State Entity Pre-Application Webinar: *Developing a budget that aligns with and supports your proposed project*
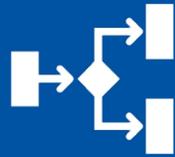
SPRING 2023

Session Objectives

Introduce applicants to the NIA requirements related to your project budget

Provide strategies for developing a project budget for a CSP grant application

Explain the components of the allowable cost framework within the context of the CSP

Agenda

- 🎙 Welcome and Introduction

- 📅 Summary of 2023 SE Competition

- 🪙 Developing a Project Budget

- 🚪 Behind the Scenes: What ED Reviews

- 👣 Closeout and Next Steps

Purpose of the Charter School Programs

1. Improve the United States education system and education opportunities for all people in the United States by supporting innovation in public education in public school settings that prepare students to compete and contribute to the global economy and a stronger Nation;

2. Provide financial assistance for the planning, program design, and initial implementation of charter schools;

3. Increase the number of high-quality charter schools available to students across the United States; and

4. Evaluate the impact of charter schools on student achievement, families, and communities, and share best practices between charter schools and other public schools;

Purpose of the Charter School Programs (*continued*)

5. Encourage States to provide support to charter schools for facilities financing in an amount more nearly commensurate to the amount States typically provide for traditional public schools;

6. Expand opportunities for children with disabilities, English learners, and other traditionally underserved students to attend charter schools and meet the challenging State academic standards;

7. Support efforts to strengthen the charter school authorizing process to improve performance management, including transparency, oversight and monitoring (including financial audits), and evaluation of such schools; and

8. Support quality, accountability, and transparency in the operational performance of all authorized public chartering agencies, including State educational agencies, local educational agencies, and other authorizing entities.

Purpose of the CSP SE Grant

Enables state entities to:

o Award subgrants to eligible applicants in their state to open and prepare for the operation of new charter schools and to replicate and expand high-quality charter schools, and

o Provide technical assistance to public chartering agencies.

Eligibility

Eligible applicants are state entities with a state statute authorizing the establishment of charter schools.

A *State Entity means:*

A State Education Agency	A State Charter School Board	A Governor of a State	A Charter School Support Organization

Subgrant Eligibility

Eligible Applicant means a developer that has:

- Applied to an authorized public chartering authority to operate a charter school; and
- Provided adequate and timely notice to that authority.

What do we mean by "developer"?

An individual or group of individuals (including a public or private nonprofit organization), which may include teachers, administrators and other school staff, parents, or other members of the local community who will carry out a charter school project.

Competition Basics

Type of Award: Discretionary

Estimated Funds Available: $173,000,000

Estimated Range of Awards: $2,000,000 to $20,000,000 per year

Average Estimated Size of Award: $8,000,000 per year

Estimated Number of Awards: 8-10

Project Period: Up to 5 years
- Note: The Department will remove all costs and activities that exceed the 5-year limit, if recommended for funding.

Charter School Programs

An Important Note

The Federal Register notice contains important information. We recommend all applicants read the entire notice in the Federal Register. Applicants must follow the Application Procedures as described in the Federal Register notice announcing the grant competition.

Charter School Programs

Application Package Components

1

Required Forms

-ED Standard Forms (including Form 524)

-Assurances and Certifications

2

Application Narrative

-Abstract Narrative Form

-Budget Narrative Form

-Project Narrative Form

3

Other Attachments

Budget Narrative Overview

What is a budget narrative?

◦ An itemized budget in narrative/descriptive form, broken down by project year, for each budget category listed in Section A of the ED 524 form.

◦ The budget narrative must describe the budget activities during all years of your grant but should not include an assumption of a no-cost extension.

What resources are available?

◦ 2 CFR Part 200 Uniform Guidance

◦ Funding restrictions outlined in the NIA

◦ Use of subgrant funds outlined in the NIA

Be sure to include DETAILED information on how you estimated all costs. Include tables that show cost per item, quantity of items, total cost, and other details that may be relevant.

Budget Summary: ED 524

							OMB Control Number: 1894-0008 Expiration Date: 09/30/2023

U.S. DEPARTMENT OF EDUCATION
BUDGET INFORMATION NON-CONSTRUCTION PROGRAMS

Name of Applicant Organization	Applicants requesting funding for only one year should complete the column under "Project Year 1." Applicants requesting funding for multi-year grants should complete all applicable columns. Please read all instructions before completing form.

