

4.2 AGENCY POLICY DOCUMENTATION

BROADBAND EQUITY, ACCESS, AND DEPLOYMENT PROGRAM (BEAD)



MICHIGAN DEPARTMENT OF
**LABOR & ECONOMIC
OPPORTUNITY**

MICHIGAN HIGH-SPEED INTERNET OFFICE

1. DISTRIBUTION OF FUNDING

Michigan's subgrants will be made on a fixed award¹ amount, following all requirements of NTIA's modifications to the Uniform Guidance as provided by the revised NOFO, BEAD Terms & Conditions, and other NTIA guidance.

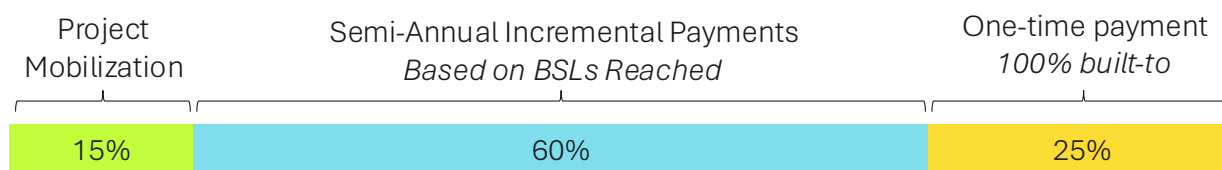
1.1 MILESTONE PAYMENT SCHEDULE

1.1.1 BROADBAND INFRASTRUCTURE DEPLOYMENT SUBGRANTS

MIHI subgrants will be made based on a fixed award amount, following all requirements of NTIA's guidance tailoring Uniform Guidance to the BEAD program. As described in the tables below, subgrantees will receive a project mobilization milestone disbursement, followed by periodic disbursements based on their actual buildout progress, as reported every six months. This will allow MIHI to adopt each of the subsections of the BEAD Letter of Credit Waiver issued by NTIA on October 23, 2023.

The project mobilization milestone disbursement will be made available after both of the following occur: (a) the subaward agreement is fully executed and (b) the subgrantee submits to MIHI a certification that the subgrantee has notified all relevant permit-issuing agencies of the activities that will be funded by the BEAD award. The project mobilization milestone disbursement reflects that subgrantees will incur significant cost in acquiring inventory and equipment necessary to their BEAD-funded project. Separate disbursement schedules have been established to reflect the difference in large and small enterprises' ability to access capital. The disbursement schedules will be:

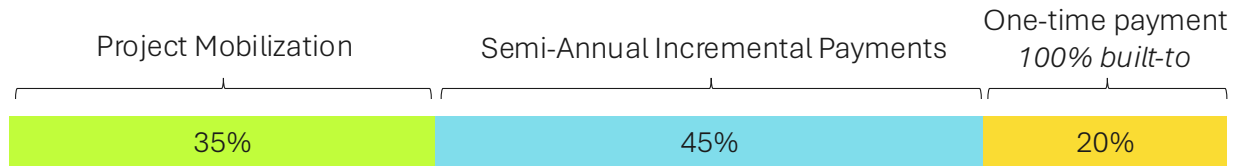
Periodic Payment Disbursement Schedule – Large Enterprises		
Milestone	Disbursement	Maximum Cumulative Disbursement
Project mobilization milestone	15%	15%
Deployment increments up to 75% of total locations built to	Formula shown below	75%
100% of total locations built to (engineering certification required)	25%	100%



¹As defined by NTIA's [Tailoring the Application of the Uniform Guidance to the BEAD Program](#) guidance



Periodic Payment Disbursement Schedule – Other Enterprises		
Milestone	Disbursement	Maximum Cumulative Disbursement
Project mobilization milestone	35%	35%
Deployment increments up to 75% of total locations built to	Formula shown below	80%
100% of total locations built to (engineering certification required)	20%	100%



Subgrantees must report their actual buildout progress, as well as their expenditures, to MIHI every 6 months in the reporting system established by MIHI. Based on the reports submitted, and, until they reach the milestone of “75% of total locations built to,” subgrantees will receive incremental payments calculated according to the formulas provided below:

Payment Formulas	
Large Enterprises	$\text{Payment per location reached} = \frac{60\% \text{ of Subgrant Amount}}{\text{Number of Total Locations in the Project}}$
Other Enterprises	$\text{Payment per location reached} = \frac{45\% \text{ of Subgrant Amount}}{\text{Number of Total Locations in the Project}}$

Once the “75% of total locations built to” milestone has been achieved, no incremental payments will be made until the final milestone of “100% of total locations built to (engineering certification required)” has been achieved. Periodic reports regarding actual buildout progress and expenditures, in the reporting system established by MIHI, will still be required every 6 months during the time between these two milestones.

