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| **Name of Grant Program:** Charter School Program Start-Up Grant | **Fund Code:** 0535 |

### Additional Information Allowable and Unallowable Cost Guidance

Allowable and Unallowable Cost Guidance seeks to provide guidance and clarification for allowable expenditures for reimbursement under the Charter Schools Program (CSP) grant under CFDA 84.282A. The information provided below is NOT comprehensive but seeks to provide guidance to support CSP recipients in planning and preparing budgets to meet CSP program goals. All costs are determined under the guidance of [2 C.F.R. Part 200, Subpart E](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E).

Every Student Succeeds Act (ESSA) requires all expenditures must be allowable, necessary, reasonable, and allocable. Allowable costs are organized into the two main categories: Classroom/Instructional and Administrative. Within these categories, allowable expenses may include Salaries and Wages, Contracted Services, Supplies and Materials, Equipment, and Other. To ensure sufficient detail is included when drafting a budget, please provide a complete budget narrative that describes the expense, how it was estimated, and how it supports your school.

Program funds much be used solely for activities that directly support the accomplishment of the successful opening of a new, high quality, charter school. Activities must be directly related to planning and/or implementation of a new or replicating charter school. Expenditures must be for planning or initial implementation, be consistent with the approved application, as well as applicable state and federal law, regulations, and guidance.

As recipients of federal funds, Charter School Program grantees are subject to [2 CFR § 200 - UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS](https://www2.ed.gov/policy/fund/guid/uniform-guidance/fundsguidance.pdf#:~:text=The%20%E2%80%98Uniform%20Administrative%20Requirements%2C%20Cost%20Principles%2C%20and%20Audit,the%20Department%20on%20or%20after%20December%2026%2C%202014.)

DESE will review the budget with the applicant before final grant documents are issued. Expenditures that are not allowable, necessary, reasonable, and allocable will be excluded before final grant documents are issued.

Finally, if an item or service is not listed in this document, please contact Joanna Laghetto at DESE to help determine if a cost is allowable within the program. [Joanna.C.Laghetto@mass.gov](mailto:Joanna.C.Laghetto@mass.gov)

An eligible applicant receiving a subgrant shall use the funds for one or more of the following:

1. Preparing teachers, school leaders, and specialized instructional support personnel, including through paying the costs associated with providing professional development, and hiring and compensating teachers, school leaders and specialized instructional support personnel **during the planning period only.**
2. Acquiring supplies, training, equipment (including technology), and educational materials (including developing and acquiring instructional materials).

1. Carrying out necessary renovations to ensure that a new school building complies with applicable statutes and regulations, and minor facilities repairs (excluding construction).
2. Providing one-time, startup costs associated with providing transportation to students to and from the charter school.
3. Carrying out community engagement activities which may include paying the cost of student and staff recruitment.
4. Providing for other appropriate, non-sustained costs related to the opening and preparation to open, replicate or expansion of a charter school.

**Below are descriptions and examples of Allowable Expenses:**

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| **Cost Area** | **Descriptions** | **Examples of Allowable Expenses** |
| Salaries and Wages Administration | Staff essential for preparation and training in the **planning period (pre-opening)** | School Leaders during the pre- opening period |
| Salaries and Wages Classroom/Instructional | Staff onboarding **pre-opening** and while reaching capacity | Principal brought on for six months pre- opening to lead hiring, professional development, and on boarding with local school system |
| Lead teachers paid a stipend for professional development and planning during the three months pre-opening |
| Contracted Services Administrative | Technology planning and installation, legal and financial, recruitment and outreach, organizational development | Board recruitment and training |
| Recruiting Administrative Leadership Team |
| Contracted Services Classroom/Instructional | Training for instructional staff designed to contribute to their professional growth and competence | In service training, professional development, conferences, workshops, visits to other schools |
| Curriculum design and methods of implementation | Consultant aligning curriculum with the Massachusetts Curriculum Frameworks |
| Supplies Administrative | Software and licenses for assessment managed, finance, personnel | Office supplies |
| Initial purchase and year one license for financial and administrative programs |
| Software licenses for front desk and administrative staff |
| Visitor registration system |

