



Charter Schools Program Subgrants for Tennessee Public Charter Schools Reimbursement Instructions

Charter Schools Program (CSP) grant funds provide newly authorized Tennessee charter school operators funds for the design, planning, and initial implementation of their schools.

Grant applications are reviewed to ensure proposed budgets comply with the statutes, rules, and non-regulatory guidance provided by the U.S. Dept. of Education. Excerpts from and links to those materials are included in this document, and should be reviewed regularly by grant recipients.

Planning year disbursements are made in two parts: \$50,000 after receipt of the documents listed above, \$50,000 after the first disbursement has been reconciled, and the remaining \$25,000 will be on a reimbursements only basis. Federal regulations make reimbursement the preferred basis for grant payments. However, the initial disbursements of planning year funds are allowed, "provided [subgrantees] maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of funds and their disbursement by the grantee." 34 C.F.R. § 80.21(c).

To process reconciliations or reimbursements, the department must receive the following items from grantees. Submission via email is preferred.

1. A signed version of the reimbursement request (an original does not need to be mailed, as long as there is a signature in the electronic version).
2. An electronic spreadsheet itemizing the expenses being claimed, and providing totals by expense category (e.g., supplies, travel/conferences).

Unless specifically requested, grantees do not need to submit all of the invoices or receipts underlying the spreadsheet of expenses. However, grantees do need to keep copies of those for their own records, annual financial reports and audits, and for monitoring by the Tennessee and U.S. Department of Education.

Blank reimbursement request forms, as well as sample spreadsheets from other schools, are available from the department. Grantees may use one of those spreadsheets or design their own, as long as the form used provides the department with the information necessary to determine that all expenses are allowable and align with the proposed grant budget.

Grantees should keep the following in mind when preparing reimbursement forms:

- All expenses must have been incurred or obligated within the dates stated on Letter of Agreement. Details on when an expense is obligated are provided in [this chart](#), from 34 C.F.R. §76.707.
- Taxes may not be claimed except in situations where businesses can't distinguish based on tax exempt status (e.g., travel or telephone expenses).
- All supply purchases less than \$5,000 per item, including computers, should be claimed under the Supplies category.
- Invoices/receipts must be dated within the contract period or services rendered must fall within same dates.

- Travel expenses are only allowed according to Tennessee State employee travel guidelines and amounts. This means that if lodging exceeded the allowable maximums of those guidelines, only the allowable lodging rate (not including taxes) may be claimed. In-state travel guidance is available [here](#) (the per-diem amounts under the General Reimbursement Schedule should be used), and out-of-state reimbursement amounts are available [here](#).

Following receipt of the signed reimbursement request and itemized expense worksheets, and after any outstanding concerns have been addressed, claims will be submitted for disbursement. Following submission, grantees should expect to receive payment via automated funds transfer within 10 business days. Thus, grantees should plan ahead and submit reimbursement claims 3-4 weeks before funds may be needed to meet obligations.

Grantees must submit reconciliation reports or reimbursement requests at least quarterly but not more than once per month.

Grantees are allowed to amend their budget once during the planning year. Amendments and approval are required before disbursements or reimbursements are made that would result in increases or decreases larger than 15 percent in any one budget category for the current grant period.

**CHARTER SCHOOLS PROGRAM
PLANNING AND IMPLEMENTATION (PLIMP) GRANTS**

GUIDANCE ON USE OF FUNDS FOR TENNESSEE CHARTER SCHOOLS

Planning and Implementation (PLIMP) grants provide newly authorized Tennessee charter schools with funds for the design, planning, and initial implementation of charter schools. These grants are not intended to pay for ongoing operational costs of a charter school, which should be met through state and local funds (through the Basic Education Program (BEP)). Some initial operational costs may be allowed until the school is receiving BEP funds.

Budgets under this grant should be developed within the parameters created by applicable federal statutes and regulatory and nonregulatory guidance.

Applicants are expected to demonstrate how the proposed use of funds complies with the applicable statutory and regulatory requirements and to articulate how the proposed use of grant funds aligns with the mission and objectives of the charter school.

Applicants may find it helpful to use the following procedure in developing proposed budgets:

1. Review this document thoroughly.
2. Review the Charter Schools Program [nonregulatory guidance](#) issued in April 2011.
3. Draft a proposed budget and budget narrative.
4. Review [OMB Circular A-122, Cost Principles for Non-Profit Organizations](#) for allowability of specific items generally. Please note that this document applies to all federal grants to non-profit organizations. It describes some expenses as allowable or unallowable generally, but it is not a list of expenses that are specifically allowable or unallowable under this grant.
5. Review Program Expense Report Schedule A, on page 11 of [Tennessee Dept. of Finance and Administration Policy 3 – Uniform Cost Allocation Plans](#) to ensure items are allocated on the appropriate budget line.

