



# Using BEAD Non-Service Reason Codes During the Period of Performance

*This document is intended solely to assist recipients in better understanding the Broadband Equity, Access, and Deployment (BEAD) Program and the requirements set forth in the Infrastructure Investment and Jobs Act, [Notice of Funding Opportunity \(NOFO\)](#), as modified by the [BEAD Restructuring Policy Notice \(RPN\)](#). 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 not modified by the RPN. In all cases, statutory and regulatory mandates, the terms and conditions of the award, and follow-on policies and guidance, shall prevail over any inconsistencies contained in this document.*



# Reason Codes | Overview

Non-service Reason Codes (Reason Codes) were introduced to explain why eligible BSLs would not be served under an Eligible Entity's Final Proposal.<sup>1</sup> Eligible Entities should review the following material to understand how Reason Codes will continue to be applied throughout the subgrantee period of performance.



## WHAT ARE REASON CODES?

Reason Codes are a set of 7 unique codes used to **specify the reason** why an unserved or underserved location will not be included in a BEAD deployment project (including LEO capacity subgrants).<sup>2</sup>



## WHAT IS THE PURPOSE OF REASON CODES?

When using Reason Codes, Eligible Entities must balance the need to **prevent overbuilding** with the need to **maintain project viability**.

Once a subgrantee's period of performance has begun, Reason Codes are only used for BSLs that were approved in the Final Proposal. There may be cases where an Eligible Entity identifies one or more BEAD-eligible locations that – though included in a BEAD project – do not **require mass-market broadband service, are already served** through an enforceable commitment or non-subsidized service or have **been removed in a new version of the FCC Fabric**. In these cases, Eligible Entities use Reason Codes to explain why these BEAD-eligible locations will not be served with BEAD funding.



## HOW ARE REASON CODES USED?

Once a subgrantee's period of performance has begun, the Eligible Entity must use Reason Codes 1-3 (when applicable) to eliminate BSLs from a project area and may optionally use Reason Codes 4-7 where appropriate. To use a Reason Code, Eligible Entities must collect evidence that proves that the location **meets the criteria of the applicable Reason Code**.

Eligible Entities will report the use of Reason Codes in their Semi-Annual Report (SAR) or Post-Award change by moving the BSLs to the **No BEAD Locations** CSV file (with accompanying Reason Codes). NTIA will not collect the evidence as part of submission but will **analyze the CSV files** to affirm that the Eligible Entity has met its universal coverage obligations under the Infrastructure Act and BEAD NOFO Section IV.B.7.b.<sup>3</sup>

<sup>1</sup> See [Final Proposal Reason Codes Guidance](#) for more information.

<sup>2</sup> Areas served through a BEAD project must be at least 80 percent unserved or underserved locations. See BEAD NOFO I.C.t for more details.

<sup>3</sup> All locations in the Eligible Entity's approved Final Proposal must be included in either the No BEAD Locations CSV file (with accompanying Reason Code) or the Served Locations CSV file.

# Reason Codes | Required

NTIA will review SAR submissions for the use of Reason Codes. Eligible Entities are required to use Reason Codes 1-3 during the subgrantee's period of performance.



## WHAT ARE THE REQUIRED REASON CODES? —

### 1 No Broadband Connection

*Location should not have a broadband connection (example: barn, hay bale, or rock).*

### 2 No Demand for Mass-Market Broadband Service

*Location does not need mass-market broadband service due to the nature of internet use (example: the entity located at the BSL requires only enterprise service).*

Reason Codes 1 and 2 must be implemented by Eligible Entities when subgrantees indicate, **with evidence**, that locations cannot be served because there is no broadband connection possible (Reason Code 1) or there is no demand for mass market service (Reason Code 2). Note: BSLs that an Eligible Entity identified as a CAI per NTIA's definition should not be removed with Reason Code 2 if mass-market service could be used at the location.



### 3 Removal from FCC's Fabric

*Location is not depicted in the most current FCC Fabric version, and the Eligible Entity has verified it is not a serviceable location.*

Reason Code 3 must be used unless a location was already served, or the Eligible Entity determines, **with evidence**, that the location is likely to use mass-market broadband service regardless of FCC's removal from the fabric.



#### KEY



Reason Codes with sub-codes



EEs must file an FCC Location Challenge prior to the next SAR submission



Requires NTIA approval if used to remove  $\geq 200$  BSLs or 20% of BSLs from a single BEAD Project (*whichever is fewer*)

# Reason Codes | Optional

Eligible Entities may apply Reason Codes 4-7 during the subgrantee's period of performance when necessary to explain why certain BEAD-eligible BSLs will be removed from a BEAD deployment project.



