



## ALLOWABLE COST GUIDE

Assistance Listings Number and Title	84.282A, Expanding Opportunity Through Quality Charter Schools Program (CSP)—Grants to State Entities (State Entity)
Name of Federal Awarding Agency	U.S. Department of Education
Recipient Name	Mississippi First, Inc.
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Project Title	Doubling Mississippi's High-Quality Charter School Sector in Five Years

### INTRODUCTION

#### Purpose

This guide is intended to assist eligible applicants and subgrantees in planning and preparing allowable budgets, budget amendments, and drawdown requests under the Charter Schools Program (CSP)—State Entity grant. The information provided in this cost guide is NOT comprehensive but seeks to provide guidance.

#### Summary of Information

Subgrantees should prepare budgets and drawdown requests with the following principles in mind:

- Costs included in budgets and drawdown requests must be allowable by law and/or Federal regulations. The law governing subgrantees' use of funds under the CSP program is [ESEA §4303\(h\)](#). Subgrantees are also bound by the guidance of [2 CFR Part 200](#), particularly Subpart E, and [EDGAR](#), particularly 34 CFR Part 75.
- Costs should align with and support achievement of project goals as proposed in the subgrant application.
- Subgrantees must have an approved budget or budget amendment in order to request drawdowns. Purchases made prior to the approved budget or without an approved amendment will not be eligible for reimbursement.
- Subgrantees may not overspend any category of their approved budget by more than 10% of the total subgrant amount. If budget variances approach 10%, Mississippi First may proactively request the subgrantee complete a budget amendment prior to approving further drawdown requests.
- In order to be reimbursable through the subgrant, costs must be adequately documented. Subgrantees may be required to provide additional documents to Mississippi First to substantiate expenditures.
- Costs submitted for reimbursement that are not included in the approved budget or budget amendment may result in a delay in processing or a denial.
- Subgrantees should contact Mississippi First via this [Link](#) with questions concerning allowable costs that are not listed prior to submitting any budgets or drawdown requests.

## Allowable Uses of Funds per §4303(h)

Under section 4303(h) of the ESEA, “an eligible applicant receiving a subgrant under this program shall use such funds to support activities described in subsection (b)(1) [i.e., activities related to opening and preparing for the operation of new charter schools or for replicating or expanding high-quality charter schools], which shall include one or more of the following:

- (1) Preparing teachers, school leaders, and specialized instructional support personnel, including through paying costs associated with—
  - (A) Providing professional development; and
  - (B) Hiring and compensating, during the eligible applicant’s planning period specified in the application for subgrant funds, one or more of the following:
    - (i) Teachers.
    - (ii) School leaders.
    - (iii) Specialized instructional support personnel.
- (2) Acquiring supplies, training, equipment (including technology), and educational materials (including developing and acquiring instructional materials)
- (3) Carrying out necessary renovations to ensure that a new school building complies with applicable statutes and regulations, and minor facilities repairs (excluding construction).
- (4) Providing one-time, startup costs associated with providing transportation to students to and from the charter school.
- (5) Carrying out community engagement activities, which may include paying the cost of student and staff recruitment.
- (6) Providing for other appropriate, non-sustained costs related to opening, replicating, or expanding high-quality charter schools when such costs cannot be met from other sources.”

## Allowable Costs per §200.403 of the Uniform Guidance

Per §200.403, costs are allowable if they meet the following definition:

“Except where otherwise authorized by statute, costs must meet the following general criteria to be allowable under Federal awards:

- (a) Be **necessary** and **reasonable** for the performance of the Federal award and be **allocable** thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).
- (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.”

### Necessary

A cost is **necessary** if it is required to complete the activities within the grant.

#### Reasonable (§200.404)

"A cost is **reasonable** if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally funded. In determining the reasonableness of a given cost, consideration must be given to:

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
- (b) The restraints or requirements imposed by such factors as sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws, and regulations; and terms and conditions of the Federal award.
- (c) Market prices for comparable goods or services for the geographic area.
- (d) Whether the individuals acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.
- (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost."

#### Allocable (§200.405)

"(a) A cost is **allocable** to a particular Federal award or other cost objectives if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

- (1) Is incurred specifically for the award.
- (2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods.
- (3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart."

### **Allowability in Relation to Type of Funds per §4303 and the 2022 Notice of Final Priorities (NFP) for the State Entity Program**

The State Entity program authorizes two types of funds: **planning** funds and **implementation** funds. Subgrantees must differentiate between planning and implementation funds in their budgets as well as their drawdown requests.

