

Device Distribution & Lending Under CMC

Connecting Minority Communities (CMC) Pilot Program



DISCLAIMER

This presentation is for informational purposes only and is intended solely to assist recipients in better understanding the Federal procurement and property management regulations required by the National Telecommunication and Information Administration (NTIA). The guidance does not and is not intended to supersede, modify, or otherwise alter applicable statutory or regulatory requirements, or the specific application requirements set forth in the program's Notice of Funding Opportunity (NOFO).

In all cases, statutory and regulatory mandates, and the requirements set forth in the program's NOFO, shall prevail over any inconsistencies contained in the information presented.

Agenda

1. Overview and Key Terms for Device Distribution & Lending
2. Requirements & Compliance - Supplies vs. Equipment
3. Grantee Responsibilities for Device Distribution & Lending
4. Grantee Leading Practices for Device Distribution & Lending
5. Q & A

Eligible Use of Funds for CMC Pilot Program

Grant funds awarded may only be used for the following purposes:



Purchase of broadband Internet
access service



Purchase or lease of eligible
equipment and devices for
student or patrons



Hire and train information
technology personnel

Key Terms: Eligible Equipment and Tangible Property

CMC Eligible Equipment

- A connected device, such as a laptop or tablet
- Wi-Fi hotspot
- Modem
- Router
- Device that combines a modem and router
- Any other equipment used to provide access to broadband internet access service
- **Excludes mobile phones**



Tangible Personal Property

Equipment, supplies, and any other property (including information technology systems) other than that which is defined as an intangible property (property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership).



Consolidated Appropriations Act, 2021 (CAA) § 902(a)(7), 47 CFR § 302.2, CMC NOFO
45 CFR § 75.2 (for illustrative purposes only – 2 CFR Part 200 are the regulations applicable to CMC awards)

Key Terms: Types of Tangible Personal Property

Supplies

(unit cost < \$5,000)¹

All tangible personal property other than those described in the definition of equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life.



2 CFR § 200.1 (Definitions),
§ 200.314 (Supplies)

Equipment

(unit cost ≥ \$5,000)¹

Tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.



2 CFR § 200.1 (Definitions),
§200.313 (Equipment)

[1] \$5,000 threshold is the Federal standard. If a recipient has established a lower capitalization level for equipment or supplies, then the recipient will need to follow the lower amount and their organization policy for management requirements.

Tangible Property Management - Requirements & Compliance

| | Supplies (unit cost < \$5,000) ¹ | Equipment (unit cost ≥ \$5,000) ¹ |
|-------------|--|--|
| Use | <ul style="list-style-type: none"> Both equipment and supplies must be held in trust by the recipient for the estimated useful life of four years or until the property is no longer needed. During the property's estimated useful life: <ul style="list-style-type: none"> Recipients must prioritize providing or lending to students in need or those who do not already have access to such supplies or equipment Sale or transfer is prohibited without the prior written consent of the Grants Officer. | |
| Management | <ul style="list-style-type: none"> No requirements for inventory, need to notify NTIA if supplies are used, lost, or stolen or report when the supplies are no longer needed | <ul style="list-style-type: none"> Maintain property records, tracking serial numbers, property's use and condition, and other data listed in 2 CFR § 200.313(d)(1) Record inventory of the property and reconcile results with the property records at least once every two years Develop a control system to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated Develop adequate maintenance procedures to keep the property in good condition |
| Reporting | <ul style="list-style-type: none"> Final Tangible Personal Property Report (SF-428-B) is due at the end of award for all with tangible property. | <ul style="list-style-type: none"> Final Tangible Personal Property Report (SF-428-B) is due at the end of award for all with tangible property. |
| Disposition | <ul style="list-style-type: none"> If there is a residual value of supplies exceeding \$5,000 in total aggregate at completion of the project, and the supplies are not needed for any other federal award, then the recipient must compensate the federal government for its share. | <ul style="list-style-type: none"> Equipment with a current per unit fair market value of \$5,000 or less – Recipients may keep, sell, or otherwise dispose of equipment with no further responsibility to the Federal government (2 CFR § 200.313(e)(1)). Equipment with a current per unit fair market value over \$5,000– Recipients must request disposition instructions using Disposition Request Report Form (SF-428-C). If NIST GMD, in coordination with NTIA, fails to provide disposition instructions within 120 days: recipient may keep or sell the equipment but must pay the Federal Government its Federal share based on a percentage of Federal participation in the initial acquisition (2 CFR § 200.313(e)(2)). |

[1] If a recipient has established a lower capitalization level for equipment or supplies, they will need to follow the lower amount and their organization policy for management requirements.

What do **Supplies and Equipment** have in common?