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| **Cost Area** | **Descriptions** | **Examples of Acceptable Expenses** |
| Supplies Classroom/Instructional | Books and Curriculum | May include electronic media. If a license or subscription is required, renewals are not allowable. |
| Textbooks and curriculum packages | Workbooks, testing instruments, materials with a reasonable life expectancy of less than one year. |
| Classroom/Instructional (continued) | Software and digital collections management systems for library, media centers | Publishing and graphics software |
| Books for classroom libraries | Encyclopedias and other reference works, book series including reference works, fiction, non-fiction, series, and other media for library. |
| Instructional software, programs | Supplemental literacy programs, tutoring programs |
| Other Administrative | Dues and fees | First year of Massachusetts Public Charter School Association  First year of national organizations/networks related to educational approach.  First year, renewals are not allowed. |
| Insurance and bond premiums | One year may be pre-paid, once during planning or implementation for liability and property insurance. |
| Other  Administrative | Lease and rent | Lease payments for up to six months  pre- opening  A prorated portion of the rent may be approved as a grant expense if the school is growing to enrollment capacity. |
| **Cost Area** | **Descriptions** | **Examples of Acceptable Expenses** |
| Other Classroom/Instructional | Student transportation | Purchase of a bus or van (allowed one time only) |
| Expansion of a transportation contract |
| Other  Community Engagement | Carrying out community engagement activities | Student and staff recruitment, information sessions, school fairs |
| Equipment Administrative | Computers and peripherals, other equipment for the central office. | Desks, chairs, tables, filing (fireproof) cabinets |
| Equipment  Classroom/Instructional | Computers and other electronic devices to support instruction. | Laptops/cart, wireless access points  Smartboards |
| Equipment  Classroom/Instructional | Durable goods with reasonable life expectancy of over a year | Lab equipment, furniture, DVD players, paper cutters, label makers, book carts, binding equipment, laminators |
| May include durable instructional equipment of special classes. | Furniture, media player, projectors, science equipment, physical education equipment, musical instruments |
| Non computer hardware, furniture, and fixtures for centralized school library/media center use | Desks, chairs, tables, bookshelves, book displays, podiums |
| Equipment  Plant/grounds | Equipment for outdoor use, not permanent | Portable basketball hoops, tables for outdoor instruction |
| Renovations | Carrying out necessary renovations to ensure that a new school building complies with applicable statutes and regulations, and minor facilities repairs (excluding construction). | Wheelchair ramp, widen doorways, bathroom fixtures |

**Below are descriptions and examples of Unallowable Expenses:**

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| **Cost Area** | **Examples of Unallowable Expenses** |
| Recurring Expenses | In general, once the charter school is open, or expansion is complete, recurring expenses must be sustainable by the charter school in its operating budget and may not be supported with grant funds. This includes:   * Salaries * Rent/Lease * Operating expenses and utilities, equipment leases, and annual contracts * Software license renewals * Monthly fees such as those for payroll, management companies, utilities, trash disposal, etc.   The charter school grantee may request that a recurring expense be supported by grant funds if the school can show that the cost will be sustained when the school reaches full enrollment. In this case the amount to support the expense must step down from the first year of the grant. |
| Renovations | Capital renovations are not allowed as an expense of the grant. This includes:   * Structural repairs (roof, construction) * Landscaping * Permanent outdoor equipment |
| **Cost Area** | **Examples of Unallowable Expenses** |
| Salaries | After the school opens, or reaches capacity, salaries are not an allowable expense. See Recurring expenses, above. |
| Supplies | Consumables such as pens, pencils, paper are considered recurring expenses and are not allowed. |
| Food and Alcohol | Catered food for meetings is not allowable, even for marketing and recruiting. This includes beverage and snack supplies for staff.  Restaurant meals are not permitted except within certain limits related to travel. |
| Sales tax | Sales tax should not be charged and may not be included as a grant expense. |
| Apparel | Student Uniforms  Staff Uniforms – e.g., jackets, shirts, hats |
| Capital Improvements | Construction of new facility Construction on existing facility  Building renovations, refurbishments, and restoration related to capital improvements |
| Incentive and Promotional Items | Promotional materials (often imprinted), such as pencils, pens, balloons, and notepads.  PROMOTIONAL ITEMS, AND FOOD/BEVERAGE ITEMS, ARE NOT ALLOWABLE UNDER ANY CATEGORY, INCLUDING OUTREACH AND RECRUITMENT. |
| Indirect Costs | Indirect costs, usually a fixed percentage of total costs, may not be charged to the Charter Schools Program grant. |

The following are additional resources for federal guidance pertaining to allowable costs under the CSP program:

[Elementary and Secondary Education Act (ESEA) 5204(f)(3)](https://oese.ed.gov/offices/office-of-formula-grants/the-elementary-and-secondary-education-act-the-no-child-left-behind-act-of-2001/part-b-public-charter-schools/)

[Charter Schools Program Nonregulatory Guidance](https://www.doe.mass.edu/charter/finance/nonregulatory-guidance.pdf)

[Office of Management and Budget (OMB) Circular A-21 Cost Principles of Educational Institutions](https://obamawhitehouse.archives.gov/omb/circulars_a021_2004)

[OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments](https://obamawhitehouse.archives.gov/omb/circulars_a087_2004/)

[OMB Circular A-122, Cost Principles for Non-Profit Organizations](https://obamawhitehouse.archives.gov/omb/circulars_a122_2004)