



**U.S. Department of Education
Office of Elementary and Secondary Education
Charter Schools Program
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FY 2024 CSP Developing the Grant Project Budget (Part 2) Webinar**

Welcome to the CSP State Entity’s Fiscal Year 2024 Pre-Application Webinar series. In this webinar, “Developing the Grant Project Budget, (Part Two),” we will continue the discussion of how to develop a budget that aligns with and supports your proposed project. This webinar is designed specifically for potential expanding opportunity through quality Charter Schools Program grants to State Entity [SE] applicants. Today’s part two of this pre-award budget webinar will focus on pulling together the budget proposal. This will include discussing strategies for how to develop comprehensive budgets that align with the project narrative and a recording of part one of the Pre-Award Budget Webinar posted on the Fiscal Year 2024 SE Competition webpage. That webinar covered a look behind the scenes at common pitfalls CSP has seen from past applicants, discussion of allowable costs, and provided insights into how the CSP reviews an applicant’s budget proposal to determine if those costs are reasonable, allowable, allocable, and necessary.

The part-one webinar wrapped up with the discussion of the administrative, technical assistance, and subgrant set-asides for the SE grant. In this webinar, we are going to walk you through the budget-related application package components, give a walkthrough of budget categories, and provide some resources and reminders. A QR code is provided on this slide that links directly to the application package. We’ll now discuss the application package components with a focus on the budget. There are multiple sections of a full SE application which can be broken down into three main parts: required forms, the application narrative, and other attachments. Today, we are going to focus on your budget—both the ED 524 form and your budget narrative. For more information on all the application sections, please see additional previous webinars for the 2024 competition that can be found on the SE website competition page. In this webinar, we will start by focusing on your ED 524 form, which summarizes your budget request in the application. This is one of the required forms that will be part of your application and must align with the information you provide in your budget narrative.

The ED 524 form Section A is a required form you must submit with your application. 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 the application. A few things to note: most of the funds you are requesting will land in the other category, line eight of this form, since all subgrant costs should be included in the other category. Remember, this should be at least 90 percent of the funds you request. All the costs that are not subgrants will either be part of the at least seven percent technical assistance or no more than three percent of the administrative costs. If you have an approved indirect cost rate, provide the details and the budget narrative as well at the bottom of this form. Make sure to include a copy of your agreement in the application.

We'll talk a bit more about indirect cost rates in a few minutes. 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 zero. Section B of this form should only be completed if you are making a matching commitment, but that is not a requirement for this grant program. In this webinar, we will spend some time walking through each of the categories and look at examples for each cost category of what sort of justification is needed in your budget narrative.

SE grant applications must include a detailed budget narrative. The information in your budget narrative must align with the information you have included in the ED 524 form. As we walk through each budget category in the ED 524 form, you will see how there is information that should be included in the budget narrative of your application as well. 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 ED 524. These categories include personnel and fringe benefits, travel, equipment and supplies, contractual expenses, subgrants, and indirect costs if you are claiming them. Your budget narrative is the place you will include all costs, the rationale behind how these costs were calculated, and importantly, why these expenses are needed to meet the goals and objectives detailed in your application narrative. Be sure to 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 the totals.

This is also where it should include detailed information and how the costs were calculated, including subgrant numbers and grant staff salaries. A strong budget narrative will include details regarding all costs, justification on why these costs are needed, a breakdown of how the costs were calculated, and will clearly align with your application narrative and ED 524. Your budget narrative must fit into your project period and should not assume funding for a no-cost extension year.

We will now give you a walkthrough of budget categories. As we get started with the budget category walkthrough, I cannot overemphasize that the figures in your ED 524 form must correspond to the figures in your budget narrative for each category of the budget. Under each category in the 524 form, you must provide a justification in the budget narrative for the amount of funds you are requesting. The justification must clearly note sufficient detail so that program officers have a clear understanding of how funds will be used, how much funding will be expended, and the relationship between the requested funds and the project activities and outcomes. In short, the details in your budget narrative will determine and must equate to the figures in the ED 524 form.

Let's look at the first category, personnel. We'll start with the second column, budget narrative. The budget narrative should detail the following. Provide the title and duties of each position to be compensated under the project. Positions should be identified as a percentage of the salary time. Provide the salary for each position under the project. Provide the amount of time, such as the hours or percentages of time to be expended by each position under this project. This is often referred to as "level of effort." Explain the importance of each position to the success of the project. Provide the basis for cost estimates and computations. Distinguish between technical assistance and/or administrative set-asides amounts and percentage. Include the detailed budget narrative that will give your program officer the necessary information to review and process the budget in a timely manner.

