



OFFICE OF STATEWIDE BROADBAND

***Connect Maryland:
Broadband Equity Access and
Deployment Grant Program***

SUBGRANTEE SELECTION APPLICATION GUIDE

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1. Notice of Funding Opportunity (NOFO)

A. Introduction and Purpose

The Broadband Equity, Access, and Deployment (BEAD) Program represents Maryland's final push to achieve universal broadband coverage. Building on earlier investments made through the American Rescue Plan's State and Local Fiscal Recovery Funds (SLFRF) and Capital Projects Fund (CPF), Maryland is now poised to close the remaining coverage gaps which are concentrated in rural, low-income, and difficult-to-serve areas. With BEAD, we aim to reach **100% of unserved and underserved households and businesses** in Maryland.

Through this NOFO, Maryland's Office of Statewide Broadband (OSB) is launching a competitive grant process to identify and fund projects that can reliably deliver high-speed internet to every remaining eligible location in the state.

OSB intends to conduct a single round of subgrantee selection but reserves the right to conduct additional rounds if necessary.

B. Key Dates

- **NOFO release date:** July 10, 2025
- **Application deadline:** July 24, 2025, 11:59 PM
- **15% Outlay Threshold and Notifications:** August 1, 2025
- **Revised Proposals Due:** August 8, 2025, 11:59 PM
- **Evaluation and Selection:** August 8 – August 15, 2025
- **Public Comment Period:** August 8 – August 22, 2025
- **Final Proposal Submission to NTIA:** No later than September 4, 2025

Applicants must submit their proposals by July 24. After this date, those whose proposals which fall within 15% of the lowest BEAD outlay and need revision will be asked to revise and resubmit their proposals by August 8. Revision only occurs if changes are needed in the proposal and requested by OSB.

C. Eligible Applicants

Eligible entities include:

- **Traditional broadband providers (using any technology)**
- **Electric cooperatives**
- **Nonprofits and community-based ISPs**
- **Governmental or quasi-governmental organizations**

Applicants must meet Maryland’s BEAD eligibility criteria, including financial capability, technical readiness, and compliance with BEAD requirements outlined in NTIA guidance.

D. Eligible Project Areas

OSB has pre-defined and fixed the project areas for this funding round. These areas will be published on the OSB website in **KMZ format** with accompanying **Fabric Location ID lists**. Each project area includes only **unserved, underserved, and eligible Community Anchor Institutions (CAIs)**.

- **Partial applications for project areas are discouraged.** Applicants are expected to serve all eligible locations in each project area. However, consistent with NTIA guidance, “Eligible Entities must also allow applicants to propose to exclude select broadband serviceable locations (BSLs) that the applicant determines are excessively high-cost locations from the project area (or would otherwise make the project economically unviable for the technology being used).”

- Locations with existing or pending enforceable commitments under other federal or state programs (e.g., RDOF, CPF, USDA ReConnect) will be excluded to avoid duplication of funding. OSB will provide lists for each project area that exclude these locations.
- Due to post-challenge updates, enforceable commitments, and deobligations made after NTIA’s approval of Maryland’s final location list in January 2025, the following counties have achieved full coverage of **unserved and underserved household and business locations**. Therefore, **no BEAD project areas** will be published for these counties.
- However, **unserved Community Anchor Institutions (CAIs)** may still exist in these counties and will be listed separately for eligible applicants to propose service. Each such CAI is considered its own project.
- **Counties with Full Household/Business Coverage:**
Baltimore City, Cecil, Dorchester, Talbot, Somerset, Worcester

E. Program Requirements

All proposed deployments must meet the following performance and operational requirements:

- **Minimum Service Levels:**
 - 100 Mbps download and 20 Mbps upload for unserved and underserved locations;
 - 1 Gbps symmetrical service for all CAIs.
- **Scalability and Reliability:**
 - All proposed networks must be designed to accommodate future increases in broadband demand. Proposals must demonstrate a credible technical pathway to scale capacity — consistent with the chosen technology — to meet or exceed anticipated performance benchmarks over time.

Funding and Match

Each awarded project will receive federal BEAD funds based on demonstrated need and cost-efficiency.

Match Requirements

Applicants are required to contribute a minimum of **25% match**, but Maryland strongly encourages higher match levels to reduce public subsidy and enhance proposal competitiveness.