SECTION A - BUDGET SUMMARY U.S. DEPARTMENT OF EDUCATION FUNDS

Budget Categories	Project Year 1 (a)	Project Year 2 (b)	Project Year 3 (c)	Project Year 4 (d)	Project Year 5 (e)	Project Year 6 (f)	Project Year 7 (g)	Total (h)
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2. Fringe Benefits								
3. Travel								
4. Equipment								
5. Supplies								
6. Contractual								
7. Construction								
8. Other								
9. Total Direct Costs (lines 1-8)								
10. Indirect Costs *Enter Rate Applied:								
11. Training Stipends								
12. Total Costs (lines 9-11)								

*Indirect Cost Information (*To Be Completed by Your Business Office*):

If you are requesting reimbursement for indirect costs on line 10, please answer the following questions:

(1) Do you have an Indirect Cost Rate Agreement approved by the Federal government? ____Yes ____No.

(2) If yes, please provide the following information and provide a copy of your Indirect Cost Rate Agreement:
Period Covered by the Indirect Cost Rate Agreement: From: ___/___/_____ To: ___/___/_____ (mm/dd/yyyy)
Approving Federal agency: ____ED ____Other (please specify): _____ The Indirect Cost Rate is _____%

(3) If this is your first Federal grant, and you do not have an approved indirect cost rate agreement, are not a State, Local government or Indian Tribe, and are not funded under a training rate program or a restricted rate program, do you want to use the de minimis rate of 10% of MTDC? ____Yes ____No. If yes, you must comply with the requirements of 2 CFR § 200.414(f).

(4) If you do not have an approved indirect cost rate agreement, do you want to use the temporary rate of 10% of budgeted salaries and wages? ____Yes ____No. If yes, you must submit a proposed indirect cost rate agreement within 90 days after the date your grant is awarded, as required by 34 CFR § 75.560.

(5) For Restricted Rate Programs (check one) -- Are you using a restricted indirect cost rate that:___ Is included in your approved Indirect Cost Rate Agreement? Or ___ Complies with 34 CFR 76.564(c)(2)? The Restricted Indirect Cost Rate is _____%

(6) For Training Rate Programs (check one) -- Are you using a rate that: ____Is based on the training rate of 8 percent of MTDC (See EDGAR § 75.562(c)(4))? Or ____Is included in your approved Indirect Cost Rate Agreement, because it is lower than the training rate of 8 percent of MTDC (See EDGAR § 75.562(c)(4)).

ED 524

Funding Restrictions

- 90% of funds **must** be used to provide subgrants

- At least 7% of funds must be used to provide TA to subgrantees **and** authorizers