Once you have the details in years one through five totals for this personnel category, you can insert the figures into the corresponding personnel row Section A of the ED 524 form. As a friendly reminder, only personnel should be included under the personnel category. Consultants or contractors are not

considered personnel. Consultants and contractors should be included under line six, contractual. We will discuss the contractual category later in this presentation.

There is a personnel cost example for one staff member and what it might look like in an application. For this applicant, they plan on having one full-time employee who will spend 100 percent of their time working on grant-related activities. Even if 100 percent of this staff member's time will be spent on grant activity, it's important to describe the roles and duties that this employee will fulfill regarding the grant. Will 100 percent of their time be spent providing technical assistance to applicants and authorizers? Or will some of their time also be spent administering the grant, such as reviewing reimbursement submissions or organizing the grant competitions? This needs to be included in the budget narrative and show how much of their time will be under the administrative and technical assistance or TA cost categories. In this example, the employee's time will be split evenly between admin and TA, and this includes a two percent salary increase each year of the grant.

If awarded a grant, your program officer will have conversations with you about each budget category to ensure alignment between what is in your grant application, budget narrative, and the actual implementation of your grant. Have these conversations with your staff and include all of these details in your application for every category, so your application's budget has a better chance of being approved with minimal revisions.

Line two is fringe benefits. Fringe benefits are extra benefits supplementing an employee's salary such as health insurance, dental insurance, and retirement. An ED 524 form should identify the total amounts per year that the applicant requires to cover the cost of fringe benefits for all of the personnel included under the personnel category. Leave this line blank if fringe benefits applicable to direct salaries of the grant personnel were treated as part of the indirect cost rate. The budget narrative then provides additional examples on the amounts requested, such as the benefit percentages of all personnel under personnel category with the rate and basis on which fringe benefits are calculated, clearly distinguishing between technical assistance and/or administrative costs. Like in the previous category, if a staff member's responsibilities are split between administrative costs and technical assistance duties, the associated fringe benefits should be allocated in the same manner within the budget narrative.

Let's look back at our previous personnel example of the federal charter school's grant manager that would earn a total of \$80,000 in year one. For this individual, the fringe benefits are calculated at 25 percent of the individual's salary each year and include health at 10.5 percent, dental at five percent and retirement benefits at 9.5 percent. This means that in year one, this individual will need \$20,000 to cover the cost of their fringe benefits. Because personnel costs were split 50/50 between administrative and technical assistance duties, the fringe benefits are also split the same way.

The third category is travel. The travel category is for employees and participants only. Keep in mind that travel for persons such as consultants should be included under contractual and not under the travel category. Your ED 524 form will indicate the total travel cost per project year while the budget narrative breaks that travel down across years, explains the purpose of the travel—how it relates to the project's success and aligns with the project goals and objectives, and which program participants or staff will be participating in that travel. It is important that you include an itemized estimate of each of the travel costs for transportation, lodging, meals, and incidentals, etc. for each trip. You should also include the cost basis for estimates or computations on how those costs were determined. Additionally, you should ensure the information is broken down between technical assistance and/or administrative

costs. The breakdown between TA set-asides and administrative set-asides are dependent on the purpose of the travel.

For example, travel related to subgrant monitoring should fall under administrative costs, whereas travel related to providing technical assistance to subgrants or authorizers would fall under TA set-asides. It is important to note that approved applicants must attend a two-day project director's meeting each year of the project. The cost of attending this project directors meeting can be included in your proposed budget in this travel section and is considered an administrative cost. In addition, applicants approved for funding are required to participate in other on-site gatherings sponsored by the department and its contracted technical assistance providers and partners throughout the life of the grant. Applicants should set aside funding to attend any department-required technical assistance. CSP will look for details within your budget narrative on how costs were determined in order to approve this part of your budget. Justification regarding the purpose of travel must also be included.

As an example, your budget narrative might include information regarding administrative travel, including sending your project director to the mandatory project directors meeting each year of the grant. For this grantee, they have budgeted \$1,000 per year for travel to the project directors meeting and have broken down all costs associated with that number. They have also included administrative travel for an additional on-site TA gathering held by the department, also budgeted at \$1,000 per year. For technical assistance travel, this grantee has budgeted \$325 a year for their staff to travel to regional TA meetings for subgrantees. This cost is based on a rental car for two days at \$50 per day, one night in a hotel at \$125, and \$100 per diem rate for two days. As a reminder, per diem rates are the fixed daily allowance for employee travel that are set each year by the U.S. General Services Administration or GSA. These rates change each fiscal year and are dependent on the zip code the employee has traveled to.

