



**U.S. Department of Education
Office of Elementary and Secondary Education
Charter Schools Program
Recording Transcript – June 2024
FY 2024 SFIG Pre-Application Competition Budget Webinar—Understanding the Cost-Sharing
Requirement and Developing the Project Budget**

Good afternoon and welcome to the Pre-Application Technical Assistance Webinar for the Fiscal Year 2024 State Facilities Incentive Grant [SFIG] Competition. My name is Anna Hinton and I'm the director of the Charter Schools Program at the U.S. Department of Education. On behalf of the Department, we appreciate your participation in today's webinar.

Today's webinar is the second of a three-part webinar series designed to provide technical assistance to applicants interested in the Fiscal Year 2024 State Facilities Incentive Grant Competition. Today's webinar is focused exclusively on understanding the Cost-Sharing Requirement for the State Facilities Incentive Program and Developing the Project Budget.

If you are joining us for the first time, we strongly encourage you to visit the State Facilities Incentive Grant Program Competition website, and the link will be shared throughout this webinar, to access the slide deck from yesterday's webinar. Yesterday's webinar was the first in the series and provided a high-level overview of the FY 2024 State Facilities Incentive Grant Competition, reviewing critical components like eligibility and match requirements, priority selection criteria, application requirements, and the process for submitting your application. A full recording and transcript of yesterday's webinar will be posted to the State Facilities Incentive Grant Competition website in the coming days. Let's get started.

Here's our agenda for today. Our goals are to provide a high-level review of the State Facilities Incentive Grant Competition eligibility, but to then focus exclusively on the cost-sharing and match requirements for the program, to include sharing some tools and guidance on how to pull together a project budget, to include a project narrative. The State Facilities Incentive Grant team is led by Adrienne Hawkins, along with support from Clif Jones, who's a senior program officer, and Thea Fowles, who's also a program officer.

We'd also like to quickly review a disclaimer associated with all of the webinars in the series. This slide deck does not contain the full text of the FY 2024 NIA for the program that published in the Federal Register on April 24 [2024]. As a result, before applying for this grant program, we strongly encourage all interested applicants to thoroughly review the Notice Inviting Applications, as well as the application package, which includes instructions and additional valuable information for pulling together your application as well as other information that can be found on the program's competition website. The QR code that we provided on the slide will quickly take you to the competition website where you can, once again, access the NIA as well as other valuable resources and information for the competition.

So, this slide is just a recap of the pre-award application, the pre-award webinar series, that we've designed. As I mentioned yesterday, we held the general pre-award webinar where we provided a

comprehensive, although high-level, overview of the requirements and all of the components of the NIA as well as guidance on how to submit an application. Again, it's strongly encouraged that if you were not able to participate in that webinar that you listen to the recording and/or review the slide deck posted on the program's competition website.

As I've already mentioned, today's webinar we'll focus exclusively on the match and cost-sharing requirements. And then, at the conclusion of today's webinar, we will make available the opportunity for applicants to continue to submit questions to the Department. And these are questions that either we were not able to address during the live webinar opportunities or as a result of the webinars, after you've had a chance to review all of the content and information that we've already made available associated with this year's competition, you have additional questions that you would like the Department to address.

After/around mid-June, we plan to post to the competition website a slide deck that contains frequently-asked questions along with answers. And so, you are encouraged to submit any questions, lingering questions that you might have. Again, just want to note that we may not be able to answer all questions just depending on the nature of the question.

During yesterday's webinar, we did receive a number of questions about the match requirement that we were not able to answer. We were not able to answer those questions because many of those questions were referencing specific proposals and sought to seek advice on various aspects of pulling together their application. Whether it's asking questions about how to identify schools to target in light of not having enough money or asking about the appropriate sort of grant team and staffing levels needed. We were not able to answer those types of questions because if you review the selection criteria, those are the types of things that will be evaluated and assessed by peer reviewers—your approach to addressing some of those particular issues.

However, we do hope that during today's webinar, we'll present a number of scenarios that we hope will offer some insight as to how you might think about some of the issues that were raised and questions that were submitted during yesterday's webinar concerning the match. And/or again, just offer additional insight as to how you might navigate some specific or unique questions to your context that, once again, we may not be able to answer as it relates to match or the cost-sharing requirement.

So quickly, the purpose of the State Facilities Incentive Grant Program, this is a competitive grant program that provides Federal funds to states to help them establish or improve charter school facilities aid programs. This program is also intended to encourage states to share in the cost of charter school facilities funding.

