



U.S. Department of Education
Office of Elementary & Secondary Education
Charter Schools Program
**FY 2023 Pre-Application Webinar – Developing a Budget that
Aligns with and Supports Your Proposed Project**
Developer Grant Competition (84.282B and 84.282E)
Re-recorded Training Transcript

Hello and welcome to the Fiscal Year 2023 pre-application webinar discussing how to develop a budget that aligns with and supports your proposed project for potential Developer grantees. This is a pre-recorded webinar that is being released along with other webinars that can serve as resources for you as you develop your application for your CSP Developer grant. This information is being presented on behalf of the Charter Schools Program by the National Charter School Resource Center. The National Charter School Resource Center (NCSRC) provides technical assistance to federal grantees and resources supporting charter sector stakeholders. NCSRC is funded by the U.S. Department of Education (ED) and managed by Manhattan Strategy Group (MSG) in partnership with WestEd.

Here is our agenda for today. We will begin by looking at a few highlights for the 2023 Developer CSP grant competition. From there, we will spend most of the time discussing how to develop a project budget, including walking through the requirements of the budget narrative and your budget summary. Next, we will take a look behind the scenes at what CSP reviews when your budget is submitted and discuss what are considered allowable, allocable, and reasonable costs under this grant program. We will end by sharing some final resources and reminders for your next steps as a potential Developer grant applicant.

To begin with, let's discuss the purpose of the Charter Schools Program grants. CSP provides funds to improve the U.S. education system by supporting innovation; providing financial assistance for the planning, program design and initial implementation of charter schools; increasing the number of high-quality charter schools available to students across the United States; and evaluating the impact of charter schools on student achievement, families, and communities, and sharing best practices between charter schools and other public schools.

Other purposes include encouraging states to support facilities financing; expanding opportunities for children with disabilities, English learners, and other traditionally underserved students to attend charter schools; supporting efforts to strengthen the charter school authorizing process; and supporting quality and accountability in the operational performance of all authorized public chartering agencies.

To begin with, let's discuss the purpose of the Charter Schools Program grants. CSP provides funds to create promising new public charter schools, replicate or expand high-quality public charter schools, and disseminate information about effective practices within charter schools. In addition, grant funds are intended to help charter schools find suitable facilities, facilitate collaboration of high-quality public charter schools with traditional public schools, and invest in other national initiatives that support charter schools.

Through the [CSP Grants to Charter School Developers for the Opening of New Charter Schools and for the Replication and Expansion of High-Quality Charter Schools](#), the Secretary of Education awards competitive grants to support charter school developers to open new charter schools and replicate and expand high-quality charter schools that serve students in early childhood, elementary school, or secondary school grades. Developer grants must 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.

For the Developer grant competition, an *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. A developer may be an individual or a group of individuals from public or private nonprofits that will carry out the charter school project.

Again, an *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. For the Developer Grant program, applicants may apply to open a new school, replicate an existing, high-quality charter school, or expand an existing school by adding grade levels or students. Applicants that have applied to an authorized public chartering agency and have not yet been approved must include information in the application addressing a timeline for approval from the authorizer. According to the Secretary, charter schools that have been in operation for more than five years are not eligible to apply as a new school or replication school but can apply as an expansion of a high-quality school.

Funds are awarded on a competitive basis and only charter school developers in states that do not currently have a CSP SE grant are eligible for funding with one exception – developers may apply for replication and expansion funding if ED has not approved an amendment allowing the SE in their state to award subgrants for replication and expansion. Here is a list of states that do not have an active SE grant, and therefore developers are eligible to apply in those states.

The CSP Developer grant is a discretionary grant, which means grantees are selected based on the merits of their proposed application. For the Fiscal Year 2023 Developer competition, there are \$4 million in funds available. The estimated range of awards is \$200,000 to \$400,000 per year, with an estimated size of an award being \$300,000 per year. The Department estimates a total of 8 to 10 awards will be given. The project period for this competition is 5 years, however, you may decide to request a shorter project period as an applicant.

The most important document to review is the notice inviting applications that is posted in the federal register. This document, often referred to as the NIA, contains all of the information that applicants need to develop a complete application. We recommend that all applicants read the entire notice in the federal register. Applicants must follow the procedures as described in the federal register notice for the Developer grant competition.

There are multiple parts of a full Developer application, which can be broken down into three parts: required forms, your application narrative, and other attachments. Today we are going to focus on your budget, both the budget narrative and your budget summary, also known as form 524. For more information on the application parts, please see additional pre-recorded and live webinars for the Fiscal Year 2023 competition. For this webinar, we

will start by focusing on your Budget Narrative. The information in your budget narrative will align with the information you have included in Form 524, your budget summary.