- Up to 3% of funds can be used for administrative costs

90%

7%   3%
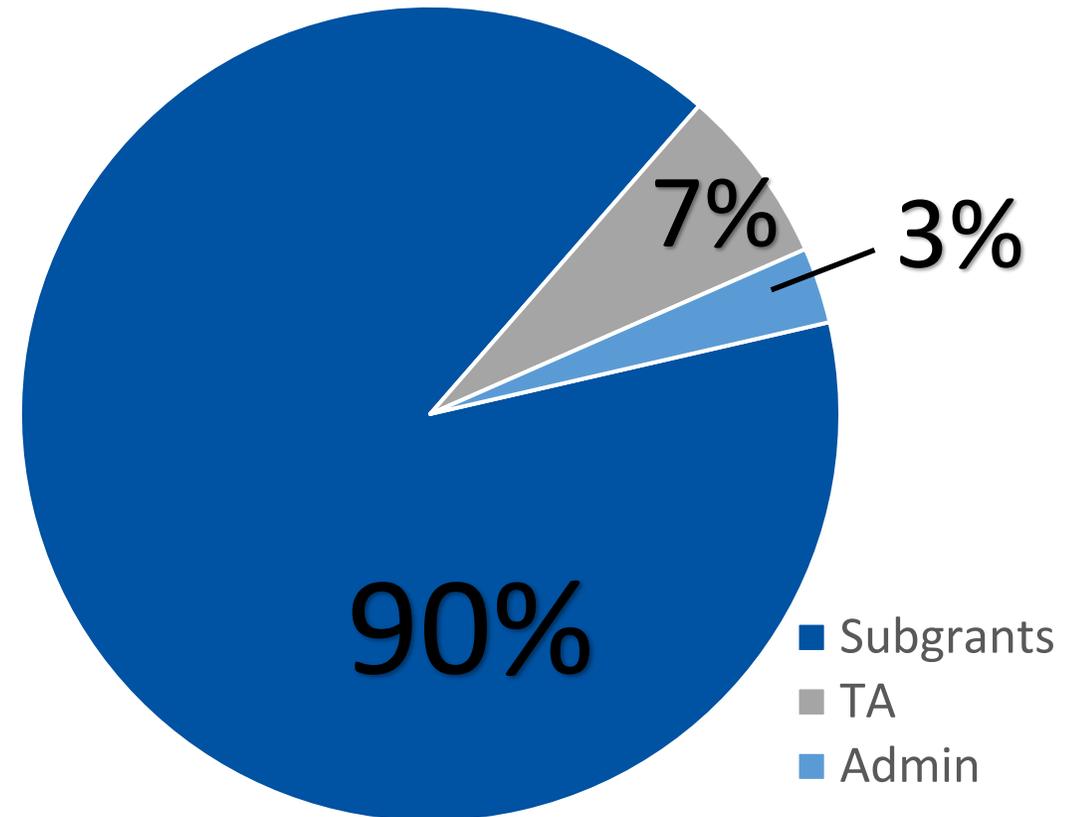
■ Subgrants
■ TA
■ Admin

Subgrants **90%**

At least 90% of CSP funds must be awarded as subgrants to eligible applicants within the state. These subgrants may be used for two primary purposes:

- (1) Planning, program design, and initial implementation of new charter schools; or
- (2) Replication or expansion of high-quality charter schools.

A few things to note:

- Subgrantee maximum: $2,000,000
- Subgrants are no more than 5 years, including no more than 18 months for planning
- The number of subgrants you budget should be clearly delineated and justified

Technical Assistance Costs 7%

Avoid using specific contractor names in your application for TA support.

Grantees under this program <u>must</u> provide technical assistance to:

- Eligible applicants and authorized public chartering agencies in opening and preparing for the operation of new charter schools, or replicating or expanding high-quality charter schools; **<u>and</u>**
- Authorized public chartering agencies in the state to improve authorizing quality, including developing capacity for, and conducting, fiscal oversight and auditing of charter schools.

A total of 7% of grant funds must be spent on this TA over the course of your grant, but you have flexibility in when the funds are spent. For example, you may spend more in years one and two and less in years three through five.

Any contract work for administrative purposes cannot be covered with TA funds. TA may be provided in preparation for or as a result of monitoring, but not for actual monitoring.

Administrative Costs **3%**

Administrative costs include any cost associated with administering the grant, including:

- ◦ Personnel
- ◦ Monitoring
- ◦ Peer Review
- ◦ Project Directors' Meeting and Participation in Other TA Offerings
- ◦ Reviewing Reports

Determining Funding Requests: Subgrants

When determining subgrants, set realistic pipeline goals based on your state context.

Estimation Tip:

Step 1: How many subgrants will we have?

- How many subgrants have been awarded in previous years (if applicable)?

- What types of subgrants were awarded (new school, replication, expansion)?

- What has enrollment data looked like over the past several years in our state?

- What information do authorizers, support organizations, incubators, or others have regarding potential new school developers?

Estimated Subgrants

New School Subgrants:
- 2 each year, 10 total
- $20,000,000.
- 5-year grant length

Replication Subgrants:
- 1 each year, 5 total
- $10,000,000.
- 5-year grant length

Expansion Subgrants:
- 2 each for first 3 years, 6 total
- $9,000,000
- 3-year grant length

Type of Subgrant	2023-24	2024-25	2025-26	2026-27	2027-28*
New School	$800,000	$1,600,000	$2,400,000	$3,200,000	$12,000,000
Replication	$400,000	$800,000	$1,200,000	$1,600,000	$6,000,000
Expansion	$1,000,000	$2,000,000	$3,000,000	$2,000,000	$1,000,000

*Note: In the fifth year of this project period, the total subgrant estimate includes the total subgrant amount for those awarded after 2023-24

Estimated Subgrants: Planned Budget Request

New School Subgrants:
- 2 each year, 10 total
- $20,000,000
- 5-year grant length