Please remember the following two important requirements for grantees:

1. Any capital purchases of \$5,000 or more (single items) must be approved by the department of Education (in original or amended budget). And, any contracts for goods above \$10,000 must be bid, and the contracts have to be approved by the charter school governing body (T.C.A. 49-13-111(e)).
2. U.S. Dept. of Ed. (34 CFR 75.525(a)) has specific prohibitions on conflicts of interest. Thus, a person may not “participat[e] in an administrative decision regarding a project if: (a) the decision is likely to benefit that person or his or her immediate family member; and (b) the person is a public official or has a family or business relationship with the grantee.” So, any decisions, for example, relating to employment of a charter school staff member, should be made by the governing body, without participation by the staff member.

Use of Funds

As stated in [OMB Circular A-122](#), costs met through this grant must meet general criteria applicable to all federal grants. They must, for example, “Be reasonable for the performance of the award and be allocable thereto, . . . and [c]onform to any limitations or exclusions set forth in [OMB Circular A-122] or in the award as to types or amount of cost items.” For more information on whether costs are generally reasonable or allocable, please review the circular.

[ESEA Section 5204 \(f\)\(3\)](#) defines the types of activities that may be paid for through this grant:

A. Post-award planning and design of the educational program, which may include:	Code to Use in Column H of the Budget Form
1. Refinement of the desired educational results and of the methods for measuring progress toward achieving those results	A.1.
2. Professional development of teachers and other staff who will work in the charter school	A.2.
B. Initial implementation of the charter school, which may include:	
1. Informing the community about the school	B.1
2. Acquiring necessary equipment and educational materials and supplies	B.2
3. Acquiring or developing curricular materials	B.3
4. Other initial operational costs that cannot be met from State or local sources	B.4

The [nonregulatory guidance](#) issued by the U.S. Dept. of Education in April 2011 further defines “other initial operational costs that cannot be met from State or local sources.” (This is just an excerpt, and applicants should be familiar with the entire document.)

D-3. What types of costs other than those specified in D-2 of this guidance qualify as “other initial operational costs that cannot be met from State or local sources”?

As stated in D-2, for purposes of the CSP, initial implementation activities may include: (a) informing the community about the school; (b) acquiring necessary equipment and educational materials and supplies; (c) acquiring or developing curriculum materials; and (d) other initial operational costs that cannot be met from State or local sources. As a general matter, these costs may include, but are not necessarily limited to, the following:

- a) Costs associated with creating and implementing office functions, such as accounting systems, attendance and registration systems, and human resources policies;
- b) Costs associated with the installation of computers, data systems, networks, and telephones;
- c) Personnel expenses incurred either before or after the school’s opening, provided that these expenses are associated with initial implementation activities (i.e., as opposed to ongoing operations), such as program and curriculum development and integration, and teacher and staff recruiting. (*Note: If personnel split their time between ongoing operational activities and initial implementation activities, only that portion of the time associated with initial implementation of the charter school is allowable as an initial operational cost. The charter school must maintain accurate time and effort records to document the amount of time each employee works on tasks related to the initial implementation of the charter school.); and
- d) Rental or occupancy costs for the school facility for a reasonable period of time in preparation for the school’s opening.

All of the expenses described in (a)-(d) are allowable under the CSP only to the extent that they are related to the initial implementation of the charter school and cannot be met from State or local sources. A charter school that has received State or local funds would have to demonstrate that the State or local funds are unavailable to cover the expense at issue. If the charter school can show that the State or local funds it has received are necessary to meet expenses other than the one at issue, then the charter school has met its burden of showing that the “other initial operational cost” cannot be met from State or local sources and, therefore, is allowable under the CSP grant. 20 U.S.C. 7221c(f)(3)(B)(iv).

D-4. May CSP funds be expended on construction?

No, CSP funds may not be used for construction. CSP funds may be used for necessary maintenance, repair, or upkeep of buildings and equipment that neither add to the permanent value of the property nor appreciably prolong its life, but merely keep it in an efficient operating condition. OMB Circular A-122, Sec. 27 (rev. May 10, 2004); 2 CFR Appendix B to part 230, section 27. [This prohibition includes construction for compliance with the Americans with Disabilities Act. Previous guidance suggested that was allowed. However, in May 2011, the U.S. Dept. of Ed. stated that this would not be an allowable expense.]

D-5. What type of equipment is permitted?

CSP funds may be used for costs associated with the initial implementation of a charter school. Initial implementation activities may include acquiring necessary equipment and educational materials and supplies. Thus, in accordance with OMB cost principles, to qualify as an allowable cost, the equipment must be necessary and reasonable for the proper and efficient performance and administration of the grant. In addition, the cost of the equipment must be included in the approved application and budget for the grant. Equipment necessary to implement a charter school may include, but is not necessarily limited to, desks, chairs, computers, equipment related to physical education and art, and playground equipment. 20 U.S.C. 7221c(f)(3)(B)(ii); OMB Circular A-122.