

# Corrective SPIN Changes

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A request to correct a Service Provider Identification Number (SPIN) is a request to change a SPIN that usually does not change the actual service provider. There are three categories of SPIN corrections that the SLD will consider upon written request.

## **Category #1 - SLD or the applicant made a data entry error**

If a service provider or SPIN is incorrectly named or indicated in a Receipt Acknowledgment Letter (RAL) or a Funding Commitment Decision Letter (FCDL), the SLD will correct the SPIN upon written request and verification. This includes situations where the right company was named, but the wrong SPIN associated with that company was indicated.

SPIN corrections CANNOT be used in a situation where the original Funding Request Number (FRN) was denied; denials have to be addressed through the Appeals process. The SLD can grant the appeal if there is evidence that an ambiguity existed about which SPIN to use.)

## **Category #2 – Original service provider changed its SPIN due to a merger or acquisition**

If a service provider's SPIN has changed due to the merger of companies or the acquisition of one company by another, USAC will correct the SPIN upon written request and verification. Generally, the service provider will do this by requesting a global SPIN change.

If all FRNs featuring the old SPIN will change to the new SPIN, the service provider must initiate the request.

If the merger or acquisition will result in a change of SPIN on some FRNs but not on others, the applicant must initiate the request.

Occasionally, the service provider neglects to initiate a global SPIN change; applicants can then bring the situation to USAC's attention so that USAC can contact the service provider.

## **Category #3 - Other instances of a service provider indicating a change.**

The service provider may also have indicated the change rather than the applicant.

## **Timeline for Requesting a Corrective SPIN Change**

Corrective SPIN changes must be postmarked or received no earlier than the date of your RAL, unless you have been contacted by USAC about this application, and no later than the last date to submit an invoice.

You can request a corrective SPIN change (not substituting the actual provider of your service, but instead correctly identifying that provider) while your application is under review or after commitment has been made.

## **How to Request a Corrective SPIN Change**

A request for a SPIN correction (not substituting the actual provider of your service, but instead correctly identifying that provider) may be submitted while your application is under review or after commitment has been made.

### **1. To correct a SPIN While Your Application is Under Review**

#### SPIN correction for a MTM or tariff FRN – Use Modification Request (RAL) in EPC.

To access the RAL Modification option, scroll to the bottom of your landing page, and under FCC Forms, select Form 471 as the form type and FY 2016 as the funding year.

Then click on the application number that contains the FRN for which the SPIN change must be made.

Next, select “Related Actions” on the left side. From there, select “Modification Request (RAL),” then select Application as the category, and Funding Request Details as the subcategory. Select the applicable FRN for which the SPIN correction must be made, and then select “Edit Purchase Agreement.”

In the next screen, you will be able to submit the SPIN correction by using the “Search Service Providers” option. Use the search function and select the correct SPIN and then select “Save and Continue” and then “Finish and Submit.”

#### SPIN Correction for a Contracted FRN – Submit New Contract in Contract Module and then Use Modification Request (RAL) in EPC.

There is a two-step process required to make corrective SPIN changes for contracted service FRNs. This is because the SPIN is listed as part of the contract information that is separately entered in EPC and is not entered on the Form 471 application. First, a new contract must be entered into the contract module in EPC with the correct SPIN. Then the RAL Modification can be made and the FRN can be linked to the newly entered contract that has the correct SPIN. Refer to the Contract Guide in Tab 11 of this training binder for submitting contract information in EPC.

Then navigate to the Modification Request (RAL) feature as follows:

Scroll to the bottom of your landing page, and under FCC Forms, select Form 471 as the form type and FY 2016 as the funding year.

Then click on the application number that contains the FRN for which the SPIN change must be made.

Next, select “Related Actions” on the left side. From there, select “Modification Request (RAL),” then select Application as the category, and Funding Request Details as the subcategory. Select the applicable FRN for which the SPIN correction must be made, and then select “Edit Purchase Agreement.”

Use the “Search for Contracts” button and then enter a search parameter and search for the correct contract (that has the correct SPIN). Select the correct contract and then click on Save and Continue and then “Finish and Submit.”

**2. To correct a SPIN after a Funding Commitment Has Been Made:**

PLEASE NOTE: Corrective SPIN Changes CANNOT be used in a situation where the original FRN was denied (such as, for Telecommunications Services where the service provider was determined not to be eligible); denials have to be addressed through the Appeals process.

The applicant can request a Corrective SPIN Change by indicating the service provider name and SPIN indicated on the Funding Commitment Decision Letter and the correct service provider name/SPIN to be reflected on SLD records.

Corrective SPIN change requests must be in writing. You must supply the following information in your request.

1. Submitter of request
2. Billed Entity Number
3. Funding Request Number (FRN)
4. Form 471 Application Number
5. Applicant Name
6. Applicant Contact
7. Applicant Phone
8. Applicant E-mail address
9. Original SPIN
10. Original Service Provider
11. Original Service Provider Contact
12. Original Service Provider Phone
13. Original Service Provider E-mail address
14. New SPIN
15. New Service Provider
16. New Service Provider Contact
17. New Service Provider Phone
18. New Service Provider E-mail address
19. Reason for change. If the change is for a reason other than a data entry error or a merger/acquisition, please give a brief explanation of the circumstances requiring the change.
20. Has the original service provider supplied any services under this funding request? If yes, you must supply the following information.