This slide is intended to just provide a recap of the funds available and the estimated number of awards that we anticipate. We are estimating that we will have \$30 million available to make grant awards this year for State Facilities Incentive Grant funds. The estimated range of award is anywhere between \$1 [million] to \$10 million and with the average size being approximately \$10 million. And again, we are estimating that we will be able to make anywhere between one to three grant awards. The project period is up to 60 months, five years. And again, you will see this throughout the webinar, just reminders that the application deadline is July 23, 2024, at 11:59 p.m.

Just a note about the estimated funds available. The \$30 million is what is available this year. And all of the estimated range of awards to include the estimated size, these are annual estimates. One thing I would like to note is that we may, depending on the outcome of some of the other grant programs occurring this fiscal year in the CSP, additional funds may be available for us to make more than the estimates provided

but we won't know that until we conduct all of our grant competitions. Based on what we think will be available, these estimates were derived based on what we think will be available for the program.

I will now turn it over to Adrienne Hawkins to talk a little bit more about eligibility for State Facilities Incentive Grants. Adrienne?

Thank you, Anna. To be eligible to receive a grant, a state shall establish or enhance, and administer, a Per-Pupil Facilities Aid Program for charter schools in a state that is specified in State law and provides annual financing on a per-pupil basis for charter school facilities. Per-Pupil Facilities Aid Program means a program in which a state makes payments, on a per-pupil basis, to charter schools to provide the schools with financing that is dedicated solely to funding charter school facilities or a portion of which is dedicated for charter school facilities.

A state that is required under State law to provide charter schools with access to adequate facility space but that does not have a Per-Pupil Facilities Aid Program for charter schools specified in State law, is eligible to receive a grant if the state agrees to use the funds to develop a Per-Pupil Facilities Aid Program consistent with the requirements in the Notice Inviting Applications. Please note that charter schools may not apply for these funds directly. Only states may apply.

Charter schools benefiting from State Facilities Incentive Grant funds must meet the definition of a charter school as identified in section 4310(2) of the ESEA. This definition of a charter school requires that a school be a public school operated under public supervision and direction. Under section 4310(1) of the ESEA, for a school to qualify as a charter school under the definition and receive Federal Charter Schools Program funds, the grantee must assure that each charter school served was authorized by an authorized public charter agency as defined in section 4310(1) of the ESEA.

A state that is required under State law to provide charter schools with access to adequate facility space but that does not have a Per-Pupil Facilities Aid Program for charter schools specified in State law is eligible to receive grant funds under this program if the state agrees to use funds to develop a Per-Pupil Facilities Aid Program consistent with the requirements in the Notice Inviting Applications.

Other Assurance Considerations. Each subgrantee or charter school selected to benefit from this program must assure the state, the State Facilities Incentive grantee, that it has not relinquished full or substantial control of the charter school to a for-profit management organization, also referred to as an education management organization, or other for-profit entity. And each charter school must assure the grantee that it is physically responsible and transparent, particularly with respect to contractual relationships with for-profit management organizations. To fulfill this requirement in selecting each charter school that it will serve under the State Facilities Incentive Grant Program, the grantee must obtain an assurance from the school that it meets each of the components of the definition of charter school in section 4310(2) of the ESEA.

Thank you. I will now turn it over to my colleague, Clifton Jones. Clif?

Thank you, Adrienne. Cost-Sharing Matching Requirements. Under the State Incentive Program, a state must provide a State share of the total cost of the project. Two CFR 200.1 defines cost-sharing or matching as the portion of project cost not paid by Federal funds or contributions. Please refer to 2 CFR 200.306 for more information about cost-sharing or matching requirements and regulations.

State Incentive Cost-Sharing Matching Regulatory Requirements. The minimum State share of the total cost of the project increases each year of the grant, from 10 percent in the first year, 20 percent in the second year, 40 percent in the third year, 60 percent in the fourth year, and 80 percent in the fifth year. A state may partner with one or more organizations and such organizations may provide up to 50 percent of the State share of the cost of establishing or enhancing and administering the Per-Pupil Facilities Aid Program.

What qualifies as Matching Funds? The types of funds that could qualify as matching funds include the following: State appropriations, funds in an account generated by a State bonding agency, surplus funds from a prior year, foundation funds—because again, a state may partner with one or more organizations, and such organizations may provide up to 50 percent of the State share of the cost of establishing or enhancing and administering the Per-Pupil Facilities Aid Program.

What qualifies as matching funds? Continued. Matching funds must be in addition to the state and local public funds that would otherwise be used to provide Per-Pupil Facilities Aid Programs, operations, financing programs, or other programs for charter schools in the absence of the State Incentive Program. The Department generally considers that state and local funds would be available for this purpose, at least in the amount that was available in the preceding comparison year, and that the Federal funds and matching funds under this program would supplement that amount.