Eligible match sources include:

- Private capital
- In-kind contributions (with supporting valuation)
- Local government funds (e.g., county ARPA allocations)
- State funds (e.g., Maryland ARPA or general funds, if permitted)

Applicants requesting matching funds from the State of Maryland should contact OSB before submitting their application. Such matching funds may incur additional network or deployment obligations.

Match Waivers

Maryland may grant match waivers in limited cases, such as deployment in very high-cost areas (e.g., mountainous terrain or remote islands) or projects submitted by nonprofits or local governments with limited fiscal capacity.

To request a waiver, applicants must provide a written justification describing the need for a waiver, financial documentation demonstrating hardship or infeasibility of contributing 25%, and any additional documentation requested by OSB.

Waiver requests will be evaluated alongside the project proposal. Approval is not guaranteed and will only be considered under exceptional circumstances. OSB will grant a waiver only if the applicant demonstrates that the proposed project offers extraordinary value, superior cost-effectiveness, and a clear and compelling alignment with BEAD program goals. Waivers will be rare and subject to strict scrutiny.

Cost Reasonableness and Oversight

OSB will assess the reasonableness of total costs using internal benchmarks from past ARPA and CPF-funded projects. All subgrantees will be required to maintain accounting records for both federal **and match contributions**, subject to audit. Cost per location will be evaluated during application review and is a primary criterion in scoring.

G. Application Submission Process

Applicants must submit a separate application form for each county in which they are proposing to build infrastructure. Additional guidance on submitting applications for multiple project areas within a county is provided in the “Application Form Submission Structure” section below.

All submissions must be organized, clearly labeled, and easy to review.

All applications must be submitted to the Maryland Office of Statewide Broadband (OSB) by Thursday, **July 24, 2025, at 11:59 PM ET**. Late submissions will not be considered.

Applications must be submitted via the submission portal at <https://edas.info/N34191>. All users who need to upload materials or edit the proposal should create EDAS accounts and will appear as authors of the proposal. **Additional information and instructions for submission to the portal will be provided on OSB’s website by July 16th.**

Required Application Materials Including Supporting Templates (Provided by OSB)

Each application must include the following:

1. **Completed Application Form (Template provided)**
2. **Other Public Funding Disclosure Template**
3. **Schedule F-1 and F-2: Construction Budget and Milestones Template**
4. **Certifications and Checkbox Attestation List**
5. **Technical Documentation:**
 - Project overview
 - List of Fabric IDs
 - Network maps (KMZ)
 - Technology and network design overview
 - Response to Technical Capability section (Mentioned earlier)
 - Interconnection/backhaul plan
 - Response to Backhaul and Network Architecture section (Mentioned earlier)
 - Future evolution description
 - Performance evidence (where applicable)
6. **Financial Documentation:**
 - Completed **Pro Forma financial workbook** (Template provided by OSB)
 - Three most recent years of financial statements (audited, if available)
7. **Letters of Support** (*optional but encouraged*)

All documents must be submitted as **searchable PDF** files (not scanned or image-only files), unless a different format is specified in the instructions.

Required templates—including project area KMZ files, Fabric ID lists, budget template, deployment milestone template, pro forma, and attestation forms—will be available for download on the website:

<https://dhcd.maryland.gov/Broadband/Pages/StatePlans.aspx>

Application Form Submission Structure

- **One Application Form per County:**

Applicants must submit a separate application form for each county in which they are proposing to build infrastructure.
- **Multiple Project Areas within a County:**

If bidding on more than one project area within the same county, applicants may use a single application form for that county but must include:

 - A separate **Project Proposal Narrative** for each project area
 - Distinct **Schedule F1 (Budget)** and **Schedule F2 (Milestones/Timeline)** per project area

- Corresponding **Fabric ID list** per project area

Files for Each Project Area

Each applicant **may submit** up to three applications for each project area and priority broadband project designation, one of each type below:

- (1) Projects that cover all locations in the project area (“complete projects”);
- (2) Projects that cover almost all BSLs (“partial projects”);
- (3) Projects where applicants are willing to serve each location separately (“divisible projects”), regardless of the number of locations assigned by the Eligible Entity.