Ensure that your budget narrative has differentiated what are travel costs under the administrative cost category versus the TA cost category and provides detailed information with justification and rationale for how all costs were estimated. Please note, these travel costs are just an example. You should check the actual per diem rates on the GSA website via the link and QR code on this slide when creating your budget.

The fourth line is equipment. Your ED 524 form for equipment should indicate the cost-tangible, non-expendable personnel property that has a usefulness greater than one year and acquisition costs that are the lesser of the capitalization level established by the applicant entity for financial statement purposes or \$10,000 per article. Please note that this was formerly \$5,000 per article but will be updated to \$10,000 under the revisions to Uniform Guidance 2 CFR Part 200 that take effect October 1, 2024. The request should be broken down across the years. If, for example, your program will need to purchase a high-quality capacity copy machine in year one for \$11,800, these funds would be requested in year one of your ED 524 form. The budget narrative will provide additional details regarding the funds requested in your ED 524 form and the rationale for why those funds are being requested. In your budget narrative, you will indicate the estimated cost for each item purchased, identify the type of equipment to be purchased, and explain the purpose of the equipment and how it relates to the project's success.

Please note that in order to purchase equipment, you must justify the purchase. You will have to explain why, for example, you need to purchase the equipment rather than rent it. Please be sure to include the cost estimates or computations for the equipment, and again, be sure to distinguish between technical assistance and/or administrative set-aside amounts and percentages.

Supplies, our next category, and equipment are often interrelated. The main difference between what qualifies as equipment versus supplies is cost. Purchases over \$10,000 are generally considered equipment. In this example, the grantee is requesting to purchase a copy machine at a cost of \$11,800 in year one of the grant. They will use the copy machine equally for activities related to the administration of the grant as well as activities related to technical assistance, such as printing tangibles for their TA training sessions. As such, they are splitting the cost equally between TA and administrative costs. The purchase is justified as it is more cost effective to purchase the copier rather than to rent one based on the total cost. In order to determine the cost of the copy machine, the applicant shopped for three copy machines that met their output needs and selected the price point in the middle to ensure they had enough funding to purchase the machine.

As indicated earlier, supplies is our next line. Supplies are tangible personal property that are consumable, expendable, and are relatively low cost. It may be helpful to recall the threshold of \$10,000 per unit for equipment. Again, I want to note the threshold was formally \$5,000 per unit but will be updated to \$10,000 under the revisions to Uniform Guidance 2 CFR Part 200 that take effect October 1, 2024. In your ED 524 form, you will detail the supplies that your organization will need in order to support the implementation of your grant across the five years. Your ED 524 form will reflect the amounts needed for each project year and your budget narrative will provide an itemized estimate of the materials and supplies by nature of the expense or general category, i.e., [that is] instructional materials, office supplies, or other categories. The narrative will also explain the purpose of the supplies and how they are related to the project success, the cost basis for the estimates or the computations used to determine the cost estimate, and finally, we will distinguish between technical assistance and administrative set-aside amounts and percentages.

For this applicant, costs in this category include purchasing a software license for each year of the grant, to provide technical assistance to eligible applicants and subgrantees in a virtual setting. The webinar platform is necessary because the state entity does not currently have this capability and it gives the SE the capability to record sessions and pull attendees to measure the effectiveness of their TA. All this information should be included in the budget narrative.

The next category is contractual. This category is for any contracts for services to be performed by the entity other than the grantee organization. The contractual category should include all costs specifically incurred with actions that the grantee takes in conjunction with an established internal procurement system. Include consultant fees, expenses, and travel costs in this category if the consultant services are obtained through a written binding agreement or contract. For any contracts, review their Uniform Guidance 2 CFR Part 200 procurement standards and ensure to follow these requirements. The budget narrative for this section must describe the purpose of the contract in relationship to the project's success. It must describe the products and/or professional services to be provided, justify the use of the contractor selected, identify the names of the contracting party including consultants if known, provide the price per contractor, and provide the length of time of the anticipated contract. For any professional service contracts, provide details on the amount of time that will be devoted to the project, including costs that will be charged to the grant.

The applicant must provide a brief statement that they have followed the procedures for procurement under [Parts] 2 CFR 200.317 through 200.326. As always, provide the cost basis. For any contractual costs, be sure to note if they are related to administrative or technical assistance activities and provide clear justifications. This is also where you can include any peer review honorariums for those who

support your grant's project competition. Also, note that you should not plan to contract out the management of your grant and oversee the performance of any contractors.