**For recurring services:**

a.	MONTHLY PRE-DISCOUNT AMOUNT for original service provider	Do not provide the total pre-discount amount for the funding year or the total funding commitment. Only provide the monthly amount.
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b.	MONTHLY PRE-DISCOUNT AMOUNT for new service provider	Neither a. nor b. may be greater the Item 23c on Form 471.
c.	EFFECTIVE DATE OF CHANGE	The date must be expressed as the first day of the month (e.g., October 1, 2013 not October 20, 2013.)
d.	LAST DAY OF SERVICE for new service provider	

**For non-recurring services:**

a.	ONE-TIME PRE-DISCOUNT AMOUNT for original service provider	Do not provide the total pre-discount amount for the funding year or the total funding commitment. Only provide the monthly amount.
b.	ONE-TIME PRE-DISCOUNT AMOUNT for new service provider	The sum of a. and b. may be greater the Item 23h on Form 471.
c.	EFFECTIVE DATE OF CHANGE	The date must be expressed as the first day of the month (e.g., October 1, 2013 not October 20, 2013.)
d.	LAST DAY OF SERVICE for new service provider	

**Send your Request:**

**By mail to:**

The letter should be labeled "Corrective SPIN Change" and sent to:  
 Corrective SPIN Change  
 Schools and Libraries  
 30 Lanidex Plaza West  
 PO Box 685  
 Parsippany, NJ 07054-0685

**By email to:**

To send a request through Submit a Question, choose "SPIN Change" from the topic inquiry menu and the appropriate question that includes the words "corrective SPIN change" from the specific inquiry menu. You can either type your request into the freeform text box or follow the instructions for submitting an attachment.

# Operational SPIN Changes

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Once an applicant conducts a Form 470 competitive bidding process, selects the most cost effective vendor, and signs a contract, the applicant may not change to a different service provider unless all five of the following conditions are met:

- (1) The SPIN change is allowed under state and local procurement rules.
- (2) The SPIN change is allowed under the terms of any contract between the applicant and its original service provider.
- (3) The applicant has notified the existing service provider of the intention to change to a different service provider.
- (4) There is a legitimate reason to change providers (for example, breach of contract or the service provider is unable to perform the requested services).
- (5) The newly selected service provider received the next highest point value in the original bid evaluation. If the applicant did not receive multiple bids, the applicant must submit a statement explaining that it received only one or no bids.

*Important Note:* Changing service providers because the services are available at a lower cost from another provider or because you now wish to do business with a provider that did not originally participate in the competitive bidding process are not considered legitimate reasons for change, and requests citing such reasons will be denied.

## **Split FRNs when New Service is Delayed**

Split FRNs and SPIN changes are still allowed when an applicant experiences a delay in receiving new service due to late provisioning or installation of the service by the new service provider. The applicant may request a SPIN change and allocation of funding back to the incumbent provider for the months in which new service was delayed. For example, if the new service provider cannot begin providing service until September 1, the applicant may request the funding for the months of July through the end of August to be split from the original FRN (which requested 12 months of funding with the new service provider) and for a new FRN to be created using the incumbent service provider's SPIN. The original FRN would then be revised to reflect funding for the period September 1 through the end of the funding year, with the new service provider's SPIN.

## **Operational SPIN Change Request Deadlines**

A SPIN change request for a funding request (FRN) must be postmarked or received by the last date to submit an invoice (either a BEAR or SPI) to SLD for that FRN.

USAC is concerned about its ability to pay the appropriate service provider depending on when service provider changes are made and when SPIN change requests are received and approved. If a service provider is changed before USAC approves a SPIN change request, there is a possibility that USAC will inadvertently pay the old service provider. To minimize that possibility, applicants should notify USAC of their intent to change service providers as soon as the decision is made and should advise USAC of the proposed effective date of the change.

In order to reduce confusion and possible delays, applicants should request the SPIN change sufficiently in advance of the change so that USAC has time to process the request before the submission of any invoices for services rendered by the new provider. Once the request is received, USAC will make no additional payments on the FRN until the SPIN change is reviewed and either (1) approved and the SPIN is changed or (2) denied and USAC verifies that additional invoices are for services actually rendered to the applicant by the original service provider.

### **SPIN Changes in Multi-Year Contracts Are Conditionally Eligible**

If the applicant has a multi-year contract with the service provider from which it wishes to switch, it may switch to a multi-year contract with the service provider that received the next highest point value in the original bid evaluation, without posting a new FCC Form 470 and waiting at least 28 days *provided that the applicant meets all four of the above-stated four conditions. All other service provider changes should be preceded with the posting of a new form 470.* The multi-year contract with the new service provider must have an expiration date no later than the original contract. Neither contract should be longer than any term for the contract described in the original Form 470 or the RFP under which the original service provider was selected.

### **Service Substitutions**

A change in service provider, by itself, does not allow a substitution in the specific products or services to be supplied. Such substitutions are available in limited circumstances that are described in the document [Service Substitutions](#) in this manual.

