

NTIA Proposed Changes to BEAD V2

March 2024

The NTIA has provided comments on Volume 2 of Vermont's BEAD Initial Proposal. The following issues have been identified. The VCBB welcomes input and feedback on these issues. Please send any feedback to vcbb.info@vermont.gov

1) Use of already built ARPA-funded projects as Matching Funds

The NTIA found the following two paragraphs regard using already built ARPA-funded projects as matching funds within Section 02.04.01 in conflict with the BEAD NOFO and that they must be removed from match opportunities:

"In addition, the VCBB intends to use infrastructure built using ARPA funding as well as ARPA funds that are obligated and the subject of an existing state grant agreement for future deployment projects as matching funds, in the instances where this infrastructure or future deployment project is allowable, allocable, necessary, and reasonable to be used as match."

"This means that ARPA-funded infrastructure or future deployment must fall within a BEAD project area or be middle mile infrastructure necessary to reach the BEAD project area. Prospective subgrantees will need to disclose details of the ARPA funding they received and related commitments, explain how this infrastructure will be used for BEAD, and certify that this infrastructure or funding has not and will not be used as match for another federal project. The subgrantee will also be required to demonstrate that costs incurred are allowable, allocable, necessary, and reasonable and will be required to conform to generally accepted accounting principles. For infrastructure that is already built, the value of the match will be determined based on the current market value of the asset as determined by an independent third-party evaluation submitted by the prospective subgrantee or the depreciated book value, whichever is greater. The VCBB has actively discussed this proposed use of ARPA funds with the NTIA and is awaiting guidance."

2) Process for Negotiation

The NTIA request that the VCBB fully explain how the Eligible Entity intends to reach 100% of unserved and underserved locations, and which strategies, if any, will be part of the "negotiate a plan to ensure these areas are served." The Eligible Entity may consider

adding, *"We reserve the right to run multiple competitive application rounds if necessary to ensure that all BSLs are covered."*

3) Quiet Period

Subgrantee Selection Process Integrity (p. 22 of Intake Summary) Please explain how the full proposal application window's "quiet period" will also allow prospective subgrantees to collect support from communities to accomplish the Community Input and Engagement section of the scoring rubric.

4) Prioritization and Scoring

The NTIA stated that the following paragraph must be removed from the Scoring Rubric's Primary Criteria:

"Additionally, up to 15 points will be awarded for a provider outlining its proposed service tiers along with pricing that demonstrates its offering provides affordability for middle class and low-income residents in accordance with those sections of this Initial Proposal. A provider's offer of a proposal that is consistent with Requirement 16's Low-Cost Plan and Requirement 20's Middle Class Affordability tiers of service is sufficient for the awarding of these 15 points."

The primary scoring criteria requires the Eligible Entity to only score on the *"most affordable total price to the consumer for 1 Gbps/1Gbps service in the project area"* and in Other-Last Mile Projects, *"most affordable total price to the customer for 100/20 Mbps...."*

The NTIA also found that the following phrase must be removed from the Scoring Rubric's Primary Criteria or relocated to an optional additional prioritization factor within the secondary scoring criteria: *"...and provide compelling commitments to equitable labor recruitment and workforce development practices."*

The NTIA declared the Scoring Rubric section needs to be revised to reflect the BEAD NOFO and subdivide the 31 points to account for the Amount of Match as a standalone factor: *"The VCBB is choosing to award points based on amount of BEAD funds requested and not based on 'total project cost' (which includes both the BEAD funds requested and any proposed matching funds)"*.