



Understanding Spending Caps for the State Digital Equity Capacity Grant Program

Capacity Grant Program

April 2024

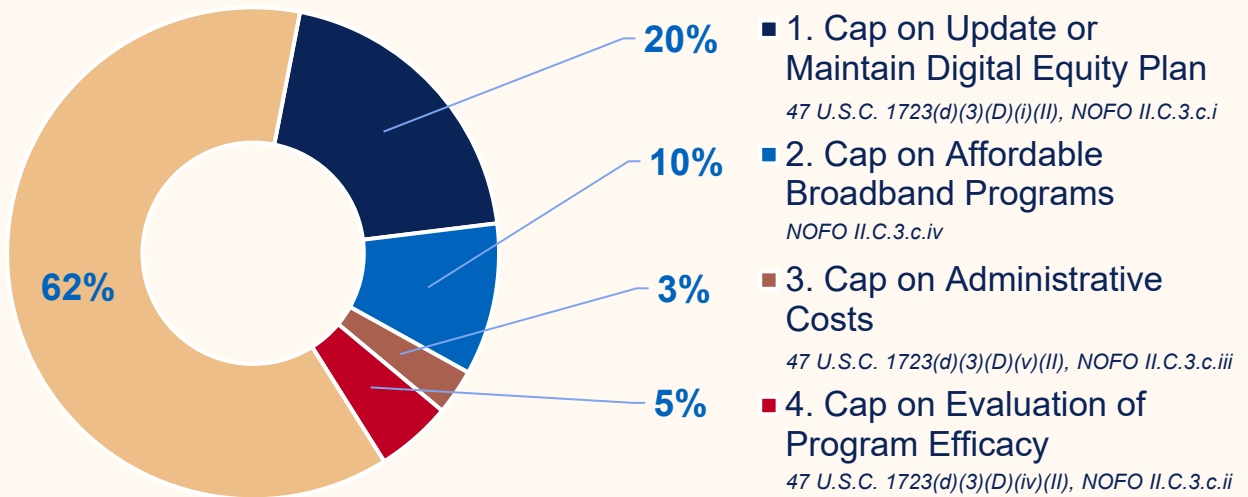


This document is intended solely to assist recipients in better understanding the SDECG program and the requirements set forth in the Notice of Funding Opportunity (NOFO) for this program. This document does not and is not intended to supersede, modify, or otherwise alter applicable statutory or regulatory requirements, or the specific application requirements set forth in the NOFO. In all cases, statutory and regulatory mandates, and the requirements set forth in the NOFO, shall prevail over any inconsistencies contained in this document.

This primer describes the four spending caps of the State Digital Equity Capacity Grant Program. It is intended to support recipients' understanding of the program's resource restrictions from application through post-award (Section II.C.3.c).

Are there categorical spending limits for the Capacity Grant Program?

Yes, recipients can spend up to, not over, the following:



Note: While recipients must conduct Administrative and Evaluation activities, they are not required to exhaust any of these caps.

1. UPDATE OR MAINTAIN DIGITAL EQUITY PLANS



“Update” involves making revisions or modifications of strategies, goals, and objectives based on feedback, data and lessons learned.



“Maintain” involves ongoing activities and efforts to sustain implementation, including monitoring progress, tracking performance indicators, engaging stakeholders, and adapting strategies as needed.

SIGNIFICANT PROPOSED CHANGE OR AMENDMENT



“Significant Proposed Change or Amendment” includes updates to the Digital Equity Plan that alter the fundamental components, goals, strategies, or measurable objectives that significantly affect the resource distribution to the Covered Populations.

Significant changes or amendments to State Digital Equity Plans must be made available for public comments in compliance with 47 U.S.C. 1723(c)(2). (47 U.S.C. 1723(e)(2)(D)).

Digital Equity plans must maintain compliance with statutory and DE Planning Grant NOFO requirements throughout updates and maintenance

2. UNDERSTANDING THE AFFORDABILITY CAP

No more than 10% of the amount of the grant may be used to fund subsidies for the provisions of broadband services through affordable broadband programs.