Replication Subgrants:
- 1 each year, 5 total
- $10,000,000
- 5-year grant length

Expansion Subgrants:
- 2 each year, 6 total
- $9,000,000
- 3-year grant length

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Subgrants (90%)	$2,200,000	$4,400,000	$6,600,000	$6,800,000	$19,000,000	**$39,000,000**
Administrative (<3%)	$73,333	$146,666	$219,999	$226,666	$633,333	**$1,299,999**
Technical Assistance (≥7%)	$171,111	$342,222	$513,334	$528,889	$1,477,778	**$3,033,334**
Total	**$2,444,444**	**$4,888,888**	**$7,333,333**	**$7,555,556**	**$21,111,111**	**$43,333,333**

Determining Funding Requests

Calculation Tip:

Step 1: How many subgrants will we have?
- ◦ Add total subgrants per year, based on amount budgeted for each award type

Step 2: Divide total subgrant amount by 90% (.90)

Step 3: Multiply total possible grant amount by 7% (.07) = minimum amount of funds for TA

Step 4: Subtract that minimum for TA and total subgrant amount from possible grant to determine the maximum amount of funds for administrative expenses (3%)

Funding Request Scenario

End Goal: In my state, we estimate that 25 new charter schools will be awarded by the end of the 5-year project period. This would average to 5 schools per year.

5 schools per year x $2,000,000 max = $10,000,000 annually

$10,000,000 x 5 years = $50,000,000

$50,000,000 subgrants must be not less than 90% of grant

$50,000,000 / .9 = $55,555,555 total grant amount

$55,555,555 x .07 = $3,888,888 for TA costs

$55,000,000 – $50,000,000 - $3,888,888 = $1,111,112 for Admin costs

Planned Budget Request		
Subgrants	$50,000,000	Not LESS than 90%
Administrative	$1,111,112	Not MORE than 3%
TA	$3,888,888	Not LESS than 7%
Grant Total	$55,000,000	

Be sure to include DETAILED information on how you estimated the number of subgrants you plan to award, including subgrant type, length of subgrant, and amount of each subgrant.

Charter School Programs

Estimating Subgrants Overview

- Set realistic goals when estimating subgrants for each year of your grant.

- Subgrant goals should align to the charter pipeline and context of charter school growth in your state.

- Your subgrant estimations must align to the budget in your application.

- You will be accountable for what is listed in your original, approved application, if funded.

Application Package Components

1

Required Forms

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-Assurances and Certifications

2

Application Narrative

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-Budget Narrative Form

-Project Narrative Form

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Other Attachments

Budget Summary: Form ED 524

U.S. DEPARTMENT OF EDUCATION
BUDGET INFORMATION NON-CONSTRUCTION PROGRAMS

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ED 524

Cost Category #1: Personnel

- Only staff working directly on grant objectives, not including contractors

- Describe staff roles by position in budget narrative

- Positions should be identified as percent of salaried time

- If salaries increase over years of the grant, include that information

- Personnel costs can be split between administrative and technical assistance categories if staff are performing both roles

Personnel Cost Example for One Staff Member

1 FTE Federal Charter School Grant Manager

- Salary = $80,000 per year with a 2% increase annually

Budget Narrative:

- The Federal Charter School Grant Manager oversees the CSP award including reviewing expenditure report reimbursement submissions, organizing the competitive subgrant competition, approving budget modification requests, conducting monitoring visits, providing technical assistance to subgrant recipients, and coordinating training for all charter school authorizers.

	Year 1	Year 2	Year 3	Year 4	Year 5
Federal Charter Schools Grant Manager	$80,000	$81,600	$83,232	$84,896	$86,593
50% to Administrative (up to 3%)	$40,000	$40,800	$41,616	$42,448	$43,296
50% to Technical Assistance (at least 7%)	$40,000	$40,800	$41,606	$42,448	$43,296

Cost Category #2: Fringe Benefits

- Fringe benefits are extra benefits supplementing an employee's salary, such as health insurance

- If applicable, provide the rate and base on which fringe benefits are calculated and the staff who are receiving the benefits

- Leave this line blank if not applicable or if benefits are part of indirect costs

- If staff are splitting responsibilities between administrative and technical assistance duties as in the last example, the associated fringe benefits should be allocated in the same manner within the budget narrative (e.g., 50-50)

Fringe Benefits Cost Example

Budget Narrative:

- The Federal Charter School Grant Manager will receive fringe benefits to cover health, dental, and retirement benefits. The benefits are calculated at 25% of the salary each year.