Complete and partial projects are assumed to be indivisible and as-is, i.e., the applicant is generally assumed not to be willing or able to reduce or enlarge the number of locations within a project area for the same subsidy. For divisible project proposals, the applicant is willing to serve any subset of locations chosen by OSB.

Typically, cellular fixed wireless, licensed and unlicensed fixed wireless, and low-earth orbit satellite can serve individual locations effectively without having to serve every location in a contiguous area, but the project category is technology-neutral, i.e., available to all technologies.

Thus, an applicant may submit a total of six applications for each project area, three for consideration as priority broadband projects and three for consideration as non-priority projects.

For example, a provider wanting to serve an area with a hybrid technology solution that combines two technologies could submit a partial project that covers most locations with a technology that qualifies as a priority broadband project and a complementary divisible project proposal that fills in the missing locations with a technology that does not qualify as a priority broadband project. As outlined below, the cost effectiveness will be scored

For each project area, the applicant must provide one or two CSV files following the structure of the *BEAD Final Proposal Guidance for Eligible Entities* (June 2025), pg. 61 (fp_deployment_projects.csv) and, if necessary, fp_locations.csv.

The column project_id consists of the string CM61-BEAD-MD-, followed by the project area identifier for the project area or the location ID for CAIs that are not part of a project area.

The columns labeled estimated_miles_aerial_fiber, estimated_miles_buried_fiber, estimated_jobs may be left empty, i.e., the applicant may choose to provide the information or omit it. The column estimated_subaward_date must be left empty.

For partial and divisible projects, the applicant also needs to provide the location lists following the format described for the file `fp_locations.csv` (page 64 and following). The applicant should **not** upload the location list for complete projects.

Designation as Priority Broadband Project

A priority project must satisfy all the following requirements:

- (1) Service to all eligible locations, whether designated as business, residential, or both (X), must be shown to scale to a download speed of [250] Mbps and an upload speed of [50] Mbps within five years after initial deployment.
- (2) Network capacity for all connected users within the project area, whether funded through BEAD or not, must be no lower than [12 Mbps] for each subscriber.
- (3) Service to all CAIs in the project area must offer a speed of at least 1 Gbps symmetric.
- (4) Any location suitable for a 5G or 6G cell site must be offered service at 1 Gbps symmetric and must support a latency of 1 ms. (A latency of no more than 1 ms is required to enable Ultra Reliable and Low Latency (URRL) communications, a key differentiator of 5G and 6G service.)

Priority broadband projects cannot exclude CAIs for partial projects as it is likely that the cost of serving individual CAIs without surrounding infrastructure is much higher than leveraging infrastructure in their geographic proximity.

Questions and Inquiries

All questions or requests for clarification must be submitted via email to osb.bead@maryland.gov.

H. Evaluation and Selection Criteria

OSB will follow the scoring guidelines in Section 3.4 of the BEAD Restructuring NOFO. The following rules provide additional details that ensure that OSB can “select the combination of project proposals with the lowest overall cost to the Program,” and that all eligible BSLs and CAIs receive qualifying service, and that proposals can be compared fairly.

Following NTIA guidelines, the selection will aim to identify the combination of proposals for each project area that maximizes the overall weighted score. In each case, any project within 15% of the lowest-cost project is scored based on the secondary criteria. For partial projects, we consider the weighted secondary score. (For example, if there are two choices, namely a combination of proposals A and B, or a single proposal C, where the secondary scores are ranked A, followed by C and then B, OSB will consider the location-weighted score to choose between the two options.)

If a project area receives multiple applications, the following steps will be followed:

1. If a project area receives multiple partial projects labeled as priority projects, OSB will combine the project proposals for scoring purposes only so that all locations and CAIs within the project are covered. OSB will then compute a per-location cost to the Program by dividing the total cost by the number of locations. We call this collection of proposal a “combined project.”
2. If only a combination of priority and non-priority projects can cover a project area, OSB will create the highest-scoring combination of all proposals that maximizes the fraction of locations covered by priority projects. For example, if a project area has 100 locations and 90 can be covered with a partial priority project (or a combination of partial projects) that cost \$4,000 per location and a partial non-priority project or a set of divisible projects that costs \$2,000 per location, the overall per-location program cost is scored at $0.9 * 4,000 + 0.1 * 2,000 = 3,800$.
3. If a project area exceeds the extremely high cost per location threshold (EHCPLT), OSB will consider non-priority projects.
4. OSB will then compare the set of complete and combined projects and choose the option incurring the lowest cost to the Program.

