



Louisiana Office of Broadband
Development & Connectivity

Supplemental Notice to Prospective Participants in Louisiana’s Broadband Equity Access and Deployment Subgrant Process (GUMBO 2.0)

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The purpose of this supplemental notice is to provide additional explanation of certain program rules and requirements established in Louisiana’s approved BEAD Initial Proposal Volume 2 (IPv2). All information in this Supplemental Notice is fully consistent with the Initial Proposal Volume 2 approved by NTIA on December 7, 2023 as well as overall BEAD program requirements as established by the National Telecommunications and Information Administration (NTIA).

1. BEAD Subgrantee Agreements

A. Fixed Amount Subawards

NTIA held in the Uniform Guidance Policy Notice (UGPN) that the BEAD competitive subrecipient selection process will allow states to establish fixed amount subawards for broadband infrastructure projects that are based on a reasonable estimate of actual costs,¹ subject to the requirement that each state monitor “the reasonableness of the subrecipient costs.”²

Louisiana intends to utilize fixed amount subawards in order to reduce the program’s administrative costs for both Louisiana and awardees. Fixed amount subawards also will promote broad participation in the program; Gumbo 2.0 broadband infrastructure project fixed amount subaward recipients will, among other things:

¹ See Policy Notice: Tailoring the Application of the Uniform Guidance to the BEAD Program (rel. Dec. 23, 2023) at 5 https://broadbandusa.ntia.doc.gov/sites/default/files/2023-12/BEAD_Policy_Note_of_Uniform_Guidance_Part_200_Exceptions_Related_Issues.pdf.

² See UGPN at 6.



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1. Not be required to comply with the cost principles under the Uniform Guidance.³ Thus, subject to the general requirement (discussed in greater detail below) that costs “be reasonable, necessary, allocable, and allowable for the proposed project or other eligible activity and conform to generally accepted accounting principles,”⁴ fixed amount subaward recipients -
 - a. Need not obtain written permission from Louisiana for the purchase of certain equipment and capital expenditures;⁵
 - b. May recover reasonable financing costs without reference to the specific conditions and limitations set forth in 2 CFR § 200.449.⁶
 - c. May recover reasonable selling and marketing costs for qualifying broadband service delivered to funded locations.⁷
2. Be excepted from complying with the procurement standards contained in 2 CFR §§ 200.318-320 and 200.324-326.⁸
3. Not be required to comply with the property standards set forth in 2 CFR §§ 200.314-315 for supplies and intangible property.⁹

Further, and as discussed in greater detail below, fixed amount award subrecipients are subject to materially less burdensome production requirements when seeking reimbursement for Gumbo 2.0 grants.

Potential applicants should familiarize themselves with the Uniform Guidance generally, and the UGPN specifically.

B. Direct Subgrant Awards to Multi-Entity Applicants.

Entities comprising more than a single party (e.g., multi-entity partnerships and consortia) are permitted to apply for GUMBO 2.0 grants. Such applicants must describe their organizational structure and the roles and relationships of the participants in the application and may point to the capabilities and experience of the participating entities in support of the application.

ConnectLA will structure awards to multi-entity partnerships and consortia in a manner that best serves the goals and interests of the program. ConnectLA may, at its discretion, enter into subrecipient agreements with the individual entities in a multi-entity partnership or consortia, while in others it will require the multi-entity partnership or consortia to identify a lead subrecipient. ConnectLA will consider, among other things, the organizational structure of the winning bidder, the roles and responsibilities each constituent entity is to play in connection with the award and their individual qualifications and capabilities, and any administrative efficiencies that may be realized. Regardless of how ConnectLA chooses to structure an award, all subrecipient agreements will comply fully with the requirements of the BEAD program.

³ See UGPN at 6, citing 2 CFR § 200.401(a)(3).

⁴ See BEAD NOFO at 81, § V.H.1.

⁵ See 2 CFR § 200.439 (Equipment and other capital expenditures).

⁶ See 2 CFR § 200.449.

⁷ See 2 CFR § 200.467.

⁸ See UGPN at 7.

⁹ See UGPN at 9.

2. BEAD Subgrant Disbursement Policies and Procedures

A. Milestone-based Reimbursement.

Consistent with the approach to disbursements codified at R.S. 51:2370.21 and in section 2.16.2.A of Louisiana’s approved Initial Proposal,¹⁰ and federal rules governing fixed amount subawards,¹¹ Gumbo 2.0 subgrant agreements will provide for reimbursement when the following milestones are achieved:

Milestone	Disbursement (percent of award)	Maximum Cumulative Disbursement (percent of award)
Office approval of detailed project budget and schedule as an addendum to the executed subgrant agreement(s)	10%	10%
Proof that necessary permits have been requested filed with the Office	10%	20%
Proof of binding agreement to acquire BABA-compliant equipment	10%	30%
Provider certification and Office completion of a technical and compliance audit that the provider has reached:¹²		
10% of Project BSLs	10%	40%
35% of Project BSLs	15%	55%
60% of Project BSLs	15%	70%
85% of Project BSLs	15%	85%
100% of Project BSLs and the Office’s approval of Subgrantee’s Completion Report	15%	100%

Subgrantees also may seek reimbursement for actual buildout progress every six months. For example, Subgrantee has achieved the 10% of fixed locations milestone on March 1, 2025, and then deploys qualifying broadband to an additional 3% of fixed locations by September 1, 2025, Subgrantee may seek reimbursement for those 3% of locations while it continues to work toward the 35% milestone.

