Charter Management Organization Pre-Application Webinar: *Developing a budget that aligns with and supports your proposed project*

FY 2023 CSP CMO COMPETITION

Agenda

- Welcome and Introduction
- Highlights of FY 2023 CMO Competition
- Developing a Project Budget
- Behind the Scenes: What ED Reviews
- Closeout and Next Steps

Charter School Programs

Purpose of the CSP CMO Grant

To support CMOs to replicate or expand one or more high-quality charter schools.

- Grant funds may be used to:
  - Increase enrollment or add grades to an existing high-quality charter school; or
  - Open one or more new charter schools or new campuses of a high-quality charter school based on the educational model of an existing high-quality charter school.

- Must provide programs of elementary or secondary education, or both, and may also serve students in early childhood education programs or postsecondary students, consistent with the terms of their charter.

Eligibility

Eligible applicants are Charter Management Organizations (CMOs).

- A CMO is a nonprofit organization that operates or manages a network of charter schools linked by centralized support, operations, and oversight. (Section 4310(3) of the ESEA).

- Eligible applicants may apply individually or as part of a group or consortium.

Replication vs. Expansion

Replication Application

Expansion Application

- A replication application supports a CMO in replicating an existing, high-quality charter school.

- An expansion application supports the expansion of an existing high-quality charter school beyond the existing grade levels or adding students.

Charter School Programs

Eligibility Considerations

Charter schools may not receive funds to carry out the <u>same activities</u> if they have:

- Previously received funds for replication or expansion under this program;

- Been awarded a subgrant or grant for opening or preparing to operate a new charter school, replication, or expansion under the CSP Grants to State Entities (SE Grants) program (ALN 84.282A); or

- Have received a CSP Grant to Developers for the Opening of New Charter Schools and for the Replication and Expansion of High-Quality Charter Schools (Developer Grants) program (ALNs 84.282B and 84.282E).

Competition Basics

Type of Award: Discretionary

Estimated Funds Available: $95,000,000

Estimated Range of Awards: $250,000-$15,000,000 per year

Average Estimated Size of Award: $2,000,000 per year

Maximum Award Per School: $1,500,000

Estimated Number of Awards: 15-20

Project Period: Up to 5 years

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.

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 breakdown narrative, by project year, for each budget category listed in Section B of the ED 524 form.

What resources are available?

- 2 CFR Part 200 Uniform Guidance
- Funding Restrictions outlined in 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 items, quantity of items, and other details that may be relevant.

Budget Summary Form

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

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

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)
1. Personnel								
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).
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(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)).
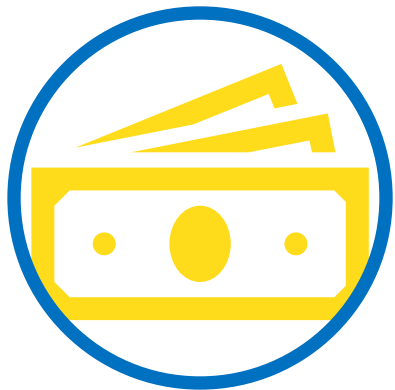
ED 524

Funding Restrictions
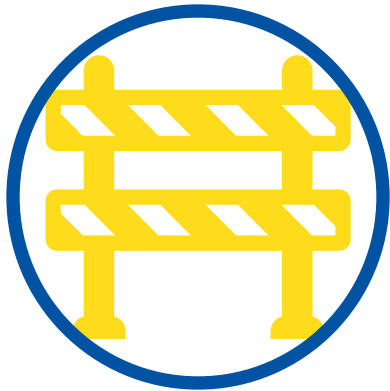
This is a non-construction grant

Maximum award per replicated or expanded school = $1,500,000

Budget Timelines

- Applicants should use the budget period of the grant, NOT your fiscal year budget period.

- Grants can be awarded for a period of up to five years.
  - 18 months of this time can be used for planning and program design.