	Year 1	Year 2	Year 3	Year 4	Year 5
Federal Charter Schools Grant Manager	$20,000	$20,400	$20,808	$21,224	$21,648
50% to Administrative	$10,000	$10,200	$10,404	$10,612	$10,824
50% to Technical Assistance	$10,000	$10,200	$10,404	$10,612	$10,824

Cost Category #3: Travel

- Include the positions traveling, number of staff, number of nights, per diem rate, hotel, airfare or car mileage

- Administrative Travel:
  - CSP Project Directors' Meeting – Attendance required for Project Directors
  - On Site Technical Assistance Gatherings – Attendance required for Project Directors
  - Subgrant Monitoring

- Technical Assistance:
  - Bringing authorizers to conferences
  - Travel to put on trainings

Justification – Ensure that you include enough information to justify how you determined costs for travel.

Travel Cost Example

Administrative:

- Travel to CSP Project Directors' Meeting: $1,000 each year: $500 for the plane ride to DC, $200 per night in hotel for 2 nights =$400, $50 per diem for 2 days = $100
- Travel to additional on-site required TA gatherings: $1000 each year: $500 for plane ride to DC, $200 per night in hotel =$400, $50 per diem for 2 days = $100

Technical Assistance:

- Travel for SE staff to present at regional TA meetings for subgrantees.
  - $200 each year for one staff member's travel based on rental car of $25/day for two days = $50, hotel for 1 night = $100 and per diem for two days = $100

	Year 1	Year 2	Year 3	Year 4	Year 5
Administrative Travel	$1,150	$1,150	$1,150	$1,150	$1,150
Travel to PD Meeting	$1,000	$1,000	$1,000	$1,000	$1,000
Travel to on-site TA Gatherings	$1,000	$1,000	$1,000	$1,000	$1,000
Technical Assistance	$250	$250	$250	$250	$250
Travel to Conferences	$250	$250	$250	$250	$250

GSA Website: https://www.gsa.gov/travel/plan-book/per-diem-rates

Cost Category #4 & #5: Equipment and Supplies

Equipment
- Costs over $5,000
- Justify why items need to be purchased vs. rented

Supplies
- Costs under $5,000
- Costs can be grouped, such as office supplies

*Note: If costs are administrative or technical assistance and provide clear reasoning.

Equipment and Supplies Cost Example

Software Licenses: $500/year

Budget Narrative:

- The ABC Department of Education is going to pay for a software license for the life of the grant that will allow it to host interactive TA webinars for applicants and subgrantees. The platform allows for polling and will store the recording for the life of the grant. The ABC Department of Education does not currently have a platform with that capability.
- The webinars will provide trainings to the subgrantees on allowable costs and best practices.

	Year 1	Year 2	Year 3	Year 4	Year 5
Administrative Total	$0	$0	$0	$0	$0
Technical Assistance	$500	$500	$500	$500	$500
Webinar License Program	$500	$500	$500	$500	$500

Cost Category #6: Contractual

- Any contracts for services to be performed by entities other than the grantee organization

- Any contracts for providing technical assistance activities

- Review Uniform Guidance on procurement standards
  - Title 2 of the Code of Federal Regulations, Part 200 (2CFR Part 200, §200.317 – 326)
  - Resources are available at https://www2.ed.gov/policy/fund/guid/uniform-guidance/procurement.html

- Note: If costs are administrative or related to technical assistance with clear reasoning.

Peer review costs are administrative

Contractual Cost Example

Administrative: Peer Review Honorarium

- The grantee will provide an honorarium to reviewers of $200 for up to 3 reviewers per subgrant competition. We will hold two subgrant competitions a year, for a total of $1200 year.

Technical Assistance: Authorizer Evaluation

- The grantee will contract with an organization to conduct evaluations of all 9 authorizers in the State. This will be contracted during the first 3 years of the grant at $2,000 per evaluation, evaluating 3 authorizers per year.