## WHAT ARE THE OPTIONAL REASON CODES? —

### 4 Enforceable Commitment

*Location is already served by an enforceable (i.e., binding) commitment (EC) at the federal, state, county or local level.*

The use of Reason Code 4 should generally be unnecessary. However, special cases may exist when it is necessary to avoid duplicative funding.



### 5 Served by Non-Subsidized Service

*There is evidence that a BSL is already served by non-subsidized service (i.e., a network built by an ISP with private funds) that meets BEAD technical standards.*

*\*Note that this Reason Code cannot be used for planned service or low-earth orbit (LEO) satellite service.*

Reason Code 5 may be used when an Eligible Entity and subgrantee do not want to overbuild an existing service that meets the requirements for Reason Code 5.



### 6 Other Reasons

*Any other reasons that are not listed, including justification for why the BSL(s) cannot be removed with another Reason Code.*

Reason Code 6 can be applied to BSLs on Tribal land that have not received Tribal Resolutions of Consent (ROCs) only after the Eligible Entity has demonstrated proof of its attempt to secure the ROCs or documented denial of consent to NTIA.



### 7 Financially Incapable

*After all attempts to obtain cost-effective proposals have been exhausted, all proposals for serving the unserved or underserved location were deemed excessively costly by NTIA.*

#### KEY



Reason Codes with sub-codes



EEs must file an FCC Location Challenge prior to the next SAR submission



Requires NTIA approval if used to remove ≥200 BSLs or 20% of BSLs from a single BEAD Project (whichever is fewer)

# Reason Codes | Sub-codes

If an Eligible Entity intends to use Reason Code 1, 2, 4, or 7, it must provide the applicable sub-code as well.



## WHAT ARE THE DIFFERENT SUB-CODES? —————

### 1 No Broadband Connection

*Location should not have a broadband connection (example: barn, hay bale, or rock). Eligible Entities must provide the Non-BSL sub-code.*

- **D:** Location has been demolished and is not expected to be rebuilt
- **B:** Residential location is no longer habitable
- **U:** Location is a support structure (e.g., a garage, parking structure, barn, silo, storage shed) for a nearby building
- **M:** Location is intended to be mobile and has not been permanently installed in its current location (e.g., it is an RV or boat)
- **R:** Location is not a building but a land formation, such as a large rock or collection of hay bales
- **Z:** Location is not serviceable for another reason

### 2 No Demand for Mass-Market Broadband Service

*Location does not need mass-market broadband service due to the nature of internet use. Eligible Entities must provide the Location Type sub-code.*

- **C:** CAI location
- **E:** Enterprise location
- **P:** Government property

### 4 Enforceable Commitment (EC)

*Location is already served by an enforceable commitment.*

- **State enforceable commitment (includes local and county level ECs)**
- **Federal enforceable commitment (BIP, CAFII, ECAM, RDOF, RECONNECT, TBCP1, TBCP2, Community Connect, TLP)**

### 7 Financially Incapable

*Eligible Entity is financially incapable of serving the location*

- **F:** Financially incapable
- **X:** Excessive cost

# Reason Codes | Timing

Eligible Entities may apply Reason Codes at any time during the period of performance, but they must be reported to NTIA in the SAR for the period following their application.



## REASON CODE USAGE TIMING

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**Reason Codes 1, 2, 4, and 6** | Eligible Entities should apply Reason Codes 1, 2, 4 and 6 (e.g., lack of Tribal consent) as soon as practicable if the Eligible Entity has clear and unambiguous evidence supporting the use of the Reason Codes.



**Reason Codes 3 and 5** | Eligible Entities may delay applying Reason Codes 3 and 5 to await further clarification that the BSLs in question will not be added back to the FCC Fabric (Reason Code 3) or to be sure removing the BSL(s) due to existing service would not make the BEAD project unviable for the subgrantee (Reason Code 5).

Example: A location is removed from the Fabric, but the Eligible Entity has reason to believe it will come back in the next version so the Eligible Entity delays applying Reason Code 3.



**Reason Code 7** | Eligible Entities may only apply Reason Code 7x when NTIA has indicated that the cost to serve the BSL is excessive.