**Planning funds** support post-award planning and design of the educational program, providing professional development, and hiring and compensating staff. Planning funds may be spent for no more than 18 months of the subgrantee's grant term (§4303(d)). Please note that the planning period ends after the first 30 days of a school beginning to serve students, assuming that sufficient state or local funds are available. Some activities are exclusively planning activities. Once sufficient state or local funds are available, schools are not allowed to use CSP funds for hiring and compensating staff as these would be considering ongoing operational costs.

**Implementation funds** support activities and expenses necessary to open or expand the school. These include acquiring necessary supplies, training, equipment, and educational materials; carrying out renovations necessary to meet regulations or minor facility repairs; providing one-time, start-up costs associated with providing transportation to students; informing the community about the school; or providing for other appropriate, non-sustained costs that cannot be met from other sources. Ongoing operational costs are unallowable for either planning or implementation funds. Some costs that may recur may be purchased once in the implementation period.

The planning and implementation periods may run concurrently in the pre-opening year, meaning that subgrantees may drawdown planning and implementation funds at the same time. However, no subgrantee can use implementation funds until after the charter school has received a charter from the authorizer and “has a contract, lease, mortgage, or other documentation indicating that it has a facility in which to operate” (NFP (b)(13)). Please refer to the subgrantee drawdown procedures or the fiscal policies document for more information about how to gain approval to request implementation funds.

## **Additional Cost Resources**

In addition to the law and Federal regulations, the U.S. Department of Education has also published Charter Schools Program (CSP) [Nonregulatory Guidance \(2014\)](#) that may be helpful to subgrantees. Should this guidance be updated, Mississippi First will provide the updated information.

## **Direct Costs and Indirect Costs (\$75.560 and \$200.412-415)**

**Direct costs** directly benefit specific programs in accordance with benefits received. They can be identified specifically with a particular cost objective of a grant and can be charged to a specific federal award. Examples include salaries and wages of program staff, supplies, and travel expenses.

**Indirect costs** generally benefit more than one program or project. They are not easily identified with a particular grant project, function, activity, or benefit received, but they are necessary. Examples of indirect costs include administrative salaries, accounting and human resources costs, and utilities. Once a cost is identified as an indirect cost, it must always be identified as indirect.

A subgrantee must be approved to request indirect costs and must have this approval noted in their subgrant agreement before they may draw down such costs. Subgrantees should consistently charge costs as either direct or indirect and may not double charge or inconsistently charge costs as both. For example, if the cost of financial services or management fees are charged as a direct cost in the first year of the subaward, they may not be charged as indirect costs once school begins and these costs are considered recurring.

Subgrantees that do not have a current Federal negotiated indirect cost rate (including provisional rate) may elect to charge a de minimis rate of up to 15 percent of **modified total direct costs** (MTDC). The de minimis rate does not require documentation to justify its use and may be used indefinitely. Once elected, the subgrantee must use the de minimis rate for all Federal awards until they choose to receive a negotiated rate.

### Calculating indirect costs using the de minimis rate of 15 percent:

The basis for calculating indirect costs is MTDC, which includes direct costs like salaries, wages, materials, supplies, services, and travel. It excludes costs like equipment and capital expenditures (note: capital expenditures are never allowable under CSP). Subtract any allowable equipment costs from total direct costs to find the MTDC. To find the amount of indirect costs that can be claimed, multiply the MTDC by 15%.

## **Procurement**

Charter schools in Mississippi are exempt from state purchasing law, but they must still abide by Federal procurement regulations, and Mississippi First must monitor subgrantees to ensure appropriate implementation. Although a cost may be allowable and eligible, subgrantees must follow Federal procurement requirements to ensure reimbursement (see Appendix A for Mississippi First’s policy which complies with Federal requirements). Subgrantees should read 2 CFR 200.318-320 carefully to understand what a Federally compliant procurement policy and process must include. Mississippi First will ask subgrantees for a copy of their procurement policy as part of monitoring; evidence of procurement must be provided for applicable expenses during the drawdown process. Please note that micro-purchases must still be substantiated as reasonable and necessary, even if multiple quotes or bids are not required.

### Sole-source contracts

While not the norm, subgrantees may find the need to issue a sole-source contract. For example, a school in a rural area may find that only a single bus vendor is available or willing to bid on a contract. Most goods and services, however, will be available from multiple sources at comparable prices and quality, including professional development. Mississippi First will carefully scrutinize any documentation submitted to substantiate the need for a sole-source contract, so subgrantees should be prepared to show that the contract meets one of the circumstances outlined in §200.320(c) for noncompetitive procurement. When using sole-source procurement, subgrantees must provide a detailed justification explaining why competition is not feasible.