Use of Grant Funds: 4303(h) of ESEA

Grant funds must be used to carry out allowable activities, including:

- Providing professional development and hiring teachers, school leaders, and specialized instructional support personnel
- Acquiring supplies, training, equipment, and education materials
- Carrying out necessary renovations
- Providing one-time startup costs associated with transportation
- Carrying out community engagement activities
- Providing non-sustained costs related to replication or expansion of high-quality charter schools

Key Takeaway

Justify, Justify, Justify

Ensure that your application has a strong justification for every cost

- How were costs determined?
- Have you included unit price, quantity of items, and a timeline of when they will be purchased?
- What grade levels are using equipment, supplies, or other costs?
- What purchases will be made in Year 1, Year 2, Year 3, Year 4, and Year 5 of your grant?

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Budget Summary: ED 524

Charter School Programs

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Cost Category #1: Personnel

- Only staff working directly on grant objectives

- Describe staff roles by position in budget narrative

- Identify the project director position within personnel budget

- Positions should be identified as percent of salaried time

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

Personnel Cost Example for One Staff Member

- 1 FTE Project Director
  - Salary = $80,000 per year with a 2% increase
  - 25% of total time will be spent on CSP grant-related activities

- Budget Narrative:
  - The Project Director oversees the CSP award including reviewing expenditure report reimbursement submissions, managing progress toward project objectives and performance measures, and managing other grant and funding for the school.

	Year 1	Year 2	Year 3	Year 4	Year 5
Project Director	$80,000	$81,600	$83,232	$84,896	$86,593
25% to CSP	$20,000	$20,800	$21,616	$22,448	$23,296

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 basis on which fringe benefits are calculated and the staff who are receiving the benefits

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

- If personnel are splitting responsibilities with CSP duties and other duties, the associated fringe benefits should be allocated in the same manner within the budget narrative.

Fringe Benefits Cost Example

Budget Narrative:

- The Project Director 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
Project Director Salary	$80,000	$81,600	$83,232	$84,896	$86,593
Project Director Salary Charged to CSP	$20,000	$20,400	$20,808	$21,224	$21,648
25% Fringe Benefits Charged to CSP Grant	$5,000	$5,200	$5,404	$5,612	$5,824

Cost Category #3: Travel

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

- Administrative Travel:
  - Mandatory CSP Project Directors' Meeting

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 airfare to DC, $200 per night in a hotel for 2 nights =$400, $50 per diem for 2 days = $100

	Year 1	Year 2	Year 3	Year 4	Year 5
Travel to PD Meeting	$1,000	$1,000	$1,000	$1,000	$1,000
Airfare	$500	$500	$500	$500	$500
Hotel (2 nights)	$400	$400	$400	$400	$400
Per Diem (2 days)	$100	$100	$100	$100	$100

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

Equipment and Supplies Cost Example

- Software Licenses: $500/year

- Laptop Carts: $10,000 per cart

- Budget Narrative:
  - The grantee is going to purchase a software license during the life of the grant in order to provide instruction in a virtual setting, as well as virtual professional development for staff.
  - The grantee will also purchase two laptop carts, which contain 20 computers in each in order to support students in connecting to blended learning programs and virtual learning when needed. The school will add two classrooms per year, which will require additional carts to be purchased each year.

	Year 1	Year 2	Year 3	Year 4	Year 5
Software License	$500	$500	$500	$500	$500
Laptop Carts (2 per year @ $10K/cart)	$20,000	$20,000	$20,000	$20,000	$0

Cost Category #6: Contractual

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

- 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 with clear reasoning

*Reminder: Any contracts with for-profit management organizations require additional details to be provided to CSP.

Contractual Cost Example

- Special Education Consultant
  - The grantee will hire a consultant to review the school's special education programming each year of the grant to ensure all federal and state requirements are being met. This service is not provided by the district authorizer.

- Curriculum Professional Development Consultant
  - The grantee will hire a consultant to provide professional development to onboard new instructional staff.

- External Evaluator
  - The grantee will hire a consultant to conduct an evaluation of the grant.

