



**Division of Student Services, Academic Enrichment, and
Educational Policy**

Office of School Innovations

Maryland Charter School Program Grants - Questions and Answers

Issue Date: March 28, 2019

On March 28, 2019, the Maryland State Department of Education (MSDE) held an information webinar regarding the Request for Applications (RFA) for Charter School Program (CSP) grants to support the start-up, expansion, and replication of public charter schools. The following includes questions asked at the session, and questions that were asked in the previous competition.

Applicants should note that the information on allowable costs is for guidance. The MSDE is responsible for final approval of grant expenditures. The review will be based on all of the information and justification provided in the grant proposal.

GENERAL

What is the expected range of grant amounts?

Grant awards will be based on the proposed budgets that meet the requirements of the grant program. There is not a minimum amount that can be awarded. The maximum is \$900,000 over three years.

FINANCIAL

Is the grant recipient required to do an A133 audit for this grant?

Federal regulations require a single audit of any federal grant exceeding \$750,000. More information can be found at the [Federal Audit Clearinghouse website](https://harvester.census.gov/facweb/). (<https://harvester.census.gov/facweb/>) You may have to paste this link into your browser.

ALLOWABLE COSTS

Allowable Activities and Costs are listed in the Every Student Succeeds Act (ESSA), [ESSA, Section 4303 \(h\)](#), Local Uses of Funds.

Can grant funds pay for a lease for more than three months, as long as it is pre-opening?

The MSDE will consider approval of lease payments for longer than three months. The applicant will be required to justify why, up to an additional three months, is required.

Are salary expenses not an allowable after the school opens?

The grant is to provide for “appropriate, non-sustained costs related to opening and preparing for the operation of new charter schools.” Staff and other costs, that are part of ongoing operations,

must be sustainable after the startup period without grant funds. This cost *may* be allowable, reasonable and allocable during a startup period of enrollment growth.

Are the operating costs of a CMO an allowable expense? Are consultants an allowable expense? For example, is a project manager before opening allowable?

Yes, the grant is to provide for “appropriate, non-sustained costs related to opening and preparing for the operation of new charter schools.” (ESSA, Section 4303 (h))

Can an applicant use the funds to purchase a bus or other transportation as part of opening expenses, if the applicant also submits an operating budget that shows how this expense will be sustained as a recurring expense in the operating budget?

Can two buses for a rural charter school.

Yes, the grant is to provide for “appropriate, non-sustained costs related to opening and preparing for the operation of new charter schools,” and for “providing one-time, startup costs associated with providing transportation to students to and from the charter school.” (ESSA, Section 4303 (h)). If two buses are planned, the same requirements for a plan to sustain operations after the school opens apply.

Are pre-award expenses allowable if the invoice date is within the 90 days, or if the payment was made within the 90 days?

For pre-award costs to be eligible for reimbursement, the costs *must be incurred* not earlier than 90 days of the effective date of the award. Pre-award costs may not be incurred before the date of the submission of the grant application. The conditions described below apply to States and to subgrantees. Costs incurred more than 90 days before the award date are not allowable, regardless of the invoice date.

Under section 200.458 of the Uniform Guidance, pre-award costs are allowable “only with the written approval of the Federal awarding agency” and “only to the extent that they would have been allowable if incurred after the date of the Federal award.”

“Pre-award costs” are defined as “those [costs] incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work” (2 C.F.R. 200.458)

While pre-award costs generally are allowable, they must be: (1) approved, in writing, by the MSDE; (2) allowable costs under the approved application; (3) incurred pursuant to the negotiation of, and in anticipation of, the CSP grant award; and (4) necessary for the efficient and timely performance of the CSP grant.

ALLOWABLE COSTS – RENOVATION AND CONSTRUCTION

What will happen if you plan to spend grant funds on an allowable facility need, but the plans for that facility need fall through Can necessary renovations be done on a building that is already used as a school (conversion)?

The U.S. Department of Education is interpreting “new school building” to include an existing building that is a new or first time site for a charter school. Necessary renovations that are allowable under ESSA, Section 4303 (h), for a building that will serve as a first time site for a charter school.

**Can grant funds be used for an architect or for inspections for water, radon, and mold?
Can the grant pay for a contractor to come into the building and tell us what renovations need to be done?**

These expenses are likely allowable to the extent that inspections are identifying “necessary renovations to ensure that a new school building complies with applicable statutes and regulations.” Under ESSA, an eligible applicant receiving funds may use the funds for carrying out necessary renovations to ensure that a new school building complies with applicable statutes and regulations, and minor facilities repairs (excluding construction), and for providing for other appropriate, non-sustained costs related to the opening and preparation to open, replicate or expansion of a charter school. (ESSA 4303 (h))

**Can you provide more information on allowable costs regarding renovation vs. construction?
Is a sprinkler system allowable?
Is an elevator allowable?
Can funds be used for cameras and electronic entry?**

An applicant receiving a grant may use funds for *necessary* renovations to ensure that the school building *complies with applicable statutes and regulations*. (ESSA 4303 (h)) Renovations should be proposed as expenditures that are necessary to ensure that a school building complies with applicable Statues and regulations. The applicant will be required to cite these.