Your budget narrative is part of your application narrative as a whole. This is an itemized breakdown of what you plan to spend in each budget category from Form 524. These categories include:

- Personnel and fringe benefits
- Travel
- Equipment and supplies
- Contractual expenses
- Subgrants
- Indirect costs

Your budget narrative is the place where you will include all costs and the rationale behind how these costs were calculated. CSP recommends that you include detailed information in your budget narrative that shows how costs were calculated, including providing tables that show the cost per item, the quantity of items needed, and totals. This is also where you will include detailed information on how costs were calculated, including subgrant numbers or staffing salaries. CSP will look back at previous grants given to states to ensure that numbers estimated in applications are reasonable. Remember, if you don't include a justification or rationale in your written application, CSP does not have that information. Your budget narrative must fit into your project period and should not assume funding for a no-cost extension year, as these are not guaranteed.

Here's a look at what Form 524 looks like, which we will talk about in detail later in this presentation. The budget narrative categories should align with the budget categories of this form as well. Before we dive in, let's walk through some of the budget restrictions for Developer grantees.

The CSP Developer grant is a non-construction grant, which means you cannot include any costs associated with this category. Applicants are also only allowed to propose to support one charter school per application for the Developer competition. Finally, the maximum award per school, whether it is a new school, replicated school, or expanded school, is \$2,000,000 over a five-year period.

Speaking of timelines, it is important to note that the grant budget period may not align with your fiscal year budget period. For this application, be sure to use the budget period of the grant.

Next, this is a grant that is awarded over a period of time, up to five years. During these five years, 18 months can be used for planning and program design. There are opportunities for no cost extensions in this grant, but that should not be assumed as approved when writing your grant application.

The CSP Developer grant has funds available that can be used to carry out a variety of activities related to opening and preparing for the operation of new charter schools or for the replication or expansion of high-quality charter schools. Grant funds must be used to carry out allowable activities, which are fully described in 4303(h) of the ESEA. Some of these activities include:

- Preparing teachers, school leaders, and specialized instructional support personnel, including through paying costs associated with
 - Hiring, providing professional development, and compensating the following personnel during the applicant’s planning period only:
 - Teachers
 - School leaders, and
 - Specialized instructional support personnel
 - Acquiring supplies, training equipment (including technology), and educational materials (including developing and acquiring instructional materials).
 - Carrying out necessary renovations to ensure that a new school building complies with applicable statutes and regulations, and doing minor facilities repairs (excluding construction).
 - Providing one-time startup costs associated with providing transportation to students to and from the charter school. For example, a school could use funding to purchase a bus, or to pay initial costs for using a district's transportation system.
 - Carrying out community engagement activities, which may include paying the cost of student and staff recruitment.
 - Providing for other appropriate, non-sustained costs related to the replication or expansion of high-quality charter schools when such costs cannot be met from other sources.

Throughout your budget narrative it is critical that every cost that is included has a strong justification. Include detailed information regarding how you determined costs, tables that show the unit price of items, quantity of items needed, and what project year these costs are associated with. Specify which grade levels will be using supplies and how that aligns with the growth plan of your charter school. The more detail provided, the better.

Let’s now take a closer look at ED Form 524, which is your budget summary. This is part of the required forms that will be part of your application, and will align with the information you provide in your budget narrative. As we walk through each section of the form, you will see that there is information that should be included in the narrative of your application as well.

A required form you must submit with your application is the Budget Summary, or Section A of the 524 form. This form must be completed for all years in which funds are requested. An important reminder - the funds requested in this form should match the detailed budget narrative required in another segment of the application.

A few things to note:

- If you have an approved indirect cost rate, provide the details in the budget narrative as well as at the bottom of this form. Make sure to include your agreement. We’ll talk a bit more about indirect cost rates in a few moments.

- As a reminder, this is not a construction grant and construction is not an allowable cost. Although you see a line item for construction on this form, you must leave it blank, or at \$0.
- Section B of this form should only be completed if you are making a matching commitment, but that is not required.

We are now going to walk through each category of the budget summary, starting with personnel. Funding for the grant should only be used to pay for staff who are working directly on grant objectives. We ask that you describe these roles in the budget narrative and identify the position as a percent of their total time. If there is a salary increase planned over the years of your grant, include that information in your narrative in a clear way, potentially in a table. The percent of time for each role should be included in the budget narrative.

Let's look at an example of what a personnel cost could look like in an application. For this grantee, they plan on having one full-time employee who will spend 25% of their time working on grant-related activities.

If awarded, CSP will have conversations with you about each budget category to ensure that what you have in your application is what will happen during your grant period. Have conversations with your staff to ensure that details are in your application for every budget category so that your application's budget has a better chance of being approved with minimal revisions.