Applicants may make a simultaneous request for both service substitution and change in service provider by (1) following the steps as outlined in the [Service Substitutions](#) procedure, and (2) including the service provider change letter described below as an additional attachment to the service substitution request.

In the event that a simultaneous service substitution and service provider change cannot be granted due to a problem with one request or the other, the SLD will contact the applicant to determine if the SLD should continue to process the remaining request.

### **When to File Operational SPIN Change Requests**

Best advice: Wait until the final invoice from the original service provider is received and then file the SPIN change. This way you will know exactly how much to tell USAC to allot to each vendor (FRN) during the split FRN process.

### **How to Apply for an Operational SPIN Change**

Operational SPIN change requests must include the following information:

1. Billed Entity Number
2. Applicant Name
3. Funding Request Number (FRN)
4. Form 471 Application Number

5. Applicant Contact
6. Applicant Phone
7. Applicant E-mail address
8. Original SPIN
9. Original Service Provider
10. Original Service Provider Contact
11. Original Service Provider Phone
12. Original Service Provider E-mail address
13. New SPIN
14. New Service Provider
15. New Service Provider Contact
16. New Service Provider Phone
17. New Service Provider E-mail address
18. Has the original service provider supplied any services under this funding request? If yes, you must supply the following information.

**For recurring services:**

a.	MONTHLY PRE-DISCOUNT AMOUNT for original service provider	Do not provide the total pre-discount amount for the funding year or the total funding commitment. Only provide the monthly amount.
b.	MONTHLY PRE-DISCOUNT AMOUNT for new service provider	Neither a. nor b. may be greater the Item 23c on Form 471.
c.	EFFECTIVE DATE OF CHANGE	The date must be expressed as the first day of the month (e.g., October 1, 2013 not October 20, 2013.)
d.	LAST DAY OF SERVICE for new service provider	

**For non-recurring services:**

a.	ONE-TIME PRE-DISCOUNT AMOUNT for original service provider	Do not provide the total pre-discount amount for the funding year or the total funding commitment. Only provide the monthly amount.
b.	ONE-TIME PRE-DISCOUNT AMOUNT for new service provider	The sum of a. and b. may be greater the Item 23h on Form 471.
c.	EFFECTIVE DATE OF CHANGE	The date must be expressed as the first day of the month (e.g., October 1, 2013 not October 20, 2013.)
d.	LAST DAY OF SERVICE for new service provider	

19. Please answer the following three questions:

1. Are all SPIN changes requested in this letter allowed under all applicable state and local procurement rules? Yes or No
2. Are the SPIN changes allowable under the terms of the contract, if any, between the applicant and its original service provider? Yes or No
3. Have you notified your original service provider of your intent to change service providers? Yes or No (If your service provider is no longer in business, have you attempted to contact them? Yes or No)

If you answered "No" to any of the questions, please explain.

20. Beginning with FY 2011 FRNs, provide the following two items:

1. A detailed explanation of the need for the change
2. The final bid evaluation worksheet (a listing of the bid weighting factors and individual vendors' scores for all vendors that participated in the original competitive bidding process) for the services requested in FRN(s) associated with the SPIN change or, if applicable, a statement that there was only one or no bids received.

**Important:** The SPIN change request also must explain the reason for the requested SPIN change so that SLD can verify that the reason for the change is legitimate. Remember that changes in order to receive lower pricing are no longer considered legitimate. Indicate whether the new SPIN submitted a bid for the original procurement that received the next highest point value, or whether there were no other bids submitted on the original procurement or whether the new SPIN is the existing vendor whose services were continued to be used because the new vendor was late in provisioning service.

The request may be sent by regular mail or e-mail.

#### **Regular Mail**

The letter should be labeled "Operational SPIN Change" and sent to:

Operational SPIN Change  
Schools and Libraries Division  
30 Lanidex Plaza West  
P.O. Box 685  
Parsipanny, NJ 07054-0685

#### **E-mail**

Prepare your request as described above and name and/or title it "Operational SPIN Change Request."

Go to the Submit a Question feature on the USAC website and click "Continue." Choose "SPIN Changes" from the topic inquiry menu and then select your specific inquiry from the question menu. Follow the instructions for submitting an attachment to submit your request to USAC.



## Split FRNs

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A common question from applicants is what they should do if their service provider changed mid-year or if the services were provided by a completely different service provider than the vendor who was listed in their funding commitment letter.

*Since FY 2011, applicants have not been permitted to change service providers in the middle of the funding year to obtain a better price. Service providers are not allowed to wait until after an applicant completes a Form 471 and then induce the applicant to sign a contract with lower prices. Service providers must submit proposals during the Form 470 competitive bidding process.*

Once an applicant conducts a Form 470 and selects the most cost effective vendor and signs a contract, the applicant may not change to a different service provider unless all five of the following conditions are met:

- (1) The SPIN change is allowed under state and local procurement rules.
- (2) The SPIN change is allowed under the terms of the contract between the applicant and its original service provider.
- (3) The applicant notifies the existing service provider of the intention to change to a different service provider.
- (4) There is a legitimate reason to change providers (for example, breach of contract or the service provider is unable to perform the requested services).
- (5) The newly selected service provider received the next highest point value in the original bid evaluation. If the applicant did not receive multiple bids, the applicant must submit a statement explaining that it received only one or no bids.