Recipients **must first conduct a thorough assessment** and inventory of existing subsidy programs, grants, or other resources available, **leverage those existing resources**, and **use them as the primary source** of funding while using the funding from this Program as a last resort



Promotion of programs to provide low-cost services administered by the Federal Communications Commission or other relevant local, State or Federal programs and **should take precedence over establishing a new program**



Any new affordable access programs funded must provide digital literacy and skills training

If a state plans to subgrant, each State or Territory must determine each subgrantee's funding allocation amount and ensure its funded project activities conform with this cap.

3. ADMINISTRATIVE CAP REMINDERS

No more than 3% of the amount of the grant may be used for administrative costs (exclusive of costs for program evaluation and updating the Digital Equity Plan) in carrying out allowable activities under this program and described in an SDECGP award.



This includes the **combined total of indirect and direct administrative costs** charged to an award



Recipients must **identify costs that apply to the 3% spending limit on administrative costs using the Consolidated Budget Form**

| Financial | Operations/Occupancy Costs | General |
|------------------------------------|---|--|
| Accounting | Direct costs (i.e.: rent, utilities) | Salaries, wages and fringe benefits |
| Auditing and audit preparations | Indirect costs (i.e.: in-kind donations covering operational costs) | Services |
| Contract preparation and oversight | Insurance | Grants monitoring/reporting as required by NTIA |
| Budgeting and budget preparation | Maintenance | Grants-related policy and procedure development |
| General legal services | Depreciation on buildings | Indirect costs as it relates to administration of the Capacity grant |
| Drawing down funds from NTIA | General Liability Insurance (not directly related to a program) | |
| Unfunded grant actions | General office supplies | |
| | Travel costs for grants admin | |

Note: Administrative costs are those expenses not related to the direct provision of program activities. Activities NOT included under the 3% cap are certain programmatic costs associated with subgrantees such as reviewing or monitoring reports to subgrantees, or travel associated with subgrantee monitoring. Programmatic costs encompass expenses directly associated with the implementation and delivery of specific services or activities outlined in digital equity plans.



4. PROJECT EFFICACY AND EVALUATION



No more than 5% of the total amount of grant may be used to **evaluate the efficacy of the efforts funded by grants made to subgrantees to:**

a

assist in the implementation of the Digital Equity Plan of the State or Territory;

b

pursue digital inclusion activities in the State or Territory consistent with the Digital Equity Plan of the State or Territory;

c

and report to the State or Territory regarding the digital inclusion activities of the entity.

Tips For Evaluation:

The Evaluation Cap applies to grant recipients evaluating implementation of subgrantee(s) projects. Evaluating the recipient’s progress and impact against the recipient’s Digital Equity Plan is not subject to the 5% cap.



Recipients should use measurable objectives from their Digital Equity Plan to guide evaluation activities



The NOFO details specific quantifiable data recipients must collect to meet NTIA’s reporting requirements



Some activities that fall under the Cap on Evaluation of Efficacy may fall under other budget cap categories too— track and report these activities closely as they may, or may not be subject to one or more caps



Recipients should coordinate with subgrantees to standardize protocols and instruments to ensure accurate, relevant data is collected

Note: Recipients can view the [Evaluation of Project Efficacy of Subgrantees for the State Digital Equity Capacity Grant Program](#) resource for more information on the 5% Evaluation Cap.

TRACKING COSTS ACROSS CAPS BEST PRACTICES

Recipients are responsible for monitoring their spending against all caps. NTIA recommends that recipients do the following to help with monitoring and reporting:

Application Period



Align all activities subject to caps across all budget documents and project narrative. Applicants may choose to use one of the optional [Sample Addenda](#) as a supplemental resource to assist in calculating the Digital Equity Plan update and affordability caps



Recipients should ensure their organizations have a time and attendance policy that addresses tracking of administrative and different types of programmatic charges



Create and monitor internal budgets that reflect the total cap amounts and the amounts they have earmarked for the cap with subgrantees

Post-Award



Recipients should create multiple time charge codes specific to SDECGP administrative and programmatic activities within their financial systems



Check expended administrative, evaluation, affordability, and Digital Equity Plan Update costs against their respective cap percentages on a monthly basis

Note: Recipients can go to BroadbandUSA.NTIA.gov for more information and technical assistance materials. Reach out to digitalequity@ntia.gov with questions.