How is the match calculated? Applicants should assess and understand the facility needs within their state, understand the implications of increased match requirement, and be familiar with the State's Per-Pupil Facilities Aid Program or plans for the State's Per-Pupil Facilities Aid Program. As a reminder, states must contribute an increasing percentage of the program.

Step two. A state needs to determine which state fiscal year will serve as the base comparison year for all match calculations. The state will typically choose its current fiscal year as of the date of the State Incentive NIA notice published in the Federal Register on April 24, 2024, but in some circumstances may be able to use a prior fiscal year as its base comparison year.

Step three. Once the base year has been selected, the required match will be determined based on the increase in the facility funding from the base comparison year to the next appropriate corresponding year. Knowing how much money your state has allocated or intends to allocate for a Per-Pupil Facilities Aid Program is imperative to determining how much to request in Federal dollars in calculating the cost-share amount.

Once the match has been calculated, you can determine the percentage of the Federal grant award in each fiscal year, which is the Federal share in comparison to the available non-Federal funds, the matching funds. Matching funds plus the Federal funds will equal the total project/program amount.

Example scenario number one in calculating the match. States are required to provide a match as a part of the State Incentive Grant Program. If a state does not have a Per-Pupil Facilities Aid Program, their base year or comparison year would be zero. And if the state, for their first year of the program or if the state provided \$1 million in funds for the matching funds, then the year-one match would be \$1 million.

Here's a chart that explains how the matching is calculated. For example, scenario one. In this scenario, the state did not have any per-pupil facilities aid in the base year and in year one, they provided \$1 million as the match amount. Because the state provided \$1 million in year one for the matching amount and the program has a 10 percent matching requirement for year one, the maximum the state would be eligible for

in year one out of Federal funds would be \$9 million, because the total project amount would be \$10 million. The \$9 million of Federal funds and the \$1 million of the state matching funds to equal to \$10 million.

In this example, the total project amount is \$10 million every year. And over the life of the grant as the match amount increases from \$1 million in year one to \$2 million in year two, to \$4 million in year three, to \$6 million in year four, to \$8 million in year five, the Federal share decreased to stay within the required percentages. In year five, the total project amount was \$10 million. The state was able to provide \$8 million as the matching funds and they were awarded \$2 million from Federal funds.

In example scenario two, this example highlights a state that previously had per-pupil facilities aid within the state valued at \$1 million and the state was able to appropriate \$2 million for per-pupil facilities aid in year one. So, the \$1 million is subtracted from the \$2 million of the State appropriation to get a match of \$1 million because the difference in the base-year funding to the year-one funding was \$1 million.

Again, here is a chart for example scenario number two. In this scenario, a state had per-pupil facilities aid in the base year valued at \$1 million. The state was able to appropriate \$2 million for per-pupil facilities aid during year one, meaning there was an increase in the per-pupil facilities aid within the state from the base year to year one of \$1 million. So, \$1 million is the match amount. Again, similar to the previous scenario, this scenario highlights a total project amount that is consistent over the five years of the grant; \$10 million total project amount for the five years of the grant because the state was able to provide \$1 million in matching funds, the state was able to request up to \$9 million in Federal funds. And again, the match amount increased over years one through five and as the match amount increased over years one through five, the Federal share decreased over years one through five to stay within the acceptable percentages.

I would also like to highlight, it's important for applicants to understand the need within their state. These examples were just examples that highlighted how the Federal share and how the match requirement could be calculated.

Some Considerations for States With Biennial Appropriations: Because states may use the prior fiscal year as the base comparison year, states with biennial appropriations may consider using the state's facility funding for Fiscal Year 2023, which, as an example, might be July 1, 2022, through June 30, 2023, as the base year for the State Incentive Competition to calculate the match. Different states have different dates for their fiscal year. So, the dates in paragraph one are example dates to highlight that states may use the prior fiscal year as the base comparison year.

Once a state calculates the matching funds for year one, any state, including a state with biennial appropriations, may project the amounts it anticipates in subsequent years to enable it to carry out the performance period across the whole five years. Please remember that everything is subject to annual appropriations and we recognize you are projecting funds that are needed in all five years of the grant. With that, I would like to turn it over to Thea. Thank you.

Thank you, Clif. So, starting with Pitfalls, misalignment between the project narrative, budget narrative, and the ED 524 form is a mistake that can create confusion for our peer reviewers assessing your proposal as well as CSP staff trying to determine exactly how much money is required to carry out the proposal. If there are alignment issues, typically the Department defaults to the lowest amount.