If your SPIN change meets all five criteria, follow one of the two options below to notify USAC.

1) When the Provider Has Changed Mid-Funding Year or the Service is Split Between Two Providers:

If the service has been provided by two different vendors within the same funding year, the applicant must request a SPLIT FRN. There is actually no guidance on the SLD website describing a SPLIT FRN, but the impact of filing an Operational SPIN change and stating that two vendors are providing services under the same FRN in the same funding year, will be that the SLD will consider it a SPLIT FRN (whether the applicant calls it that in their correspondence or not). Item 18 of the SPIN change requirements asks, "Has the original service provider supplied any services under this funding request?" In this case, answer 'yes' and then proceed to answer the next questions relating to the number of months each vendor has provided services, and the division of pre-discount amounts that should be allocated to each vendor.

**Hint:** Although the SLD's guidance doesn't state it, it is permissible to state that *each* vendor provided 12 months of services. In other words, you do not have to list that the total months of service provided by both vendors equal 12 months. This is important because it is quite common for vendors' services to overlap and not have a clean cut-off and start dates.

**Important:** When the SPLIT FRN is approved, the SLD will create a new FRN for the amount of funding that has been allocated to the new service provider. A revised Funding Commitment Decision Letter also will be issued to the applicant via the EPC Portal showing the original FRN, now with reduced

funding, and the new FRN showing its share of the original funding. Because a new FRN has been created, the applicant then must file a new Form 486 for the new FRN within 120 days of the date on the revised Funding Commitment Decision Letter.

Also, a BEAR for the new FRN (new vendor) cannot be submitted until the new FCDL has been issued and the Form 486 has been submitted. However, a BEAR for the original vendor FRN can be submitted. In fact, it's often advantageous to calculate the amount that should be on the BEAR for the original vendor so you can calculate how much funding is remaining on your FRN in order to tell the SLD in the Split FRN request how much funding should follow the new FRN.

2) When the Provider Has Changed, **AND** the New Provider Has Provided **All** Services Since the Start of the Funding Year:

If the service provider listed on the original Form 471 changes, and the new provider has been providing services for the entire funding year, the applicant should notify the SLD of an Operational SPIN change. Again, the applicant will need to meet the above-identified five factors. In this case, the SLD will change the SPIN in their databases, keep the original FRN number, and notify the applicant that the SPIN change has been approved. The applicant does NOT have to refile the Form 486 for the new provider. After the applicant receives the SPIN change approval from the SLD, the BEAR can be submitted.

Instructions for completing SPIN changes are at: <http://universalservice.org/sl/applicants/before-youre-done/spin-changes/default.aspx>. The deadline for requesting SPIN changes is the last date to invoice (typically October 28 for recurring services). When the SPIN change or Split FRN is approved, the applicant will automatically be given an invoice deadline extension of another 120 days in order to submit their BEARs.

# Service Substitutions

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A service substitution is a change in the products and/or services specified in the Form 471. In certain limited circumstances, applicants or service providers may request and be approved for service substitutions. In addition, service providers or equipment manufacturers may submit "global" service substitutions in certain instances.

Service substitutions encompass changes in the technical components (whether products or services or both) specified in the Form 471 Funding Request. Applicants who file service substitution requests must still comply with the deadlines for the Form 486.

## Criteria for Service Substitutions

Substitution of a service or product must meet the following conditions, which are specified in Federal Communications Commission (FCC) rules:

- 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 Form 470, including any Requests for Proposal, for the original service.

In the event that a service substitution results in a change in the pre-discount price for the supported service, E-rate funding will be based on the lower of either the pre-discount price of the service for which support was originally requested or the pre-discount price of the new, substituted service.

As an example of a service substitution, an applicant can be granted a request to use 87 six-port network modules instead of a different brand of 58 eight-port network modules as originally approved in the applicant's Form 471.

## How to Apply for a Service Substitution

Individual service substitution requests are considered minor modifications to funding requests on the original Form 471. They are submitted by letter from the applicant. {Note that in the future, these requests may be required to be submitted electronically through the EPC Portal}. As a part of the letter request, the service substitution should include the following information:

1. Applicant Name
2. Billed Entity Number
3. Form 471 Application Number
4. Funding Request Number (FRN)
5. Funding Request line item number (if the FRN contains multiple line items)
6. Name of submitter

7. Title of submitter
8. Submitter phone number
9. Submitter mailing address
10. Submitter e-mail address

The body of the service substitution request should contain this information:

11. From and To list

- A listing of the products and services originally approved for which changes are requested, and a similar listing of the products and services now desired. This is sometimes described as a “from” and “to.”
- For changes in physical equipment, the “from” and “to” should include manufacturer, model number, description/function, and cost for each line item.
- For changes in recurring services, the “from” and “to” should include the description/function, and cost for each line item.

12. Original commitment amount per FRN line item. (Note: Service substitutions are considered based on individual FRN line times)

13. Revised commitment amount (if changed)

- If the requested substitution involves a decrease in cost, the request should not only indicate a change in monthly recurring cost, if any, but also must provide a total pre-discount amount and the effective date of change, so that the funding commitment can be accurately adjusted.
- If the requested substitution involves an increase in pre-discount cost of an eligible item, the request will be funded at the amount originally approved.

