
Maryland Charter School Program Grants - Questions and Answers

Issue Date: April 2022

On April 14 and April 22 the Maryland State Department of Education (MSDE) held an information webinar regarding the 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 asked in previous competitions.

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

GENERAL

What is the expected range of grant amounts? Is the \$900,000 maximum for three years or is it \$900,000 per year?

What should a start-up budget be?

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 total of all grant funds awarded cannot exceed \$900,000 over the three-year grant period. There is not a set budget amount for the pre-opening period or implementation periods. The applicant should present a budget based on the needs and timeline of the program.

Where are the grant materials?

All grant materials, forms and updates are posted on the [MSDE Charter Grants website](http://marylandpublicschools.org/programs/Pages/Charter-Schools/CSP2021Grantdocs.aspx) (<http://marylandpublicschools.org/programs/Pages/Charter-Schools/CSP2021Grantdocs.aspx>).

ELIGIBILITY

If the local school system is not accepting charter applications, can a charter developer still submit a charter schools program grant application?

At what level must the application be reviewed by the local school board by the grant application deadline of May 18th?

If we have submitted a Letter of Intent to the local school system, but have not had a response yet, can we apply for the grant?

To be eligible to apply for the CSP grant, the grant applicant must have submitted an

application for a charter to the local board. If the local education agency (LEA, or school system) initiates its charter application process with a Letter of Intent, and has set a date by which it will receive full applications, then the applicant is eligible to apply for the grant. If the due date for submission of the charter application is within the next several months, the founding group may apply for a grant. Note that the start date of the grant and issuance of the grant award document will not occur until the charter application has been approved and school opening date is determined.

Is this only for charters opening in fall 2023?

Do you anticipate that this grant will be offered next year for schools opening in 2024?

To be eligible, the grant applicant must have submitted an application for a charter to the local board, or as noted above have initiated the charter application process through contact with the LEA. If the application to the local board is for a charter that will open in 2023, then the applicant is eligible. Future grant opportunities will depend on the availability of funding.

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

Yes. The applicant can apply in subsequent rounds, provided that grant funds are available.

Is a child care center eligible?

Eligible grant applicants are establishing a public charter school that is or will be approved by local board of education to operate a charter school. Under the federal definition of a charter school, a school is providing “a program of elementary or secondary education or both” and “may serve students in early childhood education programs or postsecondary students.” (ESSA 4310 (2) (D), (M))

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. This requirement is triggered if you received more than \$750,000 in federal funds, from all sources of federal funds, in one reporting year.

Can you submit the invoice for reimbursement without paying the vendor?

No. The grant is paid on a reimbursement basis. The grantee may request an advance in some circumstances.

ALLOWABLE COSTS

Allowable Activities and Costs are listed in the Every Student Succeeds Act (ESSA), ESSA, Section 4303 (h), Local Uses of Funds: www.marylandpublicschools.org/programs/Documents/Charter-Schools/2018AppDocs/ESSA4301Charter.pdf. In addition, some guidance on typical expenditures and non-allowed expenses is provided in the Grant Information Guide.

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 an allowable cost 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.” This cost *may* be allowable, reasonable, and allocable during a startup period of enrollment growth. Staff and other costs that are part of ongoing operations, must be sustainable after the startup period without grant funds.

Are the operating costs of a CMO an allowable expense?

Are consultants an allowable expense? For example, is a project manager before opening allowable?

Existing, ongoing operating costs are not allowed. Expenses related to engagement of a CMO during the period before the school opens may be allowable. The grant is to provide for “appropriate, non- sustained costs related to opening and preparing for the operation of new charter schools.” (ESSA 4303 (h)) Consultants are an allowable expense. A project manager before opening is allowable. All expenses must be reasonable and justified in the budget narrative as supporting the goals of the project.

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?

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)).

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. 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.”

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.

Can funding also support Pre-Kindergarten?

Yes. Pre-K students are part of the enrollment of the charter school.

Will we need to find other funds to pay for leasing or owning a building?

Yes. The charter school program grant is for costs related to preparing to open. Some expenses related to the facility may be allowable in the planning period, before the school opens.

ALLOWABLE COSTS – RENOVATION AND CONSTRUCTION

Is insurance an allowable expense?

The pre-opening year, advance payment of insurance is allowable. Renewals are not. This cost must be sustained on the operating budget of the school after it opens.

What will happen if you plan to spend grant funds on an allowable facility need, but the plans for that facility 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 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 a charter school. (ESSA 4303 (h)) Capital expenses, which may include architectural services, are not allowable.

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?
Can grant funds be used for painting, installation of blackboards, or removing a wall to create a classroom?

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 properly nor appreciably prolong its intended life, but rather, keep it in effective operating condition (2 CFR 200.452). Painting is allowable as preparation for opening, and upkeep.

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)).

Electronic security expenses may be allowable as necessary per local or state regulation.

Installation of blackboards or shelving to ensure a classroom is ready is allowable. Removing a wall is likely allowable. For all expenses, refer to the considerations listed at the end of this question regarding overall costs and the necessity of the expenditure for the success of the project.

CSP funds may not be used to purchase real property or for construction, unless specifically authorized by statute (34 CFR 75.533). Under ESSA 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 (MSDE) (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 services?
- 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 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 that are allowable, reasonable, and allocable as provided in ESSA. The rules for allowable expenses are the same for the period pre-opening and once the school is open. Note that ongoing operating expenses must be covered within the operating budget.

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.

APPLICATION REQUIREMENTS

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 UEI #?

Each applicant must have a *UEI number* which is active in SAM.gov in order to submit a grant application. If the applicant does not have an active UEI number, apply for one at the <https://sam.gov/content/entity-registration> website. This takes time, so register as soon as possible.

The grant award cannot be issued unless there is an active UEI number.

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

The [MSDE email address](mailto:charter.msde@maryland.gov) that will be used for receiving application documents has the capacity to receive large files: charter.msde@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).

TIMELINE

When does the subgrant clock start?

The grant period starts when the Notice of Grant Award (NOGA) is issued. The date will be based on the program plan as described in the grant application. The NOGA start date will be determined with the grantee, so that it does not start more than 14 months before the date of the school opening. MSDE requires that grant periods begin July 1 or October 1.

OTHER

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

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