Secondary Criteria

OSB will only use the secondary criteria “Speed of network and other technical capabilities.” All criteria apply to both priority and non-priority proposals. Priority proposals will thus always score at least 10 points for download speed, for example.

Criteria	Requirement	Points
Download speed (25 pts.)	≥ 150 Mbps	5
	≥ 250 Mbps	5
	≥ 500 Mbps	5
	≥ 1000 Mbps	5
	≥ 2000 Mbps	5
Upload speed (24 pts.)	≥ 25 Mbps	4
	≥ 50 Mbps	4
	≥ 100 Mbps	4
	≥ 250 Mbps	4
	≥ 500 Mbps	4
	≥ 1000 Mbps	4
Latency (20 pts.)	< 80 ms	5
	< 40 ms	5
	< 20 ms	5

	< 10 ms	5
Resiliency (31 pts.)	Power backup for 8 hours	7
	Power backup for 24 hours	8
	Buried fiber or coax	16

For latency, upload and download speed, the score is scaled according to the fraction of locations that meet the threshold. Scores are added for each threshold or condition met. For example, a network with a download speed of 600 Mbps scores 15 points since it satisfies the first three conditions at 5 points each. If only half the locations meet the 600 Mbps threshold, while others only reach 100 Mbps download speed, the score would be 50%, i.e., 7.5 points.

Resiliency is scored by network locations. For example, if 80% of locations are served by buried fiber, the applicant receives 80% of the maximum score. For networks without last-mile wired infrastructure, the scoring is based on wired connectivity to base stations and satellite ground stations. The score for power backup is computed for all active elements in the network, such as central offices and fiber distribution cabinets, base stations, satellite ground stations, and amplifiers. This does not include customer-premises equipment (CPE) such as ONTs or satellite receivers. If necessary, OSB will develop a more precise allocation based on the number of locations affected by a potential loss of utility power.

I. Post Award Compliance

Post Award Summary

Subgrantees selected under the Maryland BEAD Program will enter into a formal grant agreement with the Office of Statewide Broadband (OSB). Subgrantees selected through the BEAD competitive process will be subject to robust post-award compliance requirements to ensure performance, accountability, and responsible stewardship of public funds. Subgrantees are expected to maintain open communication with OSB throughout the deployment period and ensure compliance with all federal and state requirements.

Disbursement for networks that require expenditures specific to each location are based on deployment milestones. Disbursement for networks that do not incur such expenses are reimbursed based on actual subscriptions.

Post Award Obligations

Construction Milestones

Subgrantees must meet the milestone dates provided in their approved application. Progress will be tracked and verified at 40%, 80%, and 100% completion benchmarks. OSB may withhold a final retainage of up to 20% pending verification of full service availability.

Reporting and Compliance

Subgrantees must comply with all reporting requirements outlined in the grant agreement, including submission of construction progress, service availability, and performance testing results. Grantees must also report locations as served through the FCC Broadband Data Collection (BDC) system in a timely manner.

Ongoing Performance Validation

OSB reserves the right to conduct post-deployment field validation to confirm that speed, latency, and reliability commitments are met.

Use of Funds and Audit Rights

Funds must be used for eligible BEAD expenses. OSB retains the right to audit project expenditures and may seek reimbursement or apply clawbacks in cases of non-compliance or material misrepresentation.

Reporting Requirements

- Subgrantees must submit **quarterly progress reports** detailing construction progress, milestones achieved, and any issues encountered.
- Reports must include updated location-level data, mapped progress, and confirmation of service readiness per FCC Broadband Data Collection (BDC) reporting standards.
- Subgrantees will also submit **financial expenditure reports** detailing drawdowns, match expenditures, and status of any leveraged or co-funded resources.

Milestone Verification

OSB will monitor project milestones (e.g., 40%, 80%, 100% buildout) through a combination of self-certifications, evidence submitted with reimbursement requests, field verifications, and third-party validation as needed.

