



ARConnect

The Arkansas State Broadband Office

Arkansas BEAD Program

Frequently Asked Questions Document 8

Revised as of November 1, 2024.

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Milestone Reimbursement Questions

1. Since reimbursement will be based on locations reached instead of miles of fiber laid, would it be beneficial to reach the denser areas first?
[The process for justifying the incurred costs will be the same, regardless of the density.](#)
2. Will ARConnect consider milestones based on miles laid instead of locations reached, since location coverage is not usually fully complete until the end of the project?
[We invite applicants to send comments to the draft reimbursement milestones through next Friday, November 1. Note, “reached” is defined in our milestones by when the subgrantee can perform 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.](#)
3. Considering material and equipment purchases are front-loaded expenses, is there a way to front load the reimbursement milestones with these expenses?
[ARConnect invites applicants to send comments on the draft milestones, along with the rationale, to our office through next Friday, November 1.](#)
4. Can ARConnect estimate the amount of time between a subgrantee providing evidence of milestone completion and the reimbursement fulfillment?
[At this time, it is difficult to estimate this. ARConnect will request the reimbursement from the U.S. Department of Commerce, and the on-site visit will also need to occur. ARConnect will seek to minimize the turnaround time as much as possible.](#)
5. Through the fixed amount reimbursement policy, can the ISP reduce the performance bond or letter of credit amount as milestones are achieved?
[If the subgrantee obtains a letter of credit or performance bond for 10% of the subaward amount, under section 2.4 of the \[BEAD Letter of Credit Waiver\]\(#\), the subgrantee may not reduce the amount until it has completed the buildout of 100% of locations or until the period of performance has ended \(whichever comes first\). If the subgrantee does not want to utilize section 2.4 under the Letter of Credit Waiver, ARConnect will discuss the alternative requirements for letters of credit and performance bonds with the ISP.](#)

6. How does the milestone reimbursement approach work with the cost match requirement?

Match must be reported by the subgrantee to ARConnect proportional to each milestone met. Applicants can read more about the match requirement under fixed amount subawards on page 7 [here](#) (see “Policy Notice Guidance”).

Allowable Cost Questions

7. Are intercompany lease agreements an eligible expenditure? If it is a long-term lease with monthly payments, are the monthly amounts included in the GAAP-compliant financial report?

If the underlying deployment activity is itself an eligible expense, the use of an intercompany lease has no separate bearing on allowability. More generally, subgrantees are responsible for following GAAP practices and should rely on their professional accounting staff in making those determinations.

8. Are taxes (income, sales, and property) considered an allowable expense?
Under the applicable federal guidelines for BEAD subgrants, taxes that the recipient or subrecipient is required to pay and which are paid or accrued in accordance with GAAP are generally allowable.

9. Are the financing fees associated with obtaining a letter of credit considered an allowable expense?

Yes.

10. How should providers account for long drops, especially in rural areas?

Long drops are allowable expenses and may be included in budgeted subgrant costs. Note, for BSLs to be considered “reached,” providers must be able to deploy service, at a standard installation charge, within 10 business days after the service request is submitted.

Partnerships and Consortia Questions

11. Do partnerships and consortia need to stay intact through the performance period or through the useful life of the network?

If a partnership is selected for award, ARConnect will structure the award in a way that is beneficial to the program goals and maintains compliance to the program requirements. This will depend on how the partnership is structured and how it proposes to conduct the build. The partnership may need to remain intact through the period of performance, or ARConnect may need to evaluate alternative proposals.

Timeline Questions

12. Can you explain the "period of performance?" Is that "period" the same for all subgrantees? If so, can you speak to how long that period is?

As stated in the BEAD [Policy Notice](#), subgrantees must deploy the planned broadband network and begin providing services to each customer that desires broadband service in the project area no later than four years from the date the subgrantee receives the subgrant from ARConnect. ARConnect may seek to extend the period of performance by up to one year, under extenuating circumstances. The useful life of the network, or the Federal Interest Period, will continue for 10 years after the year in which the subgrant has been closed out in accordance with 2 CFR 200.344.

13. How long will it take to complete an application and enter all data into the portal, once the portal opens?

If an applicant uses the scoring rubric and application checklist (in the Applicant Primer) to prepare the application details prior to the opening date, it should not take long to complete an application.

14. When can we expect Tranche-1 to open?

We are unable to set a date yet because we are waiting for our Challenge Process data to be approved. Once NTIA approves the final list of eligible locations, we will give applicants at least four weeks to review the final list before we open the application. Further, we will avoid running the application process during a holiday.

Low-Cost Plan Questions

15. With the low-cost and affordability plans, if a service provider does not increase prices in year one, is the year two allowable increase the total of the Consumer Price Index (CPI) year one and year two increases? Or would the allowable increase be limited only to the year two CPI change?

Applicants will be permitted to increase the baseline rate for their low-cost and affordability plans annually, based on increases to the Bureau of Labor Statistics' CPI for the calendar year. If an applicant does not increase their price in year one and chooses to increase in year two, they will not be limited by the fact that they did not increase in year one.

Pre-registration Questions

16. Are the pre-registration revisions reviewed one by one, or must all revisions be complete before they get reviewed?

It depends on the nature of the revisions and the number of the revisions. If an applicant has a question about the status of a revision, please reach out to argrants@mbakerintl.com.

Other Questions

17. What makes an application a “priority” application?

In accordance with the BEAD NOFO, the term “Priority Broadband Project” means a project that will provision service via end-to-end fiber-optic facilities to each end-user premises. A project which includes any use of non-fiber technology or alternative technology will be considered a “non-priority” project.

18. Will we be able to view the updated Reference Prices at the same time as the final list of eligible BSLs?

Yes, we will release these datasets together.