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| **Name of Grant Program:** Charter School Significant Expansion Program  |  **Fund Code:** 532 |

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| PART II – Information on applying for the new flexibilities allowed by the USED under ESSA for minor facility repairs, necessary renovations, and one-time transportation cost. |

Please note: as with all grant expenditures, minor repairs, renovation and transportation costs, must be necessary, reasonable, and allocable to the grant in accordance with the cost principles in [2 C.F.R. part 200, subpart E;](https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=ee4cc10f11140076f7017b96dcc6a171&mc=true&n=pt2.1.200&r=PART&ty=HTML)

The new flexibilities will require revisions to the [audit guide](http://www.doe.mass.edu/charter/finance/auditing/) including changes to the CSP Agreed Upon Procedures. It will also require changes to the [Massachusetts Charter School Recommended Fiscal Policies and Procedures Guide – June 2015](http://www.doe.mass.edu/charter/finance/auditing/FPPguide.docx). We will inform all schools of these changes as they occur.

1. **Minor Facilities Repairs (excluding construction) (ESEA § 4303(h)(3)):**

Definition based on Uniform Guidance, 2 C.F.R. 200.452: *Minor facilities repairs neither add to the permanent value of the property nor appreciably prolong its intended life, but rather, keep it in efficient operating condition.” The Department will review minor repair proposals on a case-by-case basis as the size of the repair will be measured relative to the property being repaired. The Department will scrutinize more closely any proposed expenditure that exceeds $5,000, which is the threshold for capital expenditures for charter schools.*

To determine whether funds for minor repairs are necessary, reasonable and allocable to the CSP subgrant (assuming they have passed review for “minor”), the Department will consider the following factors:

1. Whether the repair is needed to carry out the subgrantee’s CSP objectives properly and efficiently;
2. Whether the cost of the repair is commensurate with market rates;
3. The relative cost of the repair as both a percentage of the subgrantee’s CSP grant and the cost basis of the underlying property; and
4. Whether the cost is a one-time event associated with the start-up or expansion of the charter school.

*In addition, the Department will ask the subgrantee to assure that it followed its internal practices and policies associated with the cost.*

1. **Necessary Renovations to Ensure Compliance with Applicable Statute and Regulation (ESEA § 4303(h)(3)):**

To determine whether funds for renovations are required to comply with applicable statutes and regulations and are necessary, reasonable and allocable to the CSP subgrant, the Department will consider the following for each subgrant applicant:

1. Whether the renovation is required to comply with statutory or regulatory requirements (including identification of the statute or regulation, particularly those included in Massachusetts’ [Opening Procedures Handbook](http://www.doe.mass.edu/charter/new/?section=handbook));
2. Whether the renovation is needed to carry out subgrantee’s CSP objectives properly and efficiently;
3. Whether the cost of the renovation is commensurate with market rates;
4. The relative cost of the renovation as both a percentage of the subgrantee’s CSP grant and the cost basis of the underlying property; and
5. Whether the cost is one-time versus continuing (such as a non-recurring cost associated with the start-up or expansion of the charter school).

*In addition, the Department asks the school to assure that it followed its internal practices and policies associated with the cost. For those proposed renovations determined to be capital expenditures (one costing greater than $5,000 or lasting more than one year, see* [*Massachusetts Charter School Recommended Fiscal Policies and Procedures Guide – June 2015*](http://www.doe.mass.edu/charter/finance/auditing/FPPguide.docx)*, pp. 20; 49-53 for recommended procedures for capital assets), written approval from DESE will be required prior to expending funds and sufficient information to allow Massachusetts to comply with its federal reporting requirements will be required annually.*

1. **One-Time Startup Costs Associated with Transporting Students to and from a Charter School (ESEA § 4303(h)(4)):**

Subgrantees may only use CSP funds for initial start-up transportation costs.

To determine whether funds for initial start-up transportation costs are necessary, reasonable (per 2 C.F.R. § 200.404) and allocable to the CSP subgrant, the Department will consider the following factors:

1. Whether the cost is needed to carry out subgrantee’s CSP objectives properly and efficiently;
2. Whether the cost is commensurate with market rates;
3. The relative cost as both a percentage of the subgrantee’s CSP grant; and
4. Whether the cost is a one-time event associated with the start-up or expansion of the charter school.

In addition, we would ask the subgrantee to assure that it followed its internal practices and policies associated with the cost.