Subscriber Metrics

OSB may require reporting of active subscribers, installation timelines, service performance data, and complaints or service issues logged and resolved.

Compliance with BEAD and State Requirements

Subgrantees must adhere to all BEAD program terms and conditions; maintain documentation to support expenditures, performance metrics, and audit readiness; comply with applicable federal and state labor, environmental, and civil rights requirements.

Clawback and Enforcement

OSB reserves the right to recapture funds (clawback) in cases of non-performance, material misrepresentation, or use of funds for ineligible costs.

A performance retainage of up to **20%** will be withheld until successful completion and verification of service availability at all locations. OSB may pursue remedies up to and including contract termination and referral to enforcement agencies in severe cases.

Section J: Resources and Supporting Materials

To assist applicants in preparing complete and compliant submissions, Maryland OSB will provide the following resources:

Official Application Website:

<https://dhcd.maryland.gov/Broadband/Pages/StatePlans.aspx>

Supporting Materials and Templates:

- Application Form
- Project Area KMZ files and Fabric ID lists
- NOFO BEAD Application Guide (THIS DOCUMENT)
- Guide for Understanding BEAD Project Areas
- Construction Budget and Milestone Template (Schedules F1 and F2)
- Pro Forma Financial Template
- Other Public Funding Disclosure Template
- Certification & Attestation Checklist

2. BEAD Subgrantee Application Guide

Section 1: Project Proposal

Applicants must provide a complete narrative and documentation covering the following elements:

- **Project Overview**
 - Technology type(s) (e.g., fiber, hybrid coax, fixed wireless)
 - List of project area(s) being bid on

- Summary of proposed services
- **Service Offering Description**
 - Speed, latency, and reliability of each offering
- **Construction and Deployment Schedule**
 - Applicants must use the Schedule F-1 and F-2 template provided by OSB to document their construction timeline and associated project budget.
 - Schedule F-1 should outline milestone-based deployment with percent completion projections by quarter.
 - Schedule F-2 should detail project cost by category and phase.
 - Guidance is embedded in the template. Ensure alignment between the milestone completion targets and the narrative in your application.
 - Narrative on project management, permitting, material procurement, and risk mitigation
- **Milestone-based deployment timeline:**

Milestone	Target Date (MM/YYYY)
Construction Start	
40% of Locations Complete	
80% of Locations Complete	
100% of Locations Complete	
Final Reporting & Closeout	

- **Backhaul and Network Architecture**
 - Type of backhaul (fiber, microwave, leased)
 - Current bandwidth per site
 - Fronthaul/backhaul requirements for 5G
 - Redundancy and scalability plans
- **Technical Capability**
 - Network architecture and topology (include diagrams if available)
 - Explanation of how network will meet 100/20 and 1 Gbps CAI benchmarks
 - Speed and latency evidence (lab or live)
 - Redundancy, congestion management, and evolution plans
 - Future upgrades (e.g., DOCSIS 3.1 to 4.0, 5G to 6G)
 - Technology roadmap for access and core networks

Section 2: Financial Capability

Applicants must demonstrate the financial stability and capacity necessary to complete the proposed project, maintain operations, and comply with BEAD program obligations.

Required Financial Submissions

Applicants must provide the following:

- **Completed Pro Forma Financial Forecast**
A 5-year forecast including income statement, balance sheet, cash flow statement, and all supporting assumptions. Applicants must use the OSB-provided template and submit both Excel and searchable PDF formats. The forecast should:
 - Align with the proposed project scope and deployment timeline
 - Demonstrate long-term operational viability
 - Be consistent with the applicant's technical and business plan
- **Three Years of Financial Statements**
Audited if available, or internally prepared financials with appropriate notes and disclosures.
- **Documentation of Committed Matching Funds**
Including the source, amount, terms, and verification of match availability at the time of reimbursement.
- **Statement of Financial Responsibility**
Including disclosure of material liabilities, pending litigation, bankruptcy history, or any financial risks that could impact the proposed project.
- **Explanation of Any Prior Funding Compliance Issues**
Including unresolved audit findings, grant deobligations, or enforcement actions related to prior state or federal broadband funding.