14. The following certifications: “I certify:

- that the substituted products or services have the same functionality as that contained in the original proposal,
- that the substitution does not violated any contract provisions or state or local procurement laws,
- that the substitution does not result in an increase in the percentage of ineligible services or functions,
- that the requested change is consistent within the scope of the establishing controlling FCC Form 470, including and any Requests for Proposal for the original services.”

Since service substitutions are a minor modification to the original Form 471, the certifications and representations made in the original application continue to apply.

Any cost change submitted by an applicant in a service substitution request will be considered a request for modification of the funding commitment, just as though the applicant had submitted a Funding Commitment Adjustment Form, Form 500. Therefore, when a request that includes a cost decrease is approved, USAC will adjust the commitment for the affected funding request.

USAC will respond in writing to the service substitution request, either approving the request or indicating the reason(s) why the request cannot be approved.

## USAC Review of Service Substitution Requests

USAC review includes an evaluation of whether "same functionality" is maintained between the original and proposed new configuration, and whether the new configuration is eligible for funding. For service substitution requests involving Internal Connections, USAC review may first evaluate the substitution based on the "Function" and "Product Type" for each line item in the "from" and "to" lists.

An Internal Connections service substitution request is deemed to meet FCC requirements for "same functionality" if the original and new configurations maintain consistent functions. For example, these service substitution requests meet the requirement for same functionality:

- A network switch for a network router (Function: "data distribution")
- A UPS for a tape backup (Function: "data protection")

USAC may only approve service substitution requests when FCC requirements for same functionality are met.

An example of a service substitution request is at the end of this document.

## Request Deadlines & Making Corrections

**Timing of requests.** Service substitution requests should be submitted no sooner than issuance of a Form 471 Receipt Acknowledgment Letter (RAL). Requests received prior to issuance of a RAL will be dismissed. If USAC has not completed the services portion of its review of the funding request when the substitution request is logged, then the substitution request will be included in the funding request review.

The Funding Commitment Decision Letter (FCDL) includes a notation that the substitution request has been incorporated.

If USAC has completed the services portion of its review of the funding request, they will review and act on the substitution request separately.

**Deadline for submitting requests.** A service substitution request must be received or postmarked by the **last day to receive service** for that FRN. In general, the last day to receive service is:

- June 30 of the relevant funding year for recurring services, and
- September 30 that follows the close of the funding year for non-recurring services.

However, the deadline for the receipt of non-recurring services may be extended beyond the September 30 that follows the close of the Funding Year.

**Correcting service substitutions.** Applicants and service providers must follow the normal service substitution procedures and timelines in order to obtain pre-approval of changes. If an unapproved

change is found, USAC may refuse to pay the invoice for products or services not originally requested. Furthermore, if different products or services from those approved are seen during a site visit or audit, USAC may make a commitment adjustment, and require that incorrectly disbursed funds be returned.

If the applicant discovers that products or services delivered are different from those approved on the Form 471, the applicant should file a correcting service substitution even if the discovery occurs after the last day to receive service. Such a request will be considered for the case of an applicant providing correcting information. To ensure processing of a late-filed request, applicants should be sure to prominently indicate that the request is a "correcting service substitution." Even though this option for a correcting service substitution is provided, applicants are strongly encouraged to file traditional and timely service substitutions when making changes in products and services. Without the pre-approval of a timely filed service substitution, applicants and service providers risk non-payment of invoices and adverse audit findings for non-approved product and service changes. Applicants and service providers in this situation may be required to return funds previously disbursed.

### **Service Substitutions Initiated by Service Providers Due to Discontinued Products ("Global" Service Substitutions)**

A service substitution can involve a product and/or service that is being discontinued, has a model number change, or is being replaced. In this case, the manufacturer or service provider may submit notification to USAC that the product or service is being changed, along with a listing of one or more replacement products or services.

The notification to USAC must indicate that the new products or services are functionally equivalent to the product or service being replaced, and have no increase in percentage of ineligible features. USAC encourages service providers to include a publicly-issued product announcement of the discontinuation or model number change in the letter request. This method for service substitutions is only applicable when the product or service originally specified on the Form 471 is no longer available, or is no longer being provided by the service provider making the request.

USAC will maintain the list of substitute products and/or services, so that invoices that specify the replacement product or service can be processed. This approach can eliminate the need for many separate applicants to request service substitutions due to changed or discontinued products. Such service substitutions will not result in a change to an applicant's funding commitment.

No specific timeline exists for substitution filings by service providers. However, service providers should submit model changes as early as possible to avoid delays in invoice processing. USAC will respond in writing to the service substitution request, either indicating whether the request can be granted or requesting additional information. Since a service provider-initiated service substitution does not reference any specific funding request, no time extension for the completion of non-recurring services is provided under this approach.

Service provider-initiated service substitutions are designed to accommodate replacements that USAC can substantiate are near-identical. Replacements that cannot be substantiated as near-identical, such as the replacement of a full-featured PBX for a less functional system, cannot be accommodated with this approach. However, if a service provider is aware of similar changes among many of its customers, it

can facilitate a service substitution among these customers by providing similar service substitution requests consistent with the previous sections of this document, to be submitted and signed by these applicants. Such similar requests may be sent in one mailing to USAC.