	Year 1	Year 2	Year 3	Year 4	Year 5
Special Education Consultant: SpEd Eval	$500	$1,000	$1,500	$2,000	$2,000
Curriculum Professional Development	$5000	$5,500	$6,000	$6,500	$6,500
External Evaluator	0	$50,000	$50,000	$50,000	$50,000

Cost Category #7: Construction

- This budget 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

- 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

- Printing and honoraria
  - The grantee will pay for printing of recruitment materials each year and honoraria for guest speakers for community presentations in years 2 and 4.

	Year 1	Year 2	Year 3	Year 4	Year 5
Printing	$500	$525	$550	$575	$600
Guest Speaker Honoraria		$1,000		$1,000	

Cost Category #10: Indirect Costs

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

- Indirect costs should be included as part of your administrative costs.

- Include an up-to-date indirect cost rate agreement.

- If your organization does not have an indirect cost rate agreement, the Department's Indirect Cost Group will negotiate indirect costs with organizations that 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 its most recent financial data. Include this cost estimate in your grant application.
  - If a grant is made, an indirect cost proposal must be submitted to CSP within 90 days.
  - 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

- This line item is not applicable to this program. The training stipend line item only pertains to costs associated with long-term training programs and college or university coursework, not workshops or short-term training supported by this program.

- Salary stipends paid to teachers and other school personnel for participating in short-term professional development should be reported in Personnel (line 1).

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!

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ED 524

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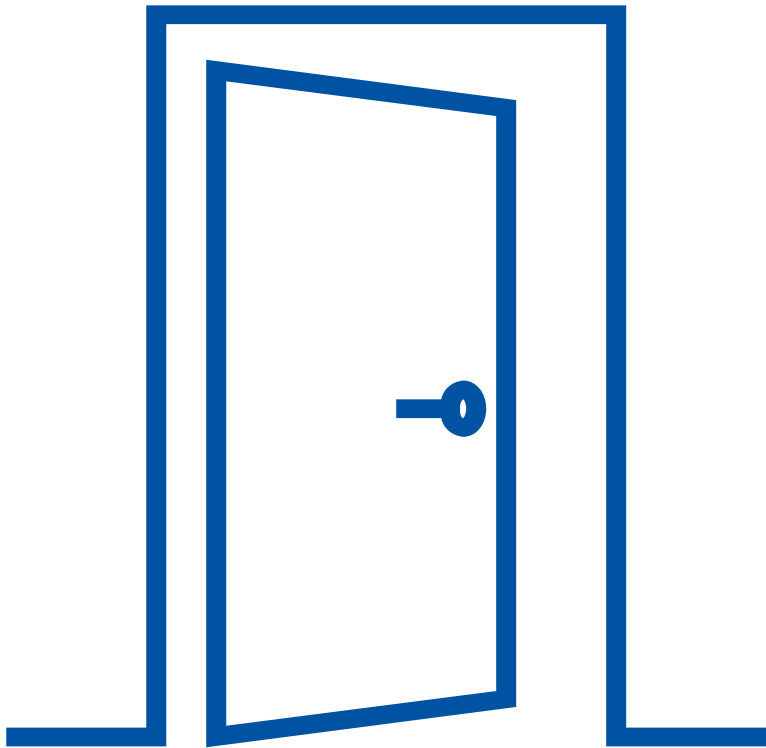
Are all costs allowable, allocable, and reasonable for the grant?

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
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

For more specific guidance about the definitions of allowable, allocable, and reasonable see 2 CFR § 200.403 - Factors Affecting Allowability of Costs

Allocable Costs

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

Example: You want to buy 100 laptops six months before your school opens its doors and plan 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!

One Time Costs vs. Ongoing Costs

Costs should be one-time, startup expenses for the project being funded and not recurring costs.

One Time Cost	Ongoing Cost
Computers and laptops	Consumable Supplies
Reusable classroom manipulatives	Food, beverage, or alcohol
Computer software	Ongoing consulting fees
Legal consulting	Employee benefits

Looking Ahead: Budget Revisions

- If funded, you will be held accountable to 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.

Charter School Programs

Resources

- Title IV, Part C of the Every Student Succeeds Act of 2015 (20 U.S.C. 7221-7221j)

- 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: Use of Grant Funds

- 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

Charter School Programs

THANK YOU!