1. Both equipment and supplies must be held in trust by the recipient for the estimated useful life of **four years** or until the property is no longer needed.



2. During the property's estimated useful life, recipients that lend or provide devices to students or patrons must prioritize providing or lending to those in need or those who do not already have access to such supplies or equipment. **Recipients must certify compliance annually via *Appendix A: Certification regarding Compliance with Statutory and Programmatic Requirements*** (page 52 of the CMC NOFO).



3. The **sale or transfer during the estimated useful life is prohibited** without the prior written consent of the Grants Officer.



4. **Tangible** Personal Property Report Form (SF-428B) is due at closeout.

Supplies - Requirements & Compliance

Supplies (unit cost < \$5,000 or a lower capitalization level established by recipient)

Property Management

- No requirements for inventory, need to notify NTIA if supplies are used, lost, or stolen, or report when the supplies are no longer needed.

Reporting

- Submit **Tangible Personal Property Final Report (SF-428-B)** at closeout.

Disposition

- If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate upon completion of the project and the supplies are not needed for any other federal award, then the recipient must compensate the federal government for its share.

Equipment - Requirements & Compliance

Equipment (unit cost \geq \$5,000 or a lower capitalization level established by recipient)

Property Management

- Maintain property records, tracking serial numbers, property's use and condition, and other data listed in 2 CFR § 200.313(d)(1).
- Record inventory of the property and the reconcile results with the property records **at least once every two years.**
- Develop a control system to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- Develop adequate maintenance procedures to keep the property in good condition.

Reporting

- Submit **Tangible Personal Property Final Report (SF-428-B)** at closeout.

Disposition

- **Equipment with a current per unit fair market value of \$5,000 or less** – Recipients may keep, sell, or otherwise dispose of equipment with no further responsibility to the Federal government (2 CFR § 200.313(e)(1)).
- **Equipment with a current per unit fair market value over \$5,000** – Recipients must request disposition instructions using Disposition Request Report Form (SF-428-C). If NIST GMD, in coordination with NTIA, fails to provide disposition instructions within 120 days: recipient may keep or sell the equipment but must pay the Federal Government its Federal share based on a percentage of Federal participation in the initial acquisition (2 CFR § 200.313(e)(2)).

CMC Grantee Responsibilities for Device Distribution & Lending



Certify Prioritization of Students in Need

Any grant recipient that lends or provides eligible equipment to students or patrons must prioritize providing or lending to students in need or those who do not already have access to such supplies or equipment.

Certify compliance (on an annual basis).



Follow Tangible Property Requirements

Understand whether your CMC project involves supplies or equipment. Follow all applicable laws and regulations for your Tangible Property classification, including use, management, reporting, and disposition.



Submit SF-428B at Closeout

Final Tangible Personal Property Report (SF-428-B) is due at the end of award for all with tangible property.

The form will be posted to the CMC Post-Award Website and can be found on Grants.gov.



Comply with 4-year Useful Life

Property must be held in trust by recipient for the minimum useful life of **four years**.

It may not be sold or transferred during this time without prior written consent of the Grants Officer.

Leading Practices for Device Distribution & Lending



1. Distribution is preferred over lending programs due to the high administrative and management costs associated with lending.
2. Partner with local organizations or institutions specializing in distribution and/or lending (e.g., libraries, other departments).
3. Distribute/lend devices in batches to gain insight into what works for your program, including:
 - Maintenance on loaner devices
 - Damage and return rates of devices
 - General lessons learned that could be implemented in the next batch
4. Programs are typically more effective when device recipients have invested interests, such as requiring students to provide a refundable deposit for devices or including clauses detailing fines for lost or damaged devices in lending contracts.
5. Factor in administration and IT support as budgetary and organizational components of lending programs.
6. Develop lending agreements and a device tracking policy to monitor devices and ensure they're returned in the agreed upon timeline.
7. Develop a sustainability plan for how your program will continue device maintenance and procurement once funding period expires.



Q&A

References

- [International Trade Administration - Know Your Incoterms](#)
- [Chartered Institute of Procurement & Supply - What is Just-In-Time \(JIT\)?](#)
- [Code of Federal Regulations - General Procurement Standards](#)
- [NC State University - Role of Procurement within an Organization: Procurement: A Tutorial](#)
- [Procurement Risks \(And How to Avoid Them\)](#)
- [10 Supply Chain Risk Management Strategies](#)
- [Chartered Institute of Procurement & Supply - Inventory Management](#)
- [Code of Federal Regulations - Domestic Preference for Procurements](#)
- [Code of Federal Regulations - Contracting with Small and Minority Businesses, Women's Business Enterprises, and Labor Surplus Area Firms](#)

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- [International Trade Administration - Know Your Incoterms](#)
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