

Openings, Mergers, & Closings

What We Do and Why We Do It

Schools and Libraries Division

Washington, DC • Seattle • Denver • Chicago • Newark • Los Angeles • Atlanta

September/October 2008

Overview

- New Entities
- Mergers
- School Mergers, Consolidations, & Closings Examples
- Program Reminders
- When to Contact USAC

New Entities

How does USAC determine if an entity is truly a new entity?

- USAC relies on the state's determination of a school or library to determine if it is a new entity.

Entity Mergers

- Two or more entities combining student populations into an existing entity, while one entity maintains the same name and/or location

New Entities

- Newly constructed facility in a new location
 - Contact the Client Service Bureau (CSB) to get a new entity
 - If legal name is not known, provide CSB an temporary name. Provide the legal name once it is known.
 - If the physical address is not know, you may still receive an entity number. Invoices will not be paid until the physical address is provided.
 - Use the [Form 471 instructions](#) to determine discount calculation (Item 9a) for new construction

New Entities

- **Entity expansion – facility built on an existing campus**
 - Entity expansion examples:
 - Facility has a different address
 - Facility serves multiple entities (e.g., IT building serving multiple schools)
 - Public right-of-way crosses the campus
 - Contact the Client Service Bureau (CSB) to get a new entity
 - Before you apply for Internal Connections determine if the entity is an NIF. New NIFs are eligible for Internal Connections if the entities supported by the NIF are eligible for Internal Connections.

New Entities

- **Two entities merge and create a new school within a school district**
 - Example: **Red** High School and **Blue** High School facilities close. The students from those two schools move to the newly created **Purple** High School.
 - State considers Purple HS to be a new school.
 - Purple needs a new EN
 - Purple HS gets a new 2-in-5 status since it is a new school
 - Purple HS may or may not be at a new location
 - District tech plan may need updating to address new school
 - Form 470: may not need to be posted since part of school district
 - Competitive bidding: Likely no impact since smaller scope of service
 - Discount: based on Purple school student population
 - Red HS and Blue HS should notify USAC that they are closing.
 - Red HS and Blue HS should identify service end dates and determine equipment that will be transferred to Purple HS.

Merged entities

- **Red** HS moves in with **Blue** HS, and remains **Blue** HS
 - State considers Blue HS to be the same school.
 - Blue HS keeps its existing EN
 - Blue HS keeps its current 2-in-5 eligibility status
 - Blue HS may or may not be at a new location
 - District tech plan may need updating to address merged school
 - Form 470: does not need to be posted since part of original posting
 - Competitive bidding: Likely no impact since smaller scope of service
 - Discount: based on Blue HS new school student population

Merged entities

- Red HS should notify USAC that they are closing.
 - Red HS should identify service end dates and determine equipment that will be transferred to Blue HS.
 - District tech plan needs to be updated to reflect the closing of Red HS
 - Assume District contact information remains the same, but if different, notify CSB

Two School Districts Merge

- **Red** School District merges with **Blue** School District to become the new **Purple** School District
 - State considers Purple SD to be a new school district.
 - State considers all schools to be same schools from before, just part of a new school district.
 - Purple SD needs an Entity Number
 - Each entity keeps its current 2-in-5 eligibility status
 - School District office may or may not be at a new location and may or may not need a new Entity Number
 - District tech plan needs to be created to address new school district technology goals and needs
 - Before you apply, may want to use existing tech plans

Two School Districts Merge

- Form 470/Competative bidding: Consult state and local procurement rules and any agreements that are in place to assign contracts to new Purple School District
- Discount: based on Purple SD student population
- If any buildings are renamed but aren't considered new facilities by the state require contact information updated and not new entity numbers.
- Purple School District needs to determine if any facilities will close

School District Consolidation

- **Red** School District is consolidated with **Blue** School District which remains the **Blue** School District
 - State considers Blue SD to be an existing school district.
 - State considers all schools to be same schools from before, just part of Blue school district.
 - Blue SD keeps their existing Entity Number
 - Each entity keeps its current 2-in-5 eligibility status
 - School District office may or may not be at a new location
 - District tech plan needs to be updated to address additional schools
 - Form 470/Competative bidding: Consult state and local procurement rules and any agreements that are in place to assign Red School District contracts to the Blue School District

School District Consolidation

- Discount: based on revised Blue SD student population
- If any buildings are renamed but aren't considered new facilities by the state require contact information updated and not new entity numbers
- Blue School District needs to determine if any facilities will close
- Inform USAC about consolidation, Red SD closing and becoming part of Blue SD and update contact information

Closing & Merging Facilities

- Determine which facilities are closing
 - For each closing facility, identify service end dates and determine what equipment will be transferred and where it will be transferred to.
 - Tech plans need to be updated to reflect any closings
 - Notify CSB of any contact information changes
- Determine if there are redundant services
 - For merged entities (affects new entities or consolidated schools or districts)
 - Review contracts and services to determine what is no longer needed. Pay particular attention to recurring services
 - Determine if there are SPIN changes or service substitutions needed

Reminders

- Discount must be based on known student population and not on projections.
- Equipment Transfers
 - Equipment may be transferred to another eligible entity if the facility where the equipment is located is permanently or temporarily closing
 - If it is less than 3 years from the date of purchase, you must notify USAC of the transfer
 - Document:
 - Transfer date
 - Old and new locations
 - Make, model and serial number

Tech Plans

- **Determine whether you need to create a new tech plan or update an existing tech plan**
 - Create a written tech plan before posting the Form 470 to USAC's website if a new plan is needed
 - Even if you have an existing tech plan, that plan may need a new approval
- **Plan for expansions and/or closings**
 - Include the possibility for expansions or closings when you are developing your tech plan if you know that such actions are being considered

Competitive Bidding

- Determine whether you have to post a new Form 470
 - New Form 470 may **not** be required **if**:
 - A Form 470 was posted for a multi-year contract and the new entity expansion was included in the request for services
 - Adding an entity to the service would not alter the scope of service

Competitive Bidding

- Determine whether you have to post a new Form 470 (cont'd)
 - New Form 470 **is** required when:
 - You want to consolidate contracts and create a new contract
 - You are negotiating a new pricing structure
 - You issue a new RFP
 - Your existing contracts do not have expansion provisions

Competitive Bidding

- **Bid evaluation**
 - Penalties for terminating existing contracts cannot be included in the price of the eligible goods and services criterion
 - You may consider your existing contract as a bid
- **Plan for expansions and/or closings**
 - Include the possibility for expansion when you are developing your competitive bid process

Contracts

- Review existing contracts for expansions and/or closings provisions
 - Penalty clauses for terminating the contract may exist
 - Review State and Local Procurement regulations to determine if contracts need to be rebid
 - Review any legal documents about the mergers to determine status of existing contracts
- Adding an addendum to accommodate new entities could alter the original scope of the procurement. This may lead to a competitive bidding violation.

Invoicing

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

Contact USAC

- Inform CSB of openings, merging and closings
- Inform your PIA reviewer if 471s are in review
- Information to provide USAC
 - Description of what is happening
 - Effective dates (e.g., school opening/closing, service start date, service end date)
 - List of all the affected Forms 471 and FRNs
 - Requests to cancel or modify FRNs
 - Verify the existing contact person for each Form 471 and indicate if that contact person will change
 - Identify the new contact person for each Form 471 and his or her contact information
 - Equipment transfers and new location information

Contact USAC

- Entity Numbers & Information Changes
 - Contact Client Service Bureau (888) 203-8100
 - Can get up to 3 entity numbers over the telephone
 - USAC's website [Submit A Question](#)

Questions?