Applicants need not make any filing to USAC for a service substitution request initiated by a manufacturer or service provider. However, the change must be consistent with the establishing Form 470, the RFP (if any), and state and local procurement laws. USAC recommends that service providers supply each affected applicant a copy of the approval letter, and that applicants keep this copy on file in the event of an audit.

USAC's determination that it will process invoices with the replacement configuration does not change any contractual requirement between applicants and service providers. That is, applicants are not forced to accept a modified configuration that is not anticipated by an agreement or contract with their service provider.

An example of a service substitution requested by a service provider is below.

## **Where to Submit Service Substitution Requests**

Applicants are required to submit FY2016 requests for service substitutions in EPC by opening a customer service case.

For FY2015 and earlier FRNs, applicants should use the "Submit a Question" feature to submit their request. Choose Service Substitutions under the Topic Inquiry.

### Submitting Service Substitutions for FY2016 in EPC

Create a customer service case in EPC by logging in to your organization's EPC account and choosing "Contact Us" from the Actions tab.

- At the beginning of the Nickname field, enter "FY2016 Service Substitution Request."
- Add a detailed description of your request in the Description field.
- Choose "Post Commitment Changes" from the Topic drop-down menu.
- Review the appropriate guidance document. If supporting documentation is required, prepare the appropriate file or files and upload them to the case.
- In the Case Contact field, choose or identify the contact person to answer any questions. USAC recommends that the contact person should be registered EPC user.
- When you are finished, click "Submit."

## **Frequently Asked Questions about Service Substitutions**

A Service Substitution is a change in the products and/or services specified in the Form 471 application. Service substitutions encompass changes in the technical components specified in the Item 21 Attachment for Form 471.

**Q1. What is meant by the requirement that the service substitution be "within the scope of the controlling FCC Form 470, including any Requests for Proposal?"**

Any new specification of products and services must be within the scope of what could have been considered in responses to the appropriate FCC Form 470, and to the original RFP, if an RFP or similar procurement document was issued.

**Q2. Can I change the technology deployed, say from T-1 to DSL?**

Changes must be within the same functionality. "Same functionality" means the same type of transmission — data, voice or video — and the same purpose, such as "telephone service," "local area network file server," "data distribution facilities," "lease of high speed data lines," and so on.

"Better" or "faster" within the same functionality is allowed, provided that the other requirements as given in Section 1 of this document are met. Thus a change from T-1 to DSL could be approved. However, a change to a new functionality, such as from voice to broadband, would not be authorized under FCC guidelines.

**Q3. Can I change between funding categories, such as from Voice to Broadband/Internet Access?**

No. The requirement for the same functionality means also that the same service category must be maintained.

**Q4. Can the new product or service be more expensive, if discounts are not requested on that additional cost?**

Yes. Applicants may substitute an eligible service with a higher pre-discount price, but funding will be based on the lower, original price, rather than the higher price for the substituted service.

**Q5. If the product or service substituted is less expensive, can SLD funds committed for the product or service represented in the original request be used for additional eligible products or services?**

If consistent with the applicant's Form 470, and Request for Proposal (if any), additional products or services may be obtained within the same functionality provided that the applicant has the resources to make effective use of the new configuration. "Better" or "faster" products or services are allowed within the same functionality. Additional products or services that have a different functionality cannot be obtained.

**Q6. Can the service provider be changed when making service substitution requests?**

Yes, this can be accomplished by using the procedure and meeting the requirements for changing service providers as described in the document [SPIN Change Guidance](#) posted in the Reference Area of the SLD web site.

Applicants may make a simultaneous request for both service substitution and change in service provider by (1) following the steps for filing a service substitution as outlined in these procedures, and (2) including the letter described in the SPIN Change Guidance procedure as an additional attachment to the service substitution request.

If a simultaneous service substitution and service provider change cannot be granted due to a problem with one request or the other, USAC will contact the applicant to determine if we should continue to process the remaining request.

**Q7. How long will it take to receive a decision on a service substitution request?**

If the submission is properly completed and requires no contact between the SLD and the applicant or service provider, the SLD typically attempts to reach a decision within 60 days. More time may be



necessary if the request is complex, if additional information is required, or if high processing workloads exist. To expedite processing, applicants are urged to make their service substitution requests as accurate and complete as possible.

**Q8. How is “same functionality” evaluated?**

“Same functionality” is considered on the basis of individual Funding Request Numbers (FRNs). If there is more than one function in the funding request (such as servers, routers, and cabling in the same FRN), then individual functions may increase or decrease, so long as there is no new functionality in the substitution request, and overall cost does not increase.

Technical equivalence is not mandatory for the requirement of “same functionality” to be met. For example, network switches may be substituted for network hubs, since both provide the functionality of distributing data signals.

**Q9. Will unapproved changes in products and services delay payment of invoices?**

Yes. Invoices are checked to ensure consistency with the products and services previously approved. Invoices may not be paid if these products and services are seen to have changed, until USAC establishes that the requirements for service substitutions are met.