Examples of minor facilities repairs include repairing a leak in the roof; replacing a broken window; and repairing a furnace or air conditioning unit. Minor facilities repairs neither add to the permanent value of the property nor appreciably prolong its intended life, but rather, keep it in effective operating condition (2 CFR 200.452)

In general, an expenditure that is not specifically authorized by statute must be necessary, reasonable, and allocable to the grant in order to be allowable. (2 CFR 200.403(a))

CSP funds may not be used to purchase real property or for construction, unless specifically authorized by statute (34 CFR 75.533). Under ESSA, Section 4303 (h), CSP grantees may use grant funds to carry out “necessary renovations to ensure that a new school building complies with applicable statutes and regulations, and minor facilities repairs.”

The CSP statute, does not define “construction.” Elsewhere in the ESSA, construction is: “(A) the preparation of drawings and specifications for school facilities; (B) erecting, building, acquiring, altering, remodeling, repairing, or extending school facilities; (C) inspecting and supervising the construction of school facilities; and (D) debt service for such activities” (20 U.S.C. 7713(3)). These are construction activities that would not be allowed, unless the CSP Statute does allow them (e.g. repairs).

Under the Uniform Guidance (2 CFR 200.13), renovations that materially increase the value or useful life of a “capital asset” (e.g. land, building, facility) are “capital expenditures.” In order to charge a capital expenditure to the subgrant, the subgrantee must obtain the proper written approval of the Department (U.S. Department of Education) or the State entity. (2 CFR 200.439 (b)(3)).

Among the things the State will consider in making a determination are the following:

- Is the renovation necessary for the performance of the grant?
- Is the cost of the renovation (materials and labor) commensurate with the market rate for such goods and serves?
- What is the relative cost of the renovation calculated as a percentage of the overall grant awarded to the charter school?
- What is the cost of the renovation calculated as a percentage of the overall cost basis of the underlying property?
- Are the costs non-sustained (one-time costs associated with the startup or expansion of the charter school)?

EXPANSION

If a charter opened in this school year, is it eligible for expansion?

Yes. This project may also be considered the implementation phase of charter start up. See page 4 of the application.

If the school is already approved by the local school system for expansion, is a startup period required? Does this impact the amount of the grant?

A startup period is not required in this case. There are not set amounts of awards for start-up or expansion. In every case, the budget must be justified by the needs of the program, and expenses allowable, reasonable, and allocable as provided in ESSA.

Does adding a grade include an additional section/classroom of an existing grade?

Adding an additional section of an existing grade is increasing enrollment. Adding a grade means adding, for example, a 5th grade to a school that currently services 6th through 8th grades.

If a charter school is already approved for expansion, can the school apply for expansion funds? Is the cost of teachers coming on board prior to the expansion allowable?

A charter school that is already approved for expansion is eligible to apply for grant funds for the expansion. The budget must include costs and activities that are justified by the needs of the program, and expenses allowable, reasonable, and allocable as provided in ESSA.

Eligibility

Is this only for charters opening in 2020? Do you anticipate that this grant will be offered next year for schools opening in 2021?

To be eligible, the grant applicant must have submitted an application for a charter to the local board. If the application to the local board is for a charter that will open in 2021, then the applicant is eligible. The MSDE anticipates additional opportunities to apply for a grant in 2020.

If an applicant is not funded this year, can the applicant re-apply in year 3?

Yes. The applicant can apply in subsequent rounds.

At what level must the application be reviewed by the local school board by the grant application deadline of May 17th ?

To be eligible, the grant applicant must have submitted an application for a charter to the local board. See page 4 of the application.

APPLICATION REQUIREMENTS

For an existing charter, can the most recent negotiated contract be submitted, or is the charter application also required?

The MSDE will accept the current contract and not require the original charter for the subgrant application. The MSDE recommends that the applicant attach the most recent renewal recommendation of the LEA.

Must the charter application that is attached to the grant application include all appendices or just the relevant ones?

The applicant for funds may decide which appendices to the charter application are relevant.

Does a grant applicant need a DUNS #?

Each applicant must have a *DUNS number* which is active in SAM.gov in order submit a grant application. If the applicant does not have an active DUNS number, apply for one here: <https://iupdate.dnb.com/iUpdate/viewiUpdateHome.htm>)

The grant award cannot be issued unless there is current DUNS number.

Is there a file size limit or a method to upload large files?

The email address that will be used for sending application documents has the capacity to receive large files. charterapp.2018msde@maryland.gov

A test sending 3 documents with a combined size of 18-20 MB was successful. The documents were 3 PDF files of about 140 pages each.

What is considered evidence that an existing charter school has submitted an application to expand?

This may vary depending on the local school system. There should be evidence (e.g. letter or application) showing that the request has been submitted and that the local school system has received it (e.g. email acknowledgement or receipt).

HIGH NEEDS

When determining if an area is high needs, does that only apply to the specific area that the school is physically located?

Under Maryland's charter law, a high needs area is an area with a median income that is equal or less than the median income of the county. In the case of siting a public charter school applying for the grant, the high needs area should include the location of the school. The applicant must define the area and show that the location of the proposed school will be convenient to families in an area that is high needs.

TIMELINE

When does the subgrant clock start?

The grant period starts when the Notice of Grant Award is issued. The date will be based on the program plan as described in the grant application.

OTHER

The list of main contacts for each local school system can be found on the main charter schools page on the website. <http://www.marylandpublicschools.org/programs/Pages/Charter-Schools/index.aspx>

CONTACT INFORMATION

Carol Beck
Office of School Innovations
carol.beck@maryland.gov
410-767-3678