The second cost category is fringe benefits. Fringe benefits are extra benefits that supplement an employee's salary, such as health insurance or retirement benefits. If applicable to your program, provide the rate and base on which fringe benefits are calculated and identify the staff who are receiving the benefit. If fringe benefits are treated as indirect costs for your organization, you can leave this line blank, but be sure you have an understanding of what your indirect costs cover. If the staff roles are split between CSP duties and other duties, the fringe benefits associated with those salaries should be allocated in the same manner. For example, if the project director spends 25% of their time on grant activities, then 25% of his or her fringe benefits may also be charged to the grant.

Let's look at another example. For this grantee, they should include in their budget narrative that the same employee, the Project Director, has fringe benefits to cover health, dental, and retirement benefits. For this grantee, benefits are calculated at 25% of their salary each year. Because only 25% of the total time of this employee will be spent on CSP related activities, the fringe benefits are split the same way.

Next is travel. For any travel expenses, CSP expects to see details on the staff that are traveling, the number of nights and per diem rates, hotel rates, and any airfare or car mileage. As a reminder, the per diem rates are the fixed daily allowance for employee travel that are set each fiscal year by the U.S. General Services Administration. These rates change each fiscal year and are dependent on the zip code the employee has traveled to.

It's important to note that applicants that are approved for funding must attend a two-day meeting for project directors during each year of the project. The cost of attending this project director's meeting can be included in your proposed budget in this travel section.

CSP will look for details within your budget narrative on how costs were arrived at in order to approve this part of your budget.

As an example, your budget narrative might include information regarding travel, including sending your project director to the mandatory PD meeting each year of the grant. For this grantee, they have budgeted \$1,000 per year for travel to the project directors' meeting and broke down all costs associated with that number. These travel costs are just an example. You should check the actual per diem rates on the GSA web site via the link on the screen when creating your budgets.

The next two categories are equipment and supplies, which are often related. The difference between what qualifies as equipment versus supplies is based on cost. Purchases that are over \$5,000 are considered equipment. If any equipment is included in your budget, it's important to include justification for why this equipment needs to be purchased rather than rented.

Supplies are costs under \$5,000. Costs in this category can be grouped, such as a line item for office supplies.

For this grantee, costs in this category include purchasing a software license for the life of the grant to provide instruction and professional development to students and staff in a virtual setting. The webinar platform is necessary because the developer does not currently have this capability and gives them the capability to record sessions and poll attendees to measure the effectiveness of their instruction and staff development.

In addition, this grantee plans to purchase two laptop carts each year of their grant in order to provide chromebooks to students. The grantee has plans to grow their student enrollment by 40 students per year, so this is an ongoing cost for the first four years of their grant. All of this information should be included in the budget narrative as justification.

The next category is contractual. This category is for any contracts for services to be performed by entities other than the grantee organization. For any contracts, review the uniform guidance procurement standards and ensure that grantees follow these requirements. Also note that you cannot contract out managing your grant. Developers awarded a grant are responsible for managing the grant and overseeing the performance of any contractors.

For this grantee, a cost related to hiring a special education consultant would be included in this category. The school plans on hiring a special education consultant to do a program review to ensure the school is in compliance with all federal and state law. This service is not offered by their district authorizer, which would be included in their application as part of the justification for this cost. The cost of this consultant will grow as student enrollment grows, budgeted \$500 more each year for this evaluation until full build out of the school in year 4.

Category seven is construction, which is not allowable in this grant program. For all Developer grantees, there should be no costs associated with this category in your application.

Category eight, "other" should be used for anything that does not fit in previous categories or indirect costs, such as space rental, honoraria and travel, and communication and printing costs.

This grantee will use grant funds to pay for printing of recruitment materials to market their school to students and families each year. They will also use grant funds to pay guest speakers to do community presentations to explain the school model, instructional approach, and the research base behind it in years 2 and 4.

Next, let's look at indirect costs. Indirect costs are frequently referred to as overhead expenses, such as rent and utilities, and general administrative expenses such as accounting department costs and personnel department costs. Indirect costs are always administrative costs. If you have an indirect cost rate agreement, this must be included in your application. If your organization does not have an indirect cost rate agreement and you plan to negotiate one with the Department, indicate this in your application. The Department's Indirect Cost Rate Group will only negotiate with organizations that have received federal funding and that receive the majority of their federal funds directly from the Department.

An organization may estimate its indirect cost rate using their most recent financial data, such as audited financial statements. The indirect cost estimate is based on the information included in your application. If a grant award is made, an indirect cost proposal and supporting documentation must be submitted to the indirect cost rate office within 90 days of the award. Under prior regulations, a temporary indirect cost rate of 10% of direct salaries and wages may be allowed until an indirect cost rate has been approved. For other questions regarding indirect cost rate, check out this webinar from the NCSRC, or contact the Office of Indirect Cost Rate.