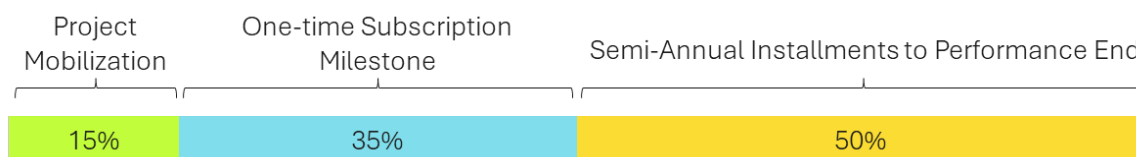
1.1.2 LOW EARTH ORBIT CAPACITY SUBGRANTS

MIHI subgrants will be made on a fixed award amount, following all requirements of NTIA’s guidance tailoring Uniform Guidance to the BEAD program. The following disbursement schedule has been established to reflect Appendix B of the Broadband Equity, Access, and Deployment (BEAD) Program: BEAD Restructuring Policy Notice.

Subgrantees will receive a project mobilization milestone disbursement, followed by a subscription milestone disbursement, followed by equal installments across the remaining period of performance. The project mobilization milestone disbursement will be made available after both of the following occur: (a) the subaward agreement is fully executed and (b) the subgrantee submits

to MIHI a certification that it can initiate service to any covered BSL in the project area with no charges or delays attributable to extension of the service. The subscription milestone disbursement will be made available after the Semiannual Report that certifies that 50% of the locations in the project have subscribed to the subgrantee's qualifying broadband service. Each subgrantee will receive equal installments throughout the remainder of the period of performance.

Periodic Payment Disbursement Schedule – Low Earth Orbit Capacity Subgrants		
Milestone	Disbursement	Maximum Cumulative Disbursement
Project mobilization milestone	15%	15%
Subscription milestone	35%	50%
Installment payments for the remainder of the period of performance	Formula shown below	100%



Subgrantees must file periodic reports to MIHI every six (6) months. Each periodic report must include both (a) a report of the subgrantee's subscription rate and (b) recertification that the subgrantee can initiate service to any covered BSL in the project area with no charges or delays attributable to the extension of the service. No payments will be available between the project mobilization milestone and the subscription milestone; however, periodic reports will still be required every six months during the time between those two milestones. Once the subscription milestone has been met, subgrantees will receive installment payments for the remainder of the extended period of performance calculated according to the formula provided below:

$\text{Installment Payments} = \frac{50\% \text{ of Subgrant Amount}}{\text{Number of Semi-annual Reports remaining before end of the extended period of performance}}$

1.2 REMEDIES AND CLAWBACK OF FUNDS

Michigan's *BEAD Subgrantee Agreement Part II, Section M. Remedies* details the remedies that the State may exercise if a Subgrantee is in breach of any provision of the agreement and fails to cure or begin to cure such breach. The agreement stipulates in several sections the standards for corrective actions involving grant funding, including withholding payments or clawback of funds as a condition of resolving instances of noncompliance, such as if a Subgrantee were to fail in meeting a contractual obligation.

In instances where MIHI’s monitoring observes noncompliance with contractual standards, Subgrantees will receive notice of that noncompliance that includes clear steps to resolve the issue using a documented Corrective Action Plan. MIHI provides technical assistance and tracks Subgrantee progress towards resolution throughout this process. Any decisions on withholding or clawback of funds is made by the executive leadership of the Michigan High-Speed Internet Office (MIHI) and the Department of Labor and Economic Opportunity (LEO) in consultation with the Department of Attorney General (DAG) for the State of Michigan.