Here is a contractual cost example. In our example, the applicant plans to provide an honorarium for peer reviewers of \$200. They plan to use three grant reviewers per subgrant competition and will hold two competitions a year for a total of \$1,200. As mentioned before, because this is part of the subgrant competition, this would fall under administrative costs. The applicant also plans to contract with an external organization to conduct evaluations for all nine authorizers in their state. They have budgeted \$2,000 per review and will evaluate three authorizers each year for a total of \$6,000 per year. They plan to have these evaluations done during the first three years of their grant.

Category seven is construction, which is not allowable in this grant program. For all SE grantees, there should be no cost associated with this category in your application. Line eight, other, should be used to describe all direct costs not covered in lines one through six. For example, this is where you might include costs for all subgrants, space rentals, or any other item that does not fall within lines one through six. For this section, your budget narrative should list and describe items by major type or category, provide the purpose and rationale for the expenditures and relation to the project success, provide the basis for the cost estimates or computations, and distinguish between technical assistance and/or administrative set-asides. In your subgrant category, be sure to include a breakdown of the type of subgrants you are requesting funding for, i.e., [that is] new charter schools, high-quality expansion or replication charter schools, and the cost estimate with the type of subgrant awards. Please also consider existing subgrantees under a previous SE grant in your state for whom you're requesting a waiver to complete their activities under your new SE grant, if that is applicable to your state.

In each budget narrative, be sure to provide clear justification of the plan subgrant award amounts considered. For example, that an expansion subgrant may not need as much funding as a new school grant.

Returning to our example, detailed in budget webinar part one, this SE applicant plans to fund 25 subgrantees over the course of their five-year grant. Subgrants are projected to last three years and are obligated at the time of the subgrant award. Within their budget narrative, the applicant specifies that they project to award two new school subgrants each year at the maximum award of \$2 million: two replication subgrants each year at \$1.5 million and one expansion subgrant per year at \$500,000. The amounts requested by this applicant vary by subgrant type. Based on their cost calculations, this applicant will need \$7.5 million each year for their subgrant. Remember that the SE grant only spans five years and your budget must reflect this.

Next, let's look at indirect costs. Indirect costs are frequently referred to as operating expenses, such as rent, utilities, and general administrative expenses, such as accounting, department costs, and personnel department costs. Indirect costs are always an administrative cost. 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 most of their federal funds directly through the department. An organization may estimate its indirect cost rate using the most recent financial data, such as audited financial statements. The indirect cost rate agreement 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 offices within 90 days of the award.

Per Uniform Guidance, grant award recipients may charge a de minimis rate of up to 15 percent of a modified total direct cost included in lieu of a negotiated indirect cost rate. Please note that this is a change from the previous de minimis rate of ten percent under the revisions and Uniform Guidance that will take place in October of 2024. If indirect costs are not budgeted for or mentioned in your application, they cannot be added once the application is approved.

Finally, line 11 is Training Stipends. Generally, Training Stipends are not included in this program. Do not include any subgrant funds in this category. If you do budget in this category, a strong justification will be needed in order for it to be approved. Items listed here have often been labeled incorrectly by past grantees, such as honorariums for peer reviewers, which if budgeted correctly, should be in the contractual category.

Again, it is incredibly important that the information in your budget narrative align with the information in your ED 524 form. The totals in your budget justification should match the totals on your budget narrative form. Align your budget narrative with the categories in this form. In the long run, this will help ensure that when time comes for monitoring your grant, things will run more smoothly. Ensure that justifications are included for all costs, and it is clear if costs are associated with no more than three percent administrative funds or the at least seven percent technical assistance funds. You may want to use a table in the budget narrative to help with this, and again, ensure that justification is included for all costs across all categories. If your application is funded, then you will be funded based on what is written, including all details regarding your budget. You are accountable to what is written in your original approved application and budget.

If changes need to be made to your budget, approval is required. Throughout the life of your grant, if you want to make any changes to your budget, you must request them through your program officer who will then review and approve or deny the modifications. Taking the time now to ensure your budget is accurate, detailed, and justified will save you time down the line if funded. We will close with some resources and reminders. There are many resources available to help support your budget writing process, including reviewing non-regulatory 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 we alluded to earlier in the presentation, applicants should be aware that the Office of Management and Budget, OMB, recently approved updates to the Uniform Guidance that will take effect in October 2024. While we have worked to incorporate the updates in our guidance to you in this webinar, we encourage all applicants to visit the Code of Federal Regulations website linked here with the top-right QR code for the most up-to-date information. You must register at SAM.gov to obtain a unique entity identifier (UEI). The deadline to submit an application to Grants.gov is 11:59:59 p.m. on June 13, 2024. Thank you for watching this recording. Please refer to the NIA and other pre-award offerings to support your application for a CSP State Entity grant.