### **Approved Budget and Budget Amendments**

Subgrantees must have an approved budget or budget amendment in order to request drawdowns. Purchases made prior to the approved budget or without an approved amendment will not be eligible for reimbursement. Budget finalization is a key step in receiving approval to begin the drawdown process. Subgrantees should track their spending in accordance with their budget to be aware of when they are reaching budget limits in any category or overall. Per Federal regulations, subgrantees may not overspend any category of their approved budget by more than 10% of the total subgrant amount (§200.308(f)). If budget variances approach 10%, Mississippi First may request the subgrantee complete a budget amendment prior to approving further drawdown requests. Subgrantees should be proactive in requesting budget amendments should needs change resulting in an expected large variance so as to not delay the drawdown process.

## GUIDANCE ON ALLOWABLE COSTS

Below, we provide guidance on allowable costs in each budget category. Please note that this guidance is not intended to be exhaustive. Subgrantees should ask for assistance if they are unsure how a cost should be categorized or whether it is allowable.

### PERSONNEL

<b>Definition</b>	Personnel includes <u>salary and wages only</u> . Allocable personnel should be limited to staff necessary for school launch per §4303(h), especially <ol style="list-style-type: none"><li>1) teachers,</li><li>2) school leaders, and</li><li>3) specialized instructional support personnel (e.g., founding academic dean, special education director).</li></ol> <i>See guidance for allocability of other personnel.</i>
<b>Type of funds</b>	Planning ONLY
<b>Budget narrative guidance</b>	<u>Provide calculations</u> that include the following: <ul style="list-style-type: none"><li>• the position,</li><li>• the base salary per year (or hourly or weekly wage),</li><li>• the percentage of time dedicated to grant-aligned activities, and</li><li>• the actual amount paid for by CSP.</li></ul>
<b>Drawdown documentation</b>	<u>Payroll report</u> or other confirmation of payment <i>Be sure to keep timesheets or other documentation substantiating time paid for with federal funds.</i>

### Specific Guidance

#### Planning period duration

The planning period is from the start date of the subgrant to the first day of school or as soon as state or local funds are available to cover personnel costs, provided that this period is no more than 18 months. Because planning and implementation periods may overlap, a school may continue to pay personnel costs once implementation has started; implementation may begin as soon as a school has a charter and a facility agreement (see NFP b(13)).

#### Non-instructional personnel

Section 4303(h)(1)(B) of the ESEA specifically names the cost of compensating teachers, school leaders, and “specialized instructional support personnel” as allocable costs. However, the law also states that funds may be used to “provid[e] for other appropriate, non-sustained costs related to the activities described in subsection (b)(1) [i.e., activities related to opening and preparing for the operation of new charter schools or for replicating or expanding high-quality charter schools] when such costs cannot be met from other sources” (§4303(h)(6)). We believe that this provision allows schools to pay the salary of non-instructional personnel necessary for a successful school launch, such as a director of operations, chief financial officer, or student recruitment manager. Non-instructional staff hired and compensated well in advance of school opening must be critical to launch.

#### Considerations for personnel costs

Personnel costs can rapidly escalate and reduce the ability of a subgrantee to buy necessary equipment and supplies before school begins. Historically, Mississippi subgrantees have paid only the school leader throughout the entire planning year and added other staff a few months before school launch to ensure there will be enough funding for anticipated school launch needs.

## FRINGE

<b>Definition</b>	Fringe includes <u>health insurance, employer taxes, retirement, and other benefit costs paid for all employees per §200.431(a)</u> . Allocable fringe should be limited to staff necessary for school launch per §4303(h), especially 1) teachers, 2) school leaders, and 3) specialized instructional support personnel (e.g., founding academic dean, special education director). <i>See guidance for allocability of other personnel.</i>
<b>Type of funds</b>	Planning ONLY
<b>Budget narrative guidance</b>	<u>Provide calculations</u> that include the following: <ul style="list-style-type: none"><li>• how fringe benefits are derived (the estimate cost such as a percentage of salary or the actual cost per benefit),</li><li>• the benefits provided, and</li><li>• the actual amount per position paid for by CSP.</li></ul>
<b>Drawdown documentation</b>	<u>Payroll report</u> or other confirmation of payment <i>Be sure to keep timesheets or other documentation substantiating time paid for with federal funds.</i>

### Specific Guidance

#### Planning period duration

The planning period is from the start date of the subgrant to the first day of school or as soon as state or local funds are available to cover personnel costs, provided that this period is no more than 18 months. Because planning and implementation periods may overlap, a school may continue to pay personnel costs once implementation has started; implementation may begin as soon as a school has a charter and a facility agreement (see NFP b(13)).

#### Alignment between personnel and fringe

Typically, budgets should show alignment of positions listed in the personnel and fringe categories. If there is no alignment, schools should explain their rationale within the budget narrative.