## REMINDERS

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- **Reversal of Reason Code Usage** | Once an Eligible Entity has applied a Reason Code and moved a BSL to the No BEAD list, it may not move a BSL back to a BEAD project through the SAR submission or a Post-Award Change. Eligible Entities should ensure accuracy of data before moving BSLs to the No BEAD list.
- **No BSL Additions** | Reason Codes cannot be used to add a BSL to an existing BEAD project.
- **Post-Award Change Threshold** | If the use of Reason Codes 4 through 7 results in the removal of 20% or 200 BSLs in a single project (*whichever is smaller*) the change must be approved by NTIA. See [BEAD Scope Change and Budget Modification Guidance For Eligible Entities](#) for more information.
- **Reimbursement Type** | The subgrant agreement reimbursement type used (e.g., traditional, Fixed Amount Subaward) does not impact how Reason Codes are applied but may impact how the use of Reason Codes change the BEAD subsidy reimbursed to the subgrantee. Eligible Entities should have a review process in place to consider the impact of removing BSLs from a project on the overall project cost.

# Reason Codes | Requirements

Each Reason Code used during the period of performance has different SAR reporting requirements, usage conditions, and FCC location challenge requirements.



## REQUIREMENT SUMMARY

	SAR Reporting Requirement	Usage Conditions	FCC Location Challenge Requirement
<b>Reason Code 1</b> <i>No Broadband Connection</i>	FCC Location Challenge ID	<ul style="list-style-type: none"> <li>Subgrantees must notify EEs if a location is not serviceable</li> <li>EEs must decide if evidence is sufficient</li> </ul>	Required
<b>Reason Code 2</b> <i>No Demand for Mass-Market Service</i>	FCC Location Challenge ID	<ul style="list-style-type: none"> <li>Subgrantees must notify EEs if a location has no demand</li> <li>EEs must decide if evidence is sufficient</li> </ul>	Required
<b>Reason Code 3</b> <i>Removal from FCC's Fabric</i>	Fabric Version	<ul style="list-style-type: none"> <li>EEs must use if the location is removed from the Fabric<sup>4</sup></li> </ul>	Not Required
<b>Reason Code 4</b> <i>Enforceable Commitment</i>		<ul style="list-style-type: none"> <li>EEs may use to deduplicate from federal, state, county and local commitments</li> </ul>	Not Required
<b>Reason Code 5</b> <i>Served by Non-Subsidized Service</i>	Fabric and BDC Version if applicable	<ul style="list-style-type: none"> <li>EEs may use if they provide evidence that a location is already served (may not rely solely on the FCC's BDC)</li> </ul>	Not Required
<b>Reason Code 6</b> <i>Other Reasons</i>		<ul style="list-style-type: none"> <li>EEs may use for other circumstances (e.g., lack of tribal consent) and must retain evidence</li> </ul>	Not Required
<b>Reason Code 7</b> <i>Financially Incapable</i>		<ul style="list-style-type: none"> <li>EEs may use 7x only if NTIA has validated that a location is excessively costly to serve</li> </ul>	Not Required

<sup>4</sup> If a location is removed from the Fabric, Eligible Entities must either use Reason Code 3 or retain evidence that the location remains serviceable.

# Maintaining Appropriate Evidence

Eligible Entities must maintain evidence to substantiate the Reason Codes used in the “No BEAD Locations” CSV file. This evidence must be timely, stored in common formats, and follow the requirements outlined in the most recent Final Proposal Guidance.



## WHY IS EVIDENCE NEEDED?

- ✓ **Evidence Objective** | The evidence should prove that the location does not need BEAD funds to avoid leaving locations un/underserved by mistakenly including them in the **No BEAD Locations** CSV. Removal from the Fabric or presence in the BDC alone should never be the only evidence used for Reason Code 3 and Reason Code 5, respectively.
- ✓ **Standard of Evidence** | The evidence must be clear and precise as to how the relevant Reason Code is substantiated (see [Semi-Annual Report Guidance p.40-41 and 68 for minimum evidentiary standards](#)). The Eligible Entity must collect evidence that it deems sufficient for each Reason Code or sub-code; in addition, FCC location challenge IDs are required for each location with a Reason Code 1 or 2 designation.
- ✓ **NTIA Review** | NTIA will not collect evidence as part of the SAR submission. However, Eligible Entities must maintain appropriate evidence to support the conclusion that the locations with Reason Codes should not be served with BEAD funding. NTIA may request evidence from the Eligible Entity at any point as part of its oversight responsibilities.

*Note: Changes of more than 20% or 200 BSLs in a single project (whichever is less), or those that otherwise are included in a Post-Award change may require evidence review as part of the Post-Award change approval process.*



## WHAT EVIDENCE MAY BE USED?

*NTIA recommends the following sources of evidence that Eligible Entities can use to support their Reason Code designation:*



**Photographic Evidence**



**Land Use or Zoning Charge**



**Attestation by Unit of Local or Tribal Government**



**Evidence of Subscription (Service Record)**



**Attestation by Private Property Owner**



**Network Diagram or Speed Test**