Misunderstanding allowable costs is another major issue to avoid. It is critical as you plan for your subgrant award amounts that applicants understand the kind of costs that are allowable for these CSP funds. As a

reminder, subgrantees cannot use CSP funds for sustained or recurring costs and it is also important that you take this into consideration as you estimate the financial needs of potential subgrantees.

Another pitfall that we see in an applicant's budget is not making clear distinctions between the administrative and the subgrantee costs and the budget narrative. Without a clear indication of your proposed admin costs, it is difficult for the Department to understand whether your proposal meets the set-aside percentages outlined in our statute.

Similarly, proposing a budget that does not meet the statutory set-aside percentages for admin and subgrant costs is a misstep that you would want to avoid. You want to ensure that your budget proposal complies with the CSP statute.

Another common pitfall that we see are calculation errors in the budget narrative and/or in the ED 524 form and it happens much more often than one would think. So, please check and recheck your numbers and calculations before submitting your application. As with the misalignment, when errors arise CSP generally defaults to the lowest amount.

And finally, please note that all amounts should be rounded to the nearest dollar. Please do not include any cents in your budget proposal. And one thing to note as well is that if any of these pitfalls are made and you eventually get funded, then the Department may need to discuss how we will fund your project, which may or may not align with your intentions.

So, now, we're going to discuss some things to know when Creating Your Budget. State grantees may use up to 5 percent of their grant award for administrative expenses. That includes indirect costs, evaluation, technical assistance, dissemination, personnel costs, and any other costs involved in administering the State's Per-Pupil Facilities Aid Program.

And another thing to note is that the use of funds, as well as indirect costs and rates, must comply with EDGAR and the Office of Management and Budget Circular A-87. Consistent with the requirements in EDGAR, any charter school subgrantees that use grant funds for construction activities may not be reimbursed for indirect costs for those activities.

So, at least 95 percent of CSP funds must be awarded as subgrants to eligible applicants within the state. Charter school subgrantees may use grant funds for administrative costs that are necessary and reasonable for the proper and efficient performance and administration of this Federal grant. And charter school subgrantees that receive grant funds must use the funds for facilities. And on the slide is a list of allowable expenditures.

So, as noted earlier, this program does use a restricted Indirect Cost Rate, which is calculated using the following equation which is general management costs plus fixed costs, and that's divided by other expenditures. And so, for more information regarding indirect costs, you can contact the Indirect Cost Division, the email is here for you as well as go to their web page. And we also included a QR code for your convenience.

So, this was discussed yesterday but we just wanted to include another reminder that on April 22, 2024, revisions to the Uniform Guidance were published and will go into effect on October 1, 2024. And the revisions will be applied to this year's competition and we also included an example for your reference. We also briefly touched upon this yesterday but the State Incentive Grant Program is subjected to the Build America, Buy America Act, which is also known as BABAA, domestic sourcing requirements.

So, the Build America, Buy America Act was enacted as part of the Infrastructure Investment and Jobs Act on November 15, 2021, and focuses on maximizing the Federal government's use of services, goods, products, and materials produced and offered in the United States. Grantees, subgrantees, and contractors may not use these grant funds for infrastructure projects or activities unless all iron and steel used in the infrastructure project or activity are produced in the United States, all manufactured products used in the infrastructure project or activity are produced in the United States, and all construction materials are manufactured in the United States.

We did want to note that grantees may request waivers for these requirements and if you're interested, please visit the Department's Build America, Buy America Waiver website. We included the link and a QR code for your convenience.

So, this program adheres to the Supplement-Not-Supplant funding requirements, which consists of program funds must be used to supplement, and not supplant, state and local public funds expended by Per-Pupil Facilities Aid Programs, operations, financing programs, or other programs for charter schools. Additionally, Federal funds provided under this program as well as the matching funds provided by the grantee must be in addition to the state and local funds that will otherwise be used for this purpose in the absence of this Federal program.

And lastly, the Department generally considers that state and local funds will be available for this purpose, at least in the amount of the funds that were available in the preceding year, and that the Federal funds and matching funds under this program will supplement that amount.

We have a question regarding some of the previous slides. "Is the admin percentage based upon the total project amount or is it based on the Federal amount?" The admin percentage is based upon the Federal amount. In the examples we previously provided, the Federal amount in year one was \$9 million, that would be the amount the 5 percent is based on.

So, the next part of the presentation will cover some of the required Budget Forms. Under the State Incentive Program, applicants must complete the ED 524 Form. All applicants must complete Section A and provide a breakdown of the Federal fund budget categories shown in lines one through 11. This part of the application contains information about the Federal funding that the applicant is requesting. Funds requested should match the detailed budget narrative required in the application.