Applicants must keep service substitution and other records on file for a period of ten years from the last date to receive services in a funding year, and should be prepared to assist the invoicing team if any questions are raised.

## Example of a Service Substitution Request

[date]

Service Substitutions  
Schools and Libraries Division  
30 Lanidex Plaza West  
PO Box 685  
Parsippany, NJ 07054-0685

The Example School District (Billed Entity Number xxxxxx) is requesting a service substitution for application number xxxxxx and Funding Request Number xxxxxx. The specific change requested is as follows:

		<b>FROM</b>	
	Description	Unit Cost	Extended Cost
1	Brand X Model 123 caching server	\$3400	\$3400
3	Brand Y Model 456 network switch	\$1720	\$5160
1	Brand Z equipment rack	\$1040	\$1040
40	Brand Z network cables	\$4	\$160
		<b>TOTAL:</b>	<b>\$9760</b>

		<b>TO</b>	
	Description	Unit Cost	Extended Cost
1	Brand Y Model 789 caching server	\$2550	\$2550
4	Brand Y Model 567 network data distribution/switch	\$1280	\$5120
0	Brand Z equipment rack	\$1040	\$0
20	Brand W network cables	\$5	\$100
		<b>TOTAL:</b>	<b>\$7770</b>

I certify:

- that the substituted products or services have the same functionality as contained in the original proposal;
- that the substitution does not violate any contract provisions or state or local procurement laws;
- that the substitution does not result in an increase in the percentage of ineligible services or functions; and
- that the requested change is within the scope of the controlling Form 470, including any associated Requests for Proposal for the original services.

To the extent that the requested service substitution provides a decreased cost, I authorize the Schools and Libraries Division to reduce my funding commitment.

[Authorized Signature]

[Name and title of submitter]

[Applicant name and address, phone and e-mail address]

**Example of a service substitution submitted by a service provider  
for a discontinued product**

[date]

Service Substitutions  
Schools and Libraries Division  
30 Lanidex Plaza West  
PO Box 685  
Parsippany, NJ 07054-0685

**RE: SERVICE PROVIDER SERVICE SUBSTITUTION**

Please be advised that Example Service Provider, Inc. is discontinuing the following product:

Example Model QXR-10 Tape Backup

Replacement products include:

Example Model QXR-15 Tape Backup

Example Model PAQ-10 Tape Backup

The replacement products maintain the same functionality as the discontinued product. There is no increase in price or increase in the percentage of ineligible functions with the replacement product in comparison to the discontinued product.

Enclosed is an Example, Inc. product announcement that describes the discontinuation of the Model QXR-10 Tape Backup.

Please contact the undersigned if you would like further information about this service substitution.

[Service Provider Signature]

[Service Provider name and address]



# Transfer of Equipment

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In the Third Report and Order, the FCC stated "recipients of support are expected to use all equipment purchased with universal service discounts at the particular location, for the specified purpose for a reasonable period of time." If equipment is not serving the entities specified on the FCC Form 471 Funding Request Number (FRN) approved by USAC, applicants need to ensure that they have not transferred the equipment in a manner inconsistent with FCC rules.

Generally speaking, the FCC has determined that three years is the minimum time period that equipment must be located in the building designated and approved as part of the Form 471. After three years from the date of purchase, the equipment may be transferred to other eligible entities. If the transfer occurs after the three year period, the applicant is not required to notify USAC of the move.

If a building closes prior to the three year period from the date of purchase of the equipment, the equipment may be moved to another eligible entity. In this situation, the applicant must notify USAC of the equipment transfer using Form 500.

Whenever equipment is transferred any time prior to the end of five years from the date of its installation, the applicant may not accept or receive anything of value in exchange.

## **When does a transfer occur?**

If equipment provides service to entities that were not included on the original approved FRN, a transfer has occurred. In other words, a transfer is defined as the relocation of equipment from one entity to a different entity that was not included as part of the original approved FRN. A transfer does not automatically occur because equipment is moved or relocated. If the equipment is moved to an entity that was included as part of the original approved FRN, then the equipment is not considered to have been transferred or moved. Only if the relocation results in the equipment providing service to an entity or entities that were not included on the original approved FRN is the transfer deemed to have occurred. The question to ask is what entities were served by the equipment as part of the original approved FRN and which entities will be served after the equipment is moved.

## **Multiple Schools Sharing Services:**

In the following examples, assume that School A, School B, and School C in the same school district are sharing a router installed at School A one year ago.

***Example 1. The same three schools share the router, but the router has been moved from School A to School B.*** No transfer has occurred because the entities sharing the service have not changed from the original approved FRN.

***Example 2. School A moves the router to the District Office (Non-Instructional Facility Z). The router continues to serve Schools A, B and C.*** No transfer has occurred because the same entities on the original approved FRN continue to receive service.

**Example 3. School D in the same school district wants to share the router with the other three schools.** Yes, a transfer has occurred because service is being provided to an entity not included in the original approved FRN.

**Example 4: School B is no longer sharing the router because it has closed.** No transfer has occurred, because Schools A & C were included on the original approved FRN.