The reimbursement amount for such six-month disbursements will be calculated as follows:

$$\text{Payment per location reached} = (\text{Grant Funds} * .7) / (\text{Number of Project Locations to be served on Project completion} + \text{Number of CAIs to be served on Project completion})$$

¹⁰ See Initial Proposal Vol. 2 at 121-122.

¹¹ See 2 CFR 200.201(b)(1).

¹² Consistent with the Federal Communications Commission’s Broadband Data Collection, Subgrantee may certify that it has “reached” a location when it is capable of performing a standard installation of Qualifying Broadband Service, at a standard installation charge, within 10 business days after the date on which a service request is submitted. See 47 U.S.C. §§ 642(b)(2)(A)(i)(I)-(II); 47 CFR § 1.7001(a)(19).

A subgrantee's payment for achieving the next deployment milestone will be adjusted to ensure that the maximum cumulative disbursement does not exceed the percentage identified in the table above upon the subgrantee's achievement of a milestone.

B. Eligible Expenses

In order for a cost to be reimbursable under a Gumbo 2.0 subgrant it must be "be reasonable, necessary, allocable, and allowable for the proposed project or other eligible activity and conform to generally accepted accounting principles."¹³ While federal cost principles set forth in the Uniform Guidance will not apply as compliance requirements to Gumbo 2.0 fixed amount subawards for broadband infrastructure projects,¹⁴ the guidance set forth in the cost principles on the meaning of those terms is informative. ConnectLA will look to this guidance when reviewing budgets for proposed broadband infrastructure projects.

1. *"Necessary" and "Allocable."* A cost is "necessary" if it is necessary for the performance of the award and "allocable" to the extent that it is incurred specifically for an award and provides a benefit to the project for which the grant was awarded.¹⁵
2. *"Reasonable."* NTIA found that the BEAD competitive subrecipient selection process will allow states to establish fixed amount subawards that are based on a reasonable estimate of actual costs,¹⁶ subject to the requirement that each state monitor "the reasonableness of the subrecipient costs."¹⁷ ConnectLA's view of whether a cost is reasonable will be informed by the Uniform Guidance, which states that a cost is reasonable "if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost."¹⁸ ConnectLA will provide additional guidance on how it will assess the reasonableness of costs in future guidance.
3. *"Allowable."* Allowable costs for broadband infrastructure projects include costs incurred in connection with last-mile broadband deployment projects as described on page 39 of the BEAD Notice of Funding Opportunity.¹⁹

Note that certain costs are explicitly prohibited under the rules of the BEAD program, including:²⁰

- a. Use of grant funds for covered communications equipment or services under the Secure and Trusted Communications Networks Act of 2019 (47 U.S.C. § 1608);

¹³ See BEAD NOFO at 81, § V.H.1.

¹⁴ See UGPN at 6, citing 2 CFR § 200.401(a)(3).

¹⁵ See 2 CFR § 200.405.

¹⁶ See UGPN at 5.

¹⁷ See UGPN at 6.

¹⁸ See 2 CFR § 200.404.

¹⁹ See BEAD NOFO at 39, § IV.B.7.a.ii.

²⁰ Ineligible costs may not be paid for with matching funds committed to an award. See BEAD NOFO at 82, § V.H.2.

- b. A profit, fee, or other incremental charge above actual cost incurred by a subgrantee;²¹ and
- c. Use of grant funds to support or oppose collective bargaining.²²

C. Specific Allowable Costs.

For the sake of clarity, ConnectLA offers additional guidance on specific classes and categories of costs:

1. *Unserved Service Projects and Underserved Service Projects.* By statute, ConnectLA may award funds for broadband infrastructure projects that are “unserved service projects and underserved service projects.”²³ Those terms are defined in the statute to include project where “not less than 80 percent of broadband-serviceable locations served by the project” are unserved locations or unserved and underserved locations, respectively. By extension, up to 20% of the locations in an unserved service project or underserved service project may already be served with qualifying broadband service. The costs of deploying broadband to those already “served” project locations may be treated as eligible expenses within a project’s allowable budget.
2. *Backhaul.* Subrecipients may recover the cost of deploying Middle Mile Infrastructure where the Middle Mile Infrastructure is in or through any area required to reach interconnection points or otherwise to ensure the technical feasibility and financial sustainability of an unserved service project or an underserved service project.²⁴
3. *Financing Costs.* Consistent with the Uniform Guidance, financing costs for a capital asset like a broadband network are allowable costs subject to the requirement that Louisiana find those costs “reasonable.”²⁵ Consistent with Louisiana’s obligation to consider all provider types, ConnectLA believes that there are a broad array of reasonable financing arrangements.²⁶ Different providers have different capital structures and means of accessing capital: publicly-traded providers may take a short-term loan from a traditional bank, while a private-equity backed provider may be able to obtain financing from its investor in exchange for a capital usage charge and a

²¹ Note that this prohibition applies to profits, fees, incremental charges, or other similar charges that might be included in a project budget, usually as a separate line item. See UGPN at 4. The UGPN explicitly permits subrecipients to “retain program income, such as income derived from the servicing and use of supported networks and connections (e.g., wholesale revenues, end-user subscription revenues, etc.), for profit.” *Id.*

²² See BEAD NOFO at 82, § V.H.2.

²³ See 47 USC 1702(f)(1).

²⁴ See BEAD NOFO at 33, nn. 33, 34. The definition of Middle Mile Infrastructure is set forth in the BEAD NOFO. *Id.* at 13-14, § I.C.o.

²⁵ Outside the context of fixed amount subawards, financing costs for a capital asset like a broadband network are allowable costs subject to the provisions of section 200.449 of the Uniform Guidance. See 2 CFR 200.449. As discussed above, however, “[s]ubrecipients that receive fixed amount subawards pursuant to [the UGPN] are not required to comply with the cost principles under the Uniform Guidance.” UGPN at 6. Louisiana will reimburse financing costs to the extent that those costs are reasonable. See UGPN at 6 (“the authority [for a state] to issue fixed amount subawards is conditioned upon a requirement that the Eligible Entity monitors the reasonableness of the subrecipient costs.”).

²⁶ See 47 U.S.C. § 1702(h)(1)(A)(iii).

municipally-owned ISP may be able obtain bond financing. Each of these financing methods is unremarkable and – absent a usurious rate or some other abusive practice – are allowable.

4. *Indirect Costs (Overhead)*. Consistent with the Uniform Guidance, subrecipients may recover, or treat as match, a reasonable portion of their indirect costs, commonly referred to as overhead.²⁷ ConnectLA will work with subrecipients to determine the appropriate indirect cost rate.²⁸
5. *Pre-Award Costs*. ConnectLA will seek to reimburse reasonable costs associated with preparation and submission of a successful GUMBO 2.0 application, costs related to engineering design, permitting, and work related to environmental, historical and cultural reviews for an approved project, and costs directly related to the acquisition of facilities and telecommunications equipment required to provide qualifying broadband service for the Project.
6. *Closeout Costs*. Consistent with the United States Department of Commerce Financial Assistance Standard Terms and Conditions, reasonable, necessary, allowable and allocable administrative award closeout costs are authorized for reimbursement for a period of up to 120 calendar days following the end of the period of performance of an award.²⁹ For this purpose, award closeout costs are those strictly associated with close-out activities and are typically limited to the preparation of final progress, financial, and required project audit reports, unless otherwise approved in writing by ConnectLA.

Upon notice that it has been selected for provisional award of one or more submitted applications, an applicant will be required to submit a complete subgrant project budget proposal for serving all awarded SPAs. Applicants may include in these proposed budgets all of the categories of allowable expenses identified in this section, as well as any other costs allowable under the applicable provisions of 2 CFR part 200 (as modified by the UGPN) the BEAD NOFO, the IPv2, and other applicable law. ConnectLA will review these budgets for compliance with these provisions as well as overall appropriateness given the goals of the BEAD Program. Upon acceptance by ConnectLA, these budgets will be incorporated into final subgrant agreements for inclusion in Louisiana's Final Proposal and, upon NTIA's approval of the Final Proposal, and will serve as the basis for milestone disbursements as described in Section 2 above.

D. Rounding Down of Requested BEAD Funding for an Application.

To the extent required, calculation of award amounts submitted as a percentage of reference funding will be rounded down to the penny, to ensure that ConnectLA could never exceed available BEAD allocation funds. To allow for applicant control and management of funding requests, the input for the percentage of funding requested will allow for significant decimal places.

²⁷ See 2 CFR §§ 200.405(b), 2 CFR 200.306(c).

²⁸ See 2 CFR 200.332(a)(4).

²⁹ See Department of Commerce Financial Assistance Standard Terms and Conditions (Nov. 12, 2020) at § B.07.b, available at https://www.commerce.gov/sites/default/files/2020-11/DOC%20Standard%20Terms%20and%20Conditions%20-%202012%20November%202020%20PDF_0.pdf.

Version history

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