	Year 1	Year 2	Year 3	Year 4	Year 5
Administrative Total	$1,200	$1,200	$1,200	$1,200	$1,200
Peer Review Honorarium	$1,200	$1,200	$1,200	$1,200	$1,200
Technical Assistance	$6,000	$6,000	$6,000	$0	$0
Authorizer Evaluations	$6,000	$6,000	$6,000	$0	$0

Cost Category #7: Construction

This budget category should not include construction costs because this is a non–construction grant

Cost Category #8: Other

- This category can be used for anything that does not fit into the previous categories or indirect costs

- Include all subgrant amounts in this section

- Other: Indicate all direct costs not covered on lines 1-6. For example, include costs such as space rental, required fees, honoraria and travel (where a contract is not in place for services), training, and communication and printing costs. Do not include costs that are included in the indirect cost rate.

Other Cost Example

New School Subgrants:
- 2 each year, 10 total
- $20,000,000

Replication Subgrants:
- 1 each year, 5 total
- $10,000,000

Expansion Subgrants:
- 2 each year for first 3 years, 6 total
- $9,000,000

Subgrant Funding By Year						
Subgrant Type	Year 1	Year 2	Year 3	Year 4	Year 5	Total
New School	$800,000	$1,600,000	$2,400,000	$3,200,000	$12,000,000	$20,000,000
Replication	$400,000	$800,000	$1,200,000	$1,600,000	$6,000,000	$10,000,000
Expansion	$1,000,000	$2,000,000	$3,000,000	$2,000,000	$1,000,000	$9,000,000
Total	**$2,200,000**	**$4,400,000**	**$6,600,000**	**$6,800,000**	**$19,000,000**	**$39,000,000**

Cost Category #10: Indirect Costs

Indirect costs are costs which are frequently referred to as overhead expenses

Indirect costs are part of your administrative costs
- Reminder: Indirect costs should be included as part of your 3% administrative costs

Include an up-to-date indirect cost rate agreement

If your organization does not have a current indirect cost rate agreement, the Department's Indirect Cost Group will negotiate indirect costs with organizations who have received federal funding, and receive the majority of their federal funds directly from the Department
- An organization may estimate its indirect cost rate using the most recent financial data. Include this cost estimate in your grant application.
- If a grant is awarded, an indirect cost proposal must be submitted to CSP within 90 days to claim indirect costs.
- A temporary indirect cost rate of 10% of direct salaries and wages may be allowed until an indirect cost rate is approved.

Resource: NCSRC Webinar – *Indirect Costs Decoded*, *April 2020*

Cost Category #11: Training Stipends

- In general, not seen in this program

- Do not include subgrant funds in this category

Align Your Budget Narrative & Budget Summary

Application Narrative

- Abstract Narrative Form
- Budget Narrative Form
- Project Narrative Form

Aligning your budget in these categories will help with monitoring of your grant down the line!

U.S. DEPARTMENT OF EDUCATION
BUDGET INFORMATION NON-CONSTRUCTION PROGRAMS

OMB Control Number: 1894-0008
Expiration Date: 09/30/2023

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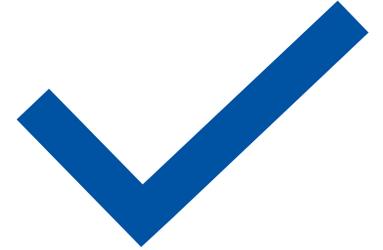
ED 524

CSP's Grant Budget Review
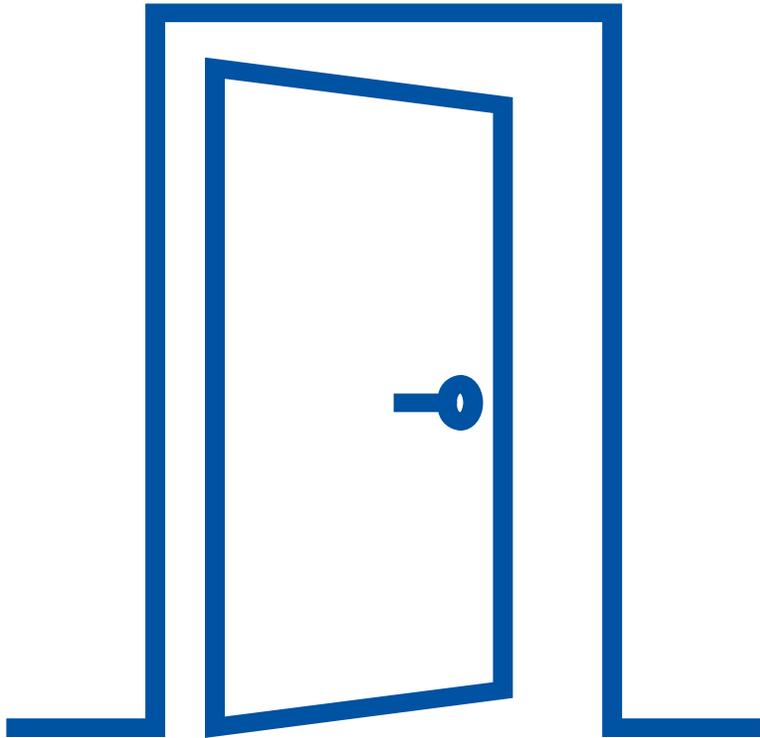
Are all costs allowable, allocable, and reasonable for the grant?