2. TIMELY REPORTING MANDATES

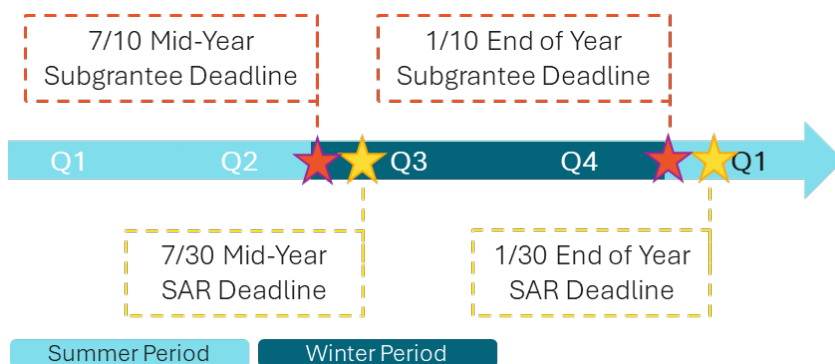
MIHI has developed a reporting approach to ensure that its Subgrantees meet reporting mandates on-time and with accurate data. This in turn will allow MIHI to develop, finalize, and submit recurring Semiannual Reports, as well as any additional data requests required by NTIA to understand the progress of BEAD award implementation in Michigan.

2.1 REPORTING REQUIREMENTS AND DEADLINES

Reporting requirements are communicated to Subgrantees through Michigan’s *BEAD Subgrantee Agreement* in *Part III, Exhibit A – Statement of Work, Section 4. Project Phases, Milestones and Deliverables* and in *Part III, Exhibit C – Grant Federal Provisions, Section 8. Subgrantee Reporting Requirements*. The State provides guidance to Subgrantees on how to meet reporting requirements as part of its onboarding for each organization.

Subgrantees submit metrics on program progress via a form in MIHI’s **EGrAMs** grants management platform. Each submission includes an attestation of accuracy by the Subgrantee lead contact, and the data are subsequently reviewed by MIHI’s compliance team before being aggregated for each Semiannual Report.

Michigan requires Subgrantees to submit metrics within 10 days of the end of each 6-month reporting period for each year. Subgrantees must submit data by **July 10th** and **January 10th** of each year. This allows MIHI a 20-day window to review data, resolve issues with Subgrantees, and finalize each Semiannual Report for submission to NTIA by deadline.



MICHIGAN SEMIANNUAL REPORTING (SAR) TIMELINE



Required reporting metrics for each project will be finalized with Subgrantees, reflecting final guidance expected from NTIA in Fall 2025. MIHI is prepared to meet all reporting requirements by collecting data from Subgrantees in its grants management system, including information on project expenditures and milestone progress. Additionally, MIHI will solicit information via semi-annual reporting and ongoing monitoring to understand project progress, including how grant funds are spent, what services are provided and project status, locations where service broadband is made available, and spending trends that accommodate reporting in the SF-245/Federal Financial Report format.

2.2 MONITORING AND OVERSIGHT OF REPORTING

MIHI uses monitoring as an opportunity to provide guidance and oversight to Subgrantees in the reporting process. At the start of each project, MIHI will meet with the Subgrantee project team to clarify reporting responsibilities, including specific metrics that the Subgrantee must track and report. Monitors confirm in initial monitoring activities that each Subgrantee has adequate capacity to track and report data to MIHI in the required systems and formats in a timely and accurate fashion.

Oversight: MIHI includes reporting as an area of focus in its monitoring activities throughout the life of each project. At various points in each project lifecycle, monitors review metrics as part of desk reviews to ensure consistent and accurate reporting. Metrics reporting is also reviewed prior to project site visits to verify consistency between what is being reported by Subgrantees and observed by field monitors on the ground.

Corrective Action: In instances where a Subgrantee's data submissions are unclear – for example they use different units of measurement in different reports – MIHI will flag inconsistencies and work with the Subgrantee to cure any deficiencies. MIHI may also require more frequent reporting of metrics as a corrective action for Subgrantees that demonstrate challenges in meeting reporting deadlines (e.g., may move a Subgrantee to a schedule of reporting quarterly instead of semi-annually).

Technical Assistance: If a Subgrantee experiences challenges in tracking or reporting data, MIHI provides several technical assistance opportunities to support them. MIHI offers recurring Office Hours and trainings, which will include several dedicated sessions to provide Subgrantees with instructions and best practices for tracking and reporting data. The State also conducts one-on-one meetings with each Subgrantee on a recurring basis as part of its monitoring and will ensure that all questions about reporting requirements, timelines, platforms, and process are addressed.