If indirect costs are not budgeted for or mentioned in your application, they cannot be added once your application is approved.

Finally, category 11 is 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 in Line 1.

Again, it's incredibly important that the information in your budget narrative aligns with the information in your budget summary, form 524. Align your budget narrative with the categories in this form, which in the long run will ensure that when it is time to monitor your grant, things will run smoothly. Ensure that justification is included for costs across all categories.

Once your application is submitted, CSP takes a close look at both your budget narrative and budget summary to ensure that all costs are allowable, allocable, and reasonable. The only way for CSP to ensure that all costs meet these requirements is if you have provided enough detail in your application. If your application is approved, CSP will walk through all costs in your application with you and may require revisions before a final approval.

Applicants must ensure that all costs included in the proposed budget are reasonable and necessary in light of the goals and objectives of the proposed project. Any costs determined to be unreasonable or unnecessary will be removed from the final budget. The budget should include only costs that are allowable, allocable, reasonable, and necessary. In the Budget Narrative Attachment, provide an itemized budget narrative, by project year, for each cost category, in addition to a justification for costs included.

Allowable. Under [2 CFR § 200.403 - Factors Affecting Allowability of Costs](#), allowable costs must meet all the following criteria:

- Be reasonable for the performance of the award and be allocable under these principles

- Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items
- Be consistent with policies and procedures that apply uniformly to both Federally financed and other activities of the organization
- Be accorded consistent treatment
- Be determined in accordance with generally accepted accounting principles (GAAP)
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period
- Be adequately documented

Allocable. Under [2 CFR § 200.405 - Allocable Costs](#), a cost is allocable to a CSP award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:

- Is incurred specifically for the award
- Benefits both the award and other work, and can be distributed in reasonable proportion to the benefits received
- Is necessary to the overall operation of the project, although a direct relationship to any particular cost objective cannot be shown
- Is not prohibited under the grant

For example, if you want to purchase 100 laptops six months before your school opens with grant funds, this would qualify as an allocable cost as long as it is determined that the laptops are needed to operate the school and they cannot be purchased with other funds the school has. Purchasing laptops is an allowable cost under the grant as well.

Reasonable. Under [2 CFR § 200.404 - Reasonable Costs](#), reasonable costs do not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.

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

Using the previous example, purchasing 100 laptops is reasonable based on the number of students estimated to be enrolled. If only 50 students were enrolling for example, the quantity of 100 laptops would not be considered reasonable.

In addition, all costs in your budget should be one-time, startup expenses for the project years being funded. Some costs are allowed during your planning year, some are allowed during the implementation years, and some are allowed during both. This table highlights a few examples, such as furniture, which is only allowed during implementation, versus rent or facility payments, which are only allowed during planning years for subgrantees.

Information regarding allowable costs may not be included in your Developer grant application but is something you will need to discuss if funded.

Finally, an important thing to remember is that costs should be one-time, startup expenses for the project being funded and not recurring costs. Costs that can become recurring can be operationalized as startup costs by limiting the cost to a reasonable initial period with a

justification of why the cost cannot be currently met from other sources but will be in the future.

If your application is approved, then you will be funded based on what was written, including all details regarding your budget. If any changes need to be made to your budget, approval is needed from CSP. For many grantees, revisions may be needed due to changes in costs, staffing shifts, or additional funding secured through other grants, fundraising, or institutional gifts. Throughout the life of your grant, any changes must be requested to your program officer who will then review with CSP supervisors and approve or deny. Deductions or changes may need to be made to ensure compliance with general accounting cost principles. Taking the time now to ensure that your budget is accurate, detailed, and justified will save you time down the line if funded.

There are many resources available to support your budget writing process, including reviewing nonregulatory guidance, uniform guidance, and the published NIA in the federal register. Be sure to review these documents as you work with your team on your application.

As this session comes to a close, potential applicants are encouraged to take a moment to reflect on your organization's capacity, knowledge, skills, and experiences to implement the grant proposal you are developing. This is often referred to as your operational readiness. Areas for consideration are your organizational capacity to manage the grant and meet all of the stated requirements, being able to create the organizational and financial infrastructures, systems, policies, and processes to manage the grant, establishing your SMART grant goals, and having the ability to form relationships and garner buy-in from stakeholders throughout your community.

Assessing your operational readiness to manage a CSP developer grant is important because it helps with your transition from developing your grant proposal to implementing the activities in your proposal. It also helps you identify and mitigate risks, increase your operational efficiency, and build confidence in your organization's ability to successfully implement the grant.

Thank you for watching this recording. Please refer to the NIA and other pre-award offerings to support your application for a CSP Developer grant.