Financial Assurance Instruments

- To protect public funds in the event of non-performance, applicants must commit to providing one of the following forms of financial assurance as a condition of award:
 - Letter of Credit (LOC)
 - Performance Bond
 - Surety Bond
 - Parent Guarantee
 - Other assurance instruments approved by OSB
- **Consistent with NTIA's recent guidance**, OSB will accept a range of financial assurance mechanisms — including performance bonds, surety bonds, and parent guarantees — in lieu of letters of credit. OSB reserves the right to waive or modify this

requirement for applicants who demonstrate sufficient financial capacity or who meet specific risk thresholds.

- Applicants may indicate their preferred option in the application. OSB will evaluate each applicant's proposed assurance mechanism as part of the overall review and award determination.

Section 3: Other Funding and Prior Awards

Applicants must disclose any broadband-related funding received from federal, state, or local sources. Required elements include:

- Completed "Other Public Funding" template
- Project descriptions and location data for previously funded projects
- Current build status and percent complete
- Fabric IDs for any locations served or under construction
- Evidence of reporting to FCC BDC

Section 4: Organizational Capability

- **Operational Capability**
 - Description of previous broadband projects, especially federally or state-funded
 - Past experience in:
 - Network deployment (e.g., project scope and timelines)
 - Permitting, including pole attachment (e.g., types of permits obtained)
 - Subscriber activation (e.g., measured as market share in existing service territories)
 - Customer support and network maintenance (e.g., measured by network reliability statistics)
- **Managerial Capability**
 - Description of the management team, including its experience undertaking projects of similar size and scope, recent and upcoming organizational changes including mergers and acquisitions, and relevant organizational policies.
 - Evidence of experience with project oversight, compliance, and grant administration
 - Summary of key internal controls and quality assurance procedures
- **Organizational Chart and Key Personnel**
 - Submit an organizational chart showing lines of authority for construction, network operations, compliance, and finance
 - Submit resumes or bios for key personnel involved in project delivery, operation, and oversight

Applicants are encouraged to demonstrate alignment with OSB’s goals of long-term sustainability and technical excellence through evidence of both past success and internal capacity to execute.

Section 5: Workforce and Labor

Applicants must provide information regarding the workforce that will be responsible for the construction, installation, and maintenance of the proposed broadband project. While OSB does not impose specific labor mandates, applicants are required to comply with all federal and Maryland labor and workforce laws and are encouraged to demonstrate responsible workforce practices that support high-quality, sustainable deployments.

Applicants must include the following:

- Description of the workforce to be employed, including direct employees, subcontractors, or third-party vendors.
- Plans for hiring, training, or expanding workforce to meet project demands.
- Information on compensation and workforce practices, including whether the applicant has adopted any voluntary standards or agreements related to wages, benefits, or training.
- Description of how the applicant will ensure timely and efficient deployment, including labor availability and mitigation plans for potential workforce shortages.
- Description of any partnerships with workforce development organizations, local training programs, or educational institutions.
- Applicants are encouraged to prioritize the use of local workforce and contractors wherever feasible.

OSB encourages applicants to identify how they will promote workforce development and contribute to the growth of Maryland’s broadband labor pipeline.

Section 6: Community and Stakeholder Engagement

Applicants should describe engagement with local stakeholders, including:

- Local governments
- Community anchor institutions
- Public housing authorities
- Education and health entities

Letters of support are encouraged but not required.

Section 7: Compliance and Reporting

Applicants must certify and describe readiness to comply with:

- BEAD programmatic reporting
- Federal audit standards (e.g., 2 CFR 200)
- Compliance with all applicable labor laws
- Environmental and historic preservation compliance (NEPA, NHPA)
- NTIA performance measures and outcomes

Checkbox attestations will be used to streamline these certifications.

Appendix A Guidance for Proforma

1. Overview and Purpose

This Appendix provides detailed instructions for completing the required Pro Forma financial workbook as part of your BEAD subgrantee application. **The workbook is provided as a supporting template.** The workbook is designed to demonstrate the financial feasibility and sustainability of your proposed broadband project, assess the adequacy of matching funds, and ensure appropriate treatment of grant revenue under generally accepted accounting principles (GAAP).

Applicants must complete all tabs in the workbook—including revenue, expense, balance sheet, cash flow, and debt activity projections—for a five-year forecast period.

