

7.25% Cap on Planning Grant Funds for the NE Capacity & Planning Grant Program

The National Telecommunications and Information Administration (NTIA) offers this resource to help State Digital Equity Capacity and Planning Grant Program: Native Entities (referred to as *NE Capacity & Planning Grant Program*) applicants adhere to the 7.25% cap on Planning Grant Funds.¹ This primer explains the limitation and offers best practices on tracking and calculating costs.



WHAT IS THE 7.25% LIMITATION?

47 U.S.C. §1723(i)(2) requires NTIA to set aside no less than five percent of the total funds made available under 47 U.S.C. 1723 for Indian Tribes, Alaska Native Entities, and Native Hawaiian organizations (collectively, Native Entities). This includes funding under both the State Digital Equity Capacity Grant Program and the State Digital Equity Planning Grant Program. For planning, \$3,300,000 will be made available to Native Entities.

Per State Digital Equity Capacity Grant Program NOFO Section III.A.4., Planning Grant Funds for Native Entities will not be made available on a standalone basis.² Instead, Planning Grant Funds will only be awarded in **conjunction** with a Capacity Grant Fund application.³ If applicants want to apply for Planning Grant Funds, they will do so in the same application they request Capacity Grant Funds. Applicants seeking Planning Grant Funding will need to complete additional application questions specific for planning and will need to complete the **DE NE Capacity and Planning Consolidated Budget Form (CBF)**, which reiterates the 7.25% cap. Per the State Digital Equity Capacity Grant Program NOFO Section III.A.4., **Native Entities are not required to seek Planning Grant funding, but to the extent Planning Grant funding is requested, it will be capped at 7.25% of the total funds requested.**

How to Calculate the 7.25% Limitation

As seen in **Figure 1**, at application, the 7.25% limitation should be calculated based on the total requested grant amount. To calculate this number, applicants should take their total requested grant amount and multiply it by 0.0725.

Figure 1: 7.25% Limit Calculation

$$\text{TOTAL REQUESTED GRANT AMOUNT} \times 0.0725 = \text{PLANNING FUND CAP}$$

¹ This document is intended solely to assist applicants in better understanding the State Digital Equity Capacity Grant Program: Native Entities program and the requirements set forth in the Notice of Funding Opportunity (NOFO) and follow-on policies and guidance for this program. This document does not and is not intended to supersede, modify, or otherwise alter applicable statutory or regulatory requirements, the terms and conditions of the award, or the specific application requirements set forth in the NOFO. In all cases, statutory and regulatory mandates, the terms and conditions of the award, the requirements set forth in the NOFO, and follow-on policies and guidance, shall prevail over any inconsistencies contained in this document.

² To avoid confusion with the State Digital Equity Capacity Grant Program with the eligible applicants of States (including D.C. and Puerto Rico) & U.S. Territories, this document refers to the program as the State Digital Equity Capacity Grant Program: Native Entities (2024) ("NE Capacity & Planning Grant Program"). Per the NOFO, Native Entities are Indian Tribes, Alaska Native entities, and Native Hawaiian organizations.

³ While Planning Grant Funds must be requested in conjunction with Capacity Grant Funds, applicants can choose to apply solely for Capacity Grant Funding.

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Example of a 7.25% Limitation

As seen in **Figure 2**, if an applicant's total requested grant amount is \$1,000,000 it would mean they can spend up to \$72,500 in Planning Grant Funds and must not exceed that cost limit.

Figure 2: 7.25% Limit Calculation Example

$\$ 1,000,000 \times 0.0725 = \$ 72,500$		
<table border="0"> <tr> <td style="text-align: center;"><i>Total Requested Grant Amount</i></td> <td style="text-align: center;"><i>Planning Funding Limit</i></td> </tr> </table>	<i>Total Requested Grant Amount</i>	<i>Planning Funding Limit</i>
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WHAT COSTS COUNT TOWARD THE 7.25% LIMIT?

Digital Equity Planning May Include:

- Outreach and engagement with the Covered Populations for the purpose of identifying barriers to digital equity and conducting a needs assessment
- Measurable objectives that address the barriers to digital equity
- Identification of the barriers to digital equity faced by the members of the Covered Populations
- Implementation strategies to achieve the identified measurable objectives
- A vision statement



TRACKING COSTS

In accordance with 2 CFR 200 and the State Digital Equity Capacity Grant Program NOFO applicants are required to track, categorize, and report costs associated with the 7.25% limitation. Applicants should include that information in the Planning tabs in the Consolidated Budget Form and **ensure they complete the CBF that has both Planning and Capacity tabs.**⁴

Notably, additional cost caps apply to Planning Grant Funds and should be tracked in the CBF. While the 3% administrative cost cap applies to Capacity Grant Funds only (Planning Grant Funds **are not subject to the administrative cost cap**), a 5% evaluation cost cap applies to the **total** of Capacity and Planning Grant Funds. **Applicants should track any Planning Grant Funds used for evaluation and ensure that, when added to evaluation-related Capacity Grant costs, totals do not exceed the cap.**⁵

7.25% CAP POST-AWARD

Applicants should understand that if awarded, the 7.25% cap will apply to the total grant allocation reflected on their CD-450. In some cases, this allocation may be different than the amount requested in the initial application.

ADDITIONAL QUESTIONS

For additional questions on costs both subject and not subject to the 7.25% limitation, please email the DE inbox at: digitalequity@nita.gov

⁴ Native Entities applying for Planning Funds should fill out the seven first tabs in the Capacity and Planning Consolidated Budget Form, labeled with the letters 'a' through 'g,' in addition to the tabs requesting Capacity budget information (tabs h' through 'o').

⁵ Costs against each cap inputted in the Capacity and Planning cost category tabs will be summarized and tracked in the 'Total & Caps Summary' tab.