INTERNET FOR ALL

Common Misconceptions: Non-Traditional Broadband Providers

Broadband Equity, Access, and Deployment (BEAD) Program

April 2024

NTIA · DEPARTMENT OF COMMERCE · UNITED STATES OF AMERICA

Common Misconceptions: Non-Traditional Broadband Providers

The BEAD NOFO Section IV.B.9.b.10 requires the following in each Eligible Entity's Final Proposal:

"A description of efforts undertaken by the Eligible Entity to ensure the participation of non-traditional broadband providers (such as municipalities or political subdivisions, cooperatives, non-profits, Tribal Governments, and utilities), including an explanation for awards to traditional broadband providers when one or more non-traditional providers submitted competing proposals to serve an area consistent with the requirements of Section IV.C.1.a"

Section I.C.p defines non-traditional broadband provider:

"Non-Traditional Broadband Provider—The term "non-traditional broadband provider" means an electric cooperative, nonprofit organization, public-private partnership, public or private utility, public utility district, Tribal entity, or local government (including any unit, subdivision, authority, or consortium of local governments) that provides or will provide broadband services."

This document addresses common concerns non-traditional broadband providers might have regarding applying for BEAD or other federal grants and provides tips and resources to support applications.

CAPACITY | *I am concerned that I will not **score high enough on the operational or technical capability** criteria to win a bid.*

Scoring a potential subgrantee's operational and technical capabilities will account for the size of the project at issue. If the project is appropriately scoped so that your organization has the operational and technical capabilities to complete it, you should apply.

CYBERSECURITY AND SCRM | *We operate with a limited number of staff and fear we are **too small to hire the specialized personnel needed to meet BEAD cybersecurity requirements**.*

The BEAD Program does not require subgrantees to maintain a certain number of full-time personnel or teams staffed with experts on specific operational matters such as cybersecurity. States and territories must require prospective subgrantees to attest to having cybersecurity and supply chain risk management plans in place that reflect recent guidance issued by the federal government and to submit these plans before receiving award funding. Prospective subgrantees should employ the staff and contractors they deem necessary to meet this and other BEAD requirements.

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WORKFORCE | *I don't believe I can apply for a BEAD grant because my* **workforce is not unionized***, and* **I may not be able to abide by federal prevailing wage requirements.**

BEAD does not require a unionized workforce or compliance with prevailing wage laws. For BEAD projects that will exceed $5 million, subgrantees that will not be using a unionized workforce or complying with prevailing wage laws must file reports that include information such as the size, job titles, and wages and benefits of the proposed project's workforce and certification and licensure requirements for each position.

For more information: Prevailing Wage Overview & Resources

NEW ENTRANT | *As a* **new entrant** *to the broadband industry, I* **can't provide historical evidence** *of meeting state and federal fair labor laws.*

New entrants without a record of labor and employment law compliance must be permitted to mitigate this fact by making specific, forward-looking commitments to strong labor and employment standards and protections with respect to BEAD-funded projects. This requirement is described in further detail in Section IV.C.1.e of the BEAD NOFO.

For more information: BEAD NOFO

BUILD AMERICA BUY AMERICA | *We can't meet the buildout timeline or submit a competitive project budget* **due to BABA requirements.**

NTIA released a BABA waiver for the BEAD Program in February 2024. Because of the Buy America preference, the majority of fiber broadband equipment used to complete BEAD projects will be made in the United States, but BABA does not require that all goods purchased with BEAD funds are domestically manufactured.

For more information: BEAD BABA Waiver

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LETTER OF CREDIT | *I cannot meet the letter of credit obligations outlined in the BEAD NOFO so I shouldn't even apply.*

NTIA approved a programmatic waiver for the BEAD letter of credit requirement. This waiver allows subgrantees to use banks or credit unions to secure letters of credit or performance bonds and to reduce the letter of credit (or bond) amount upon completion of project milestones. The waiver also allows states and territories to permit subgrantees to maintain a letter of credit or performance bond valued at 10% of the subaward amount under certain circumstances.

For more information: <u>Letter of Credit Waiver</u>

MATCH | *I can't provide more than a 25% match, and because the state I bid in scores additional points for a higher match, I feel discouraged from applying.*

NTIA will consider individual match waiver requests from states and territories as needed. Subgrantees can also pursue match support from other local organizations or governments. Finally, projects in BEAD high-cost areas have no match requirement.

LOW-COST BROADBAND SERVICE OPTION | *I will not be able to make money on a project if I can only charge subscribers $30 per month.*

ISPs that receive BEAD subgrants must provide a low-cost broadband service option to eligible subscribers, which includes households with income at or below 200 percent of the Federal Poverty Guidelines. States define their own BEAD low-cost service option, and many may permit subgrantees to charge more than $30 per month, plus some may allow potential subgrantees to seek waivers to charge more than the ceiling for low-cost plans set by the state.

Tips for Applying for a Federal Grant

There are several resources for non-traditional broadband providers interested in applying for federal grants. This documents highlights a few tips below.

Contact your Local State Broadband Office

Find your local broadband office's contact information so you can ask questions as needed and learn about available resources.

Use Technical Assistance as Needed

Participate in webinars held by your broadband office or NTIA by preparing questions in advance to gain clarity on the specifics of the BEAD program and how your state or territory is running their grant program. Additional resources provided by NTIA can be found here.

Reach out to industry or membership organizations for guidance

In addition to support provided by NTIA and your local broadband office, industry and membership organizations can also provide guidance to non-traditional broadband providers on how to develop a strong application or navigate state processes.

Plan Ahead

Make sure your organization has staff ready to apply, respond to questions from the broadband office, complete the requirements that will come with a BEAD subgrant (see BEAD NOFO p. 64), and meet deployment deadlines and benchmarks.

> Have additional concerns or questions? Reach out to your state broadband office using the contact information provided on the Internet For All website.