All financial inputs must be accompanied by a detailed narrative explanation of assumptions, submitted as a separate PDF titled "**Pro Forma Financial Assumptions.**" This narrative must:

- Explain the basis for every revenue, cost, and capital assumption
- Reconcile any discrepancies with historical financials.

Submission Requirements

Pro forma submissions must:

- Match key figures and assumptions presented elsewhere in the application,
- Be submitted in both **searchable PDF and Excel** format, and
- Treat grant revenue in accordance with state requirements (i.e., amortized over asset life unless otherwise permitted by regulation).

Note: Failure to provide complete and internally consistent financial information may negatively impact the evaluation of your application.

2. Workbook Tab Instructions

A. Data Tab

- Enter subscriber forecast and product rate projections
- Ensure projections match information in other parts of the application
- Include projections for construction costs and annual percent changes in expenses
- Use provided blank rows to add additional expense categories if necessary
- Input projected tax rate for income tax calculations
- Explain each assumption in detail in the Financial Assumptions PDF

B. Fixed Assets and Depreciation

- Enter costs of existing and grant-related plant and equipment separately
- Straight-line depreciation is required
- Depreciation amounts populate the balance sheet automatically

C. Debt Activity

- Enter existing and new borrowing, including:
 - Principal amounts
 - Interest payment schedules

D. Grant Activity

- Input details to populate deferred grant revenue on the balance sheet

E. Income Statement

- Use pre-populated revenue and expense categories
- Use Financial Assumptions worksheet to explain all revenue and expense assumptions
- Separate existing vs. grant-funded services where applicable

The following is a brief description of the pre-populated revenue and expense categories contained on the Income Statement worksheet in this template.

Operating Revenues

- **Broadband Services:** Revenue based on subscribers and price per subscriber (separately for existing and grant-funded service)
- **Video Services:** Includes revenue from subscriptions and on-demand services (separately for existing and grant-funded service)
- **VoIP Services:** Voice revenue from residential, single-line/multi-line businesses, and features (separately for existing and grant-funded service)
- **Other Operating Revenues:** Includes middle mile, installation, equipment sales, and other sources (separately for existing and grant-funded service)

Operating Expenses

- **Backhaul:** Costs to transport network traffic
- **IP/Interconnection:** Internet connectivity and routing costs
- **Video Content:** Costs for providing video programming
- **Spectrum:** Lease costs for wireless spectrum
- **Network Maintenance/Monitoring:** Personnel and CPE support
- **Utilities:** Electricity and related costs
- **Sales/Marketing:** Advertising, promotions, sales staff, and subsidies
- **Customer Care:** Customer support operations
- **Administrative Labor:** Personnel, occupancy, insurance, billing
- **Administrative Other:** Other general and administrative costs
- **Other Operating Expenses:** All other operations-related costs
- **Amortization Expense:** For intangible assets (split existing and grant-funded)
- **Depreciation – Grant Assets:** Depreciation for BEAD-funded capital assets
- **Depreciation – Existing Assets:** Depreciation for non-grant capital assets

Other Income (Expense)

- **Interest Income:** From cash and marketable securities
- **Amortized MD Grant Revenue:** Grant revenue amortized over asset life
- **Other Income/Expense:** From non-core operations
- **Gain/Loss on Asset Disposal:** From asset sales and write-downs
- **Gain/Loss on Securities:** Investment gains/losses
- **Interest Expense – Existing Debt**
- **Interest Expense – New Debt**

Net Income and EBITDA

- **Pretax Income:** Before tax earnings
- **Federal/State Taxes:** Tax expenses
- **Net Income (Loss):** Final earnings or loss

- **EBITDA:** Earnings before interest, taxes, depreciation, and amortization

F. Balance Sheet

Ensure total assets equal total liabilities plus equity for each year. Key categories include:

Assets

- **Current Assets:** Cash, receivables, prepaid expenses, inventory, marketable securities
- **Grant Receivable:** Funds due from grant expenditures but not yet received.
- **Other Assets:** Non-current items
- **Amortizable Assets:** Intangibles
- **Plant in Service:** Network assets (existing and grant-funded)
- **Accumulated Depreciation:** Reductions in asset value over time

