.aspx</a>
<b>Competitive Process:</b>	<a href="http://www.usac.org/sl/applicants/step03/">http://www.usac.org/sl/applicants/step03/</a>
<b>Open &amp; Fair Bidding:</b>	<a href="http://www.usac.org/sl/applicants/step03/run-open-fair-competition.aspx">http://www.usac.org/sl/applicants/step03/run-open-fair-competition.aspx</a>
<b>Selecting Service Provider:</b>	<a href="http://www.usac.org/sl/applicants/step04/">http://www.usac.org/sl/applicants/step04/</a>





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## Schools & Libraries – Cost Effectiveness

### **What is Cost Effectiveness?**

When USAC determines that the costs of the products and services in a funding request are significantly higher than the costs generally available in the applicant's marketplace for the same or similar products or services, USAC will not approve the funding request since it is may not be a cost effective choice. For example, equipment at prices two or three times greater than the prices available from commercial vendors would not be cost effective, unless there were extenuating circumstances. Applicants will be contacted and given an opportunity to justify the costs of the products or services that seem to be not cost effective prior to a final determination by USAC.

### **How does this impact the application process?**

The FCC in their Fifth Report and Order required the applicant to certify on the Form 470 and 471 that "all bids submitted will be carefully considered and the bid selected will be the most cost-effective service or equipment offering, with price being the primary factor, and will be the most cost-effective means of meeting educational needs and technology plan goals."

### **When is this determination made?**

USAC's principal evaluation of cost effectiveness occurs during the PIA review process. It can involve an individual funding request or all funding requests for an entity.

### **What are some of the questions that may be asked?**

Applicants may be asked for:

- A copy of the contract(s), bid details, bid matrix, etc.
- The make, model, location, and quantity of equipment.
- Telecom bandwidth / bit rate per school / library
- Number and functionality of servers
- Location and quantity of cable drops
- Maintenance costs per item of equipment, if for Basic Maintenance
- Hours of maintenance, cost per hour, cost per school / library
- An explanation of the special circumstances that lead to the higher than usual pricing. These factors could include geographic location, the types of services that are included, and other mitigating circumstances.

### **What should applicants do?**

When selecting a service provider, applicants should be sure that the pricing and configuration of the service provider's bid can withstand scrutiny for cost effectiveness. If you are selected for a cost effective review and you believe the pricing and configuration being requested is appropriate, work with your service provider to prepare a justification for costs that appear excessive, and provide complete and accurate responses to USAC if questions arise.

**For additional information, please use the USAC resources listed below:**

<b>Service provider selection:</b>	<a href="http://www.usac.org/sl/applicants/step04/">http://www.usac.org/sl/applicants/step04/</a>
<b>NewsBrief reference:</b>	<a href="http://www.usac.org/_res/documents/sl/html/SL-newsbrief-20060331.aspx">http://www.usac.org/_res/documents/sl/html/SL-newsbrief-20060331.aspx</a>
<b>FCC 03-313 (Ysleta Order):</b>	<a href="http://www.usac.org/_res/documents/about/pdf/fcc-orders/2003-fcc-orders/FCC-03-313.pdf">http://www.usac.org/_res/documents/about/pdf/fcc-orders/2003-fcc-orders/FCC-03-313.pdf</a>
<b>FCC 04-190 (5<sup>th</sup> Order):</b>	<a href="http://www.usac.org/_res/documents/about/pdf/fcc-orders/2004-fcc-orders/FCC-04-190.pdf">http://www.usac.org/_res/documents/about/pdf/fcc-orders/2004-fcc-orders/FCC-04-190.pdf</a>

# Application Process Flow Chart

**Wait at least 28 days!**