Is 90% of the budget allocated to subgrants, at least 7% allocated to TA, and no more than 3% for admin costs?

SE Grantee Readiness

An Important Note:

- You are accountable for what you put into your application.
- There is no planning period for SE grantees.
  - Day 1 = first day of your grant.
- A note for CSSOs: Ensure that infrastructure and staffing is in place to support the work related to implementing a federal grant—particularly the financial systems and data collection infrastructure.

Allowable Cost Framework

Is it necessary to complete the project?

Is it reasonable?

Is it allocable?

Is it allowable?

Allowable Costs

Generally, this means funds should be spent on items necessary to achieve the subgrant objectives, are aligned with grant requirements, and are reasonable for the expenditure.

Allowable	Not Allowable
Travel expenses	Ongoing license fees
Technology	Food, beverages, alcohol
Professional development	Promotional items and swag
Conference registration fees	Capital improvements

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Allowable Costs for Subgrantees

SE grantees are also responsible for ensuring all subgrantee expenses are allowable, allocable, reasonable, and necessary.

Allowable	Not Allowable
Desks and chairs	Ongoing license fees
Textbooks and curriculum	Clothing and uniforms
Student and teacher technology	Promotional items and swag
First year audit	Capital improvements
Professional development	Food, beverages, alcohol

Allocable Costs

A cost is allocable to a CSP award if it is treated consistently with other costs incurred for the same purpose.

Example: A subgrantee wants to buy 100 laptops six months before the school opens its doors and plans to pay using grant funds.

Is this allocable?

Yes – The laptops are needed to operate the school, can't be paid for with other funding, and are not prohibited under the grant.

For more specific guidance about the definitions of allowable, allocable, and reasonable see 2 CFR § 200.405 - Allocable Costs

Reasonable Costs

Reasonable costs do not exceed that which would be incurred by a prudent person.

For more specific guidance about the definitions of allowable, allocable, and reasonable see 2 CFR 200 Subpart E – Cost Principles

If you are unsure if a cost is allowable, allocable, or reasonable – reach out to CSP!

Planning Costs vs. Implementation Costs

All costs should be one-time, startup expenses for the project being funded and not recurring costs. Some costs are allowed during subgrant planning year(s), while others are allowed during implementation.

Item	Allowable During Planning Year(s)	Allowable During Implementation
Communication – radio spots, TV ads, website design, outreach consultant	Allowable	Allowable
Consulting Fees	Allowable	Allowable
Furniture		Allowable
Professional Development	Allowable	Allowable
Rent/Facility Payments	Allowable	

Looking Ahead: Budget Revisions

- **If funded, you will be held accountable to what is written in your grant application (including the budget).**

- Changes to your project's budget over the project period require CSP approval.

- Need to make changes?
  - Must submit required information to your Program Officer
  - Wait for approval

Your Budget = Budget CSP Has on Record

Spending time providing sufficient detail in the budget in your application may mean less work in the future.

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Resources

Federal Register NIA

Nonregulatory Guidance: The CSP NRG handbook includes applicable information to the CSP program that addresses additional issues and provides clarification for components specific to CSP grants
  ◦ Section D: Allowable Expenses

Uniform Guidance:

Subpart D – Post Federal Award Requirements

Subpart E – Cost Principles

Subpart F – Audit Requirements

Title 2 CFR Part 3474

Part 180: OMB Guidelines for Debarment and Suspension

Part 3484: Nonprocurement Debarment and Suspension

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THANK YOU!