Liabilities and Equity

- **Current Liabilities**
- **Accounts Payable:** Amounts owed to trade vendors
- **Accrued Expenses:** Incurred expenses not yet paid
- **Current – Deferred Grant Revenue:** Deferred revenue to be recognized in the following year
- **Current Portion LTD:** Debt principal due in the following year
- **Other Current Liabilities:** All other current liabilities

Other Liabilities

- **Notes Payable – Existing & New:** Outstanding principal balances (less current portion)
- **Deferred Grant Revenue:** Remaining unamortized grant revenue (non-rate-regulated entities only)
- **Other Liabilities:** Other non-current liabilities not categorized above

Equity

- **Capital Stock:** Par value of capital stock
- **Additional Paid-in Capital:** Net investor transactions, including distributions/dividends
- **Retained Earnings:** After-tax profits; must reconcile with Net Income from Income Statement

G. Statement of Cash Flows

The Pro Forma statement of cash flows must reflect proposed Broadband grant project funding and investments as well as additional funding needs for working capital and capital expenditures unrelated to the grant project.

The following is a brief description of the pre-populated cash flow categories contained on the Cash Flow worksheet in this template.

Cash Flow Categories

- **Beginning Cash:** Cash balance at start of the period

Cash Flows from Operating Activities

- **Net Income (Loss):** From Income Statement
- **Adjustments to Reconcile Net Income (Loss):**
 - Depreciation & Amortization (combined grant/existing)
 - Amortized MD Broadband Grant Revenues
 - Gain (Loss) on Disposal of Assets
 - Gain (Loss) on Investments
- **Changes in Operating Assets/Liabilities:**
 - Accounts Receivable
 - Prepaid Expenses
 - Inventory
 - Other Current Assets
 - Accounts Payable
 - Accrued Expenses
 - Unearned Revenue (Deferred Grant Revenue – Current)
 - Other Current Liabilities
 - Other Assets
 - Other Liabilities

Cash Flows from Financing Activities

- **Acquisition and Construction of Plant in Service**
- **Amortizable Assets**
- **Proceeds from Maryland Broadband Program Grant**
- **Proceeds from Notes Payable**
- **Principal Paid on Notes Payable**
- **Distributions/Dividends**
- **Additional Paid-in Capital**

Cash Flows from Investing Activities

- **Proceeds from Disposal of Assets**
- **Sale of Marketable Securities**
- **Purchase of Marketable Securities**

Ending Cash

- **Increase (Decrease) in Cash**
- **Cash and Cash Equivalents – Beginning of Year**
- **Cash and Cash Equivalents – End of Year** (must reconcile with Balance Sheet)

3. Financial Assumptions Narrative (Required PDF Attachment)

A. Overview

Applicants must submit a detailed written narrative documenting the Pro Forma financial assumptions used to prepare the financial forecast.

- Every category in the Pro Forma must be explained clearly
- Assumptions must support recreating the Pro Forma by a financial analyst
- Incomplete or unsupported narratives may negatively affect application evaluation

Applicants must provide enough detail to demonstrate understanding of current and proposed operations. Any modifications to the template must be adequately supported.

B. Historical Financial Reconciliation

If there are discrepancies between historical financial statements and Pro Forma historical data, provide detailed explanations in the assumptions narrative.

C. Income Statement Assumptions

- Provide assumptions for all income statement categories
- Link to detailed network plan
- Describe existing and proposed backhaul, IP/interconnection, spectrum, and video capacities with annual costs
- Costs should align with projected subscriber growth

If Using Other Grant Awards as Match:

- Explain conditions, amounts, and distribution methods

- For awards based on subscriber connections (e.g., RDOF), explain timing and amount per household
- Confirm match is available at reimbursement; otherwise, explain how it will be provided (e.g., debt)

D. Balance Sheet Assumptions

- Provide assumptions for all balance sheet categories

E. Statement of Cash Flows Assumptions

- Reconcile net changes in each category with the balance sheet
- Net income must match the income statement

F. Accounting for Grant Funds

- State grants must be reported as revenue and amortized over the asset's useful life
- Rate-regulated telecom/electric companies must follow their industry-specific accounting requirements

4. 5-Year Financial Forecast Workbook

- Complete all tabs of the workbook provided
- Submit both printed PDF and Excel versions
- Include all worksheets in the application