## **Maintaining Records**

### **Transfers That Occur Three Years or More after Purchase**

Equipment can be transferred to another eligible entity, regardless of discount level, three years or more after purchase. Transfers that occur less than five years after installation cannot be for money or anything else of value. Entities must maintain records documenting the transfer and the reason for the transfer for five years from the date of the transfer. Specifically, applicants are required to maintain asset and inventory records of equipment purchased as components of supported internal connections services sufficient to verify the actual location of such equipment for a period of five years after purchase. Entities are not required to notify USAC of the transfer.

### **Transfers from a Closed Location That Occur Less than Three Years after Purchase**

Equipment can be transferred to other eligible entities within three years of the date of purchase, even if those entities are at a lower discount level, if the particular location where the service was originally received is temporarily or permanently closed. This includes equipment serving part of a facility, such as equipment serving individual classrooms, if that portion of the facility is temporarily or permanently closed. The transferring entity must notify USAC of the transfer, and both the transferring and receiving entities must maintain detailed records of the transfer and the reason for the transfer for five years from the date of the transfer. These records must be sufficient to verify the actual location of the transferred equipment.

To notify USAC about a transfer of equipment that occurs less than three years after purchase, file Form 500 as soon as possible after the transfer has occurred.

## **Relevant FCC Rules and Orders**

- The FCC's equipment transfer rule is located at 47 C.F.R. §54.513.
- The FCC's rule requiring that asset and inventory records be maintained is located at 47 C.F.R. §54.516.

# Disposal or Trade-In of Equipment

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Applicants are permitted to dispose of obsolete equipment purchased with E-rate funds but no sooner than five years after the installation date of the equipment.

In general, eligible products and services purchased with E-rate funds cannot be sold, resold, or transferred for money or any other thing of value (47 C.F.R. Section 54.513(a)).

The FCC has established a bright line standard that E-rate purchased equipment in general has a five-year useful life and after that time, it is deemed to be obsolete and therefore may be disposed of without violating the general rule against resale or transfer. The disposal may include receipt of payment or other value received such as a trade-in credit.

Note that applicants are not required to continue using the equipment for the entire five year period, nor are they required to dispose of equipment five years after installation.

## Trade-Ins

Equipment purchased with E-rate funding may also be traded in but no sooner than five years after the installation date of the equipment. Service providers may dispose of equipment free of charge. Trade-ins are not allowed before this five-year period has elapsed.

The value of a trade-in does not have to be deducted from the pre-discount amount of a new funding request. Applicants are not required to notify USAC of the disposal or trade-in of equipment. However, an applicant disposing of or trading in equipment should make an appropriate entry in its asset register or inventory.

A list of donation and recycling locations for communications equipment is available online at the United States Environmental Protection Agency's web page <http://www.epa.gov/osw/consERVE/materials/ecycling/donate.htm>.

Applicants are **not** required:

- to continue using equipment for five years - just for three years;
- to dispose of equipment five years after installation. They may continue using it until it is retired or deemed obsolete by the applicant – which may be longer than five years from when the equipment was installed;
- to formally declare the equipment as obsolete before disposing of it;
- to notify USAC of equipment disposals;
- to track disposal of obsolete equipment on asset and inventory lists after making an appropriate notation in their asset register or inventory;
- to pay back any funds to USAC as a result of selling or disposing of obsolete equipment (equipment that is more than five years old from the date of installation).

This does not change the requirement that applicants must complete and file a FCC Form 500 with USAC to report transfers of equipment made less than three years from purchase.





# Changing Contact Information

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## **How to Change Contact Info on E-rate Forms and in SLD Database**

The following information provides instructions on how to change the contact information for both the E-rate listserv and existing E-rate forms, as well as how to change a school or library's name, mailing address and phone number in the USAC legacy database. Service providers should use the Form 498 to change their contact information in the USAC database.

### **PA E-rate Listserv**

E-mail Julie at [jtschell@comcast.net](mailto:jtschell@comcast.net) with the following information:

- Name, e-mail address and organization of person joining PA E-rate listserv
- Name, e-mail address of person who should be removed from PA E-rate listserv

### **Changes to Information on USAC Forms – Forms Filed in Legacy Systems**

The following procedures are likely applicable to forms that have been submitted prior to FY 2016 and outside of the EPC system. Changes to forms submitted in EPC must be made by modifying your organization's profile information or submitting a Modification Request (RAL) if the change is requested prior to the issuance of the funding commitment decisions letter. If a change needs to be made after the FCDL is issued, contact Client Service Bureau to determine how to proceed, as USAC has not yet announced such procedures.

### **E-rate Contact Information Change Request**

A request to change the contact information on previously submitted forms, should be written on your organization's letterhead and include the following information:

- Billed Entity Number
- Form Application Number (indicate whether it's a Form 470, 471, 486, BEAR, etc)
- Old Contact Information
- New Contact Information (include name, phone, fax, e-mail)
- Preferred Mode of Contact (phone, fax, e-mail)
- Signature and Title of Person Requesting the Change

Fax signed request to:

Contact Information Change Request (973) 599-6526

Or mail to:

Contact Information Change Request  
Schools and Libraries Division - Correspondence Unit  
30 Lanidex Plaza West, PO Box 685  
Parsippany, NJ 07054-0685

The new contact person will be notified using the preferred mode of contact when the change request has been processed.