The ED 524 Form includes line items for personnel, fringe benefits, travel, equipment, supplies, contractual costs, construction, other, total direct, indirect, training stipends. This is a standard Department of Education form. Every line item may not apply to a specific application.

Section B of the ED 524 Form is where an applicant will provide the breakdown of the required matching funds in the same budget categories as previously mentioned but, again, funds should match the budget narrative that is in the other part of the application.

The State Incentive Program has a few program-specific forms. The first program-specific form is Table One—Charter School Aid paid by the state. This table should be used to project the per-pupil funding. Applicants should include a detailed breakdown per year for the number of pupils in average daily attendance in charter schools within the state, per-pupil funding for charter schools facilities in total, per-pupil funding for charter school facilities per charter school student in average daily attendance, other funding for charter schools, and other funding for charter schools per charter school.

The second program-specific form is Table Two—Budget Form: Grant Fund Expenditures. This table should be used to detail how the awarded funds will be allocated over the life of the grant. This table will allow applicants to provide a detailed breakdown of the administrative funds, including a breakdown of the indirect costs, the evaluation costs, technical assistance costs, dissemination costs, and personnel costs not associated with evaluation, technical assistance, or dissemination as well as the amount of funds for per-pupil facilities aid for charter schools, and then, a calculation of the total Federal grant amount. Section A of Table Two falls under the 5 percent administrative funds requirement. Section B would be the remaining funds that will be used for per-pupil facilities aid within the state.

The third program-specific form, Table Three—Grant Funds as a Percentage of the Cost of Per-Pupil Facilities Aid. This table should be used to detail the awarded grant funds proportional to the per-pupil facilities aid appropriation. The information that should be included in this table can be pulled from some of the previous tables that we just covered. Applicants should include, in row A, information from line C grand total from Table Two. Applicants should include, in row B, information pulled from line one of Table One. Applicants can include, in row C, the total. And then, in row D, the Federal grant request, line A of Table Three as a percentage, the cost of per-pupil facilities aid, line C, Table Three.

The State Incentive Program has a Program-Specific Assurance. This assurance is used to assure that applicants intend to fulfill the match requirement. Applicants should include the dollar amount of the Federal request for each of the five years as well as the projected dollar amount of the matching funds for each of the five years and sign the program-specific assurance.

Again, it is incredibly important that the information in your budget narrative aligns with the information in your ED 524 Form. It is important that applicants understand the importance of ensuring consistency within the previously described budget forms.

Budget Narrative Overview: 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. Please be aware of the resources available: 2 CFR Part 200, the Uniform Guidance, the funding restrictions outlined in the NIA, as well as other key information from the NIA. The budget narrative should describe project costs across the entirety of the grant award. I will turn it over to Adrienne. Thank you.

There are many resources available to help support your budget-writing process, including reviewing non-regulatory guidance, Uniform Guidance, and the published Notice Inviting Applications in the Federal Register. Please be sure to review these documents as you work with your team on your application. So, here, there are several links as well as two QR codes to be able to assist you with this process.

Also, please be sure to register with SAM.gov to obtain your Unique Entity Identifier. As stated during the general pre-application webinar yesterday, after you register with SAM.gov, you will be able to set up your authorized organization representative profile. Once you're authorized as an authorized organization representative by your organization's e-Biz POC [point of contact], you'll be able to track your authorized organization representative status.

So, please be sure to register as soon as possible if you are not registered already. If you think you're registered, please be sure just to double-check. The process could take up to four weeks, so we are encouraging you to start this process today. And lastly, of course, you heard it several times today and as well as yesterday, the deadline to submit an application for the State Facilities Incentive Grant is July 23, 2024, at 11:59 p.m. and late applications will not be accepted.

Hi, this is Adrienne Hawkins, again. We did receive two additional questions. One was on a weighted lottery and the second one was an inquiry about rent. We are going to consult with our General Counsel around the responses to those questions. You will receive an answer to those questions in the Q&A document that we post to our website in a few weeks. As a gentle reminder, if you have additional questions that you'd like to ask, if you go to our website, there is an area where you can post your questions and we will consider them for the Q&A document that we'll publish. You have until June 14, 2024, to ask your questions.

So, again, thank you to my colleagues at the Department of Education, as well as our contractors, and of course, you, as participants, for attending today's webinar. So, we thank you. We look forward to receiving your questions by June 14, 2024, via our website, and we also look forward to receiving your applications. Thank you.