#### Non-instructional personnel

Section 4303(h)(1)(B) of the ESEA specifically names the cost of compensating teachers, school leaders, and “specialized instructional support personnel” as allocable costs. However, the law also states that funds may be used to “provid[e] for other appropriate, non-sustained costs related to the activities described in subsection (b)(1) [i.e., activities related to opening and preparing for the operation of new charter schools or for replicating or expanding high-quality charter schools] when such costs cannot be met from other sources” (§4303(h)(6)). We believe that this provision allows schools to pay the fringe of non-instructional personnel necessary for a successful school launch, such as a director of operations, chief financial officer, or student recruitment manager. Non-instructional staff hired and compensated well in advance of school opening must be critical to launch.

#### Considerations for fringe costs

Personnel and associated fringe costs can rapidly escalate and reduce the ability of a subgrantee to buy necessary equipment and supplies before school begins. Historically, Mississippi subgrantees have paid only the school leader throughout the entire planning year and added other staff a few months before school launch to ensure there will be enough funding for anticipated school launch needs.

## TRAVEL

<b>Definition</b>	Travel includes costs such as <u>mileage, airfare, ground transportation, hotel, meals and incidentals, and per diem</u> for employees on official business. Example costs may include, but not be limited to, travel to attend conferences and training workshops for professional development or site visits to other schools.
<b>Type of funds</b>	Planning or implementation ( <i>see guidance below</i> )
<b>Budget narrative guidance</b>	<u>Provide calculations</u> that include the following: <ul style="list-style-type: none"><li>• destination and reason for travel;</li><li>• persons traveling;</li><li>• mode and cost of transportation (e.g., mileage rate and miles, airfare, any ground transportation);</li><li>• number of persons needing overnight accommodation, number of nights, and the nightly rate; and</li><li>• per diem and/or meals and incidentals rate.</li></ul>
<b>Drawdown documentation</b>	Original receipts; if mileage is paid, calculation of miles listing starting point and destination; copy of travel policy/documentation of compliance, as applicable

### Specific Guidance

#### Using planning funds

Planning funds may be used for travel related to the design or refinement of the school's instructional model or for professional development and training of key personnel. Travel to professional development or training for teachers immediately prior to school opening or during school is likely to be an implementation expense. However, please note the prohibition on recurring costs below.

#### Necessary for program

Allowability of an item depends on it being necessary for the opening of the school. Subgrantees should be careful to explain in the budget narrative why budgeted travel is necessary to the instructional model or opening of the school more generally.

#### Non-recurring costs only

Travel costs must not recur. This means a school may not budget for the same people to attend the same conference or training annually unless they can substantiate that the content is different and necessary to meet grant goals.

#### Reasonableness of travel costs

Schools should have an adopted travel policy complying with §200.475 and expenses should be paid in accordance with this policy. Travel costs must be reasonable and charged on an actual basis, per diem or mileage basis, or both.

#### One-time, start-up cost of transportation

The allowable one-time, start-up cost for transportation is likely to be a contractual cost (vendor contract) or an equipment cost (purchase of a bus). Schools should not budget student transportation costs in this category.



## EQUIPMENT

<b>Definition</b>	Equipment means <u>tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the school for financial statement purposes, or \$5,000</u> (e.g., if the school's capitalization threshold is \$3,000, then any item costing more than \$3,000 would be considered equipment). If a school has a capitalization policy that also includes a bulk purchase threshold, any items purchased in bulk that exceed that threshold should be listed as equipment.
<b>Type of funds</b>	Planning or implementation ( <i>see guidance below</i> )
<b>Budget narrative guidance</b>	<p><u>Name and describe</u> the following:</p> <ul style="list-style-type: none"> <li>• the item,</li> <li>• its justification (expected use and reason it is necessary),</li> <li>• the per-unit cost,</li> <li>• the total number of items to be purchased, and</li> <li>• the total cost.</li> </ul> <p><i>Be sure to include the school's capitalization threshold if it is lower than \$5,000 or if there is a relevant bulk purchasing threshold.</i></p>
<b>Drawdown documentation</b>	Invoices marked "paid" and/or original receipts; procurement documentation if the purchase is greater than the school's micro-purchase threshold

### Specific Guidance

#### Using planning funds

Although planning funds may be used to purchase equipment if an item is needed by the founding team, it is unlikely that many purchases would qualify. Computers purchased during the planning period for use by the founding team may be considered equipment if they exceed the capitalization threshold; however, these will most likely be considered supplies as the per-unit cost of these devices is likely to be lower than capitalization, and the founding team is likely to be small enough that the items would not exceed any bulk purchasing threshold. Because most equipment will not be needed until immediately prior to school launch, equipment is usually an implementation expense.

#### Necessary for program

Allowability of an item depends on it being necessary for the opening of the school. Subgrantees should be careful to explain in the budget narrative why each budgeted item is necessary to the instructional model or opening of the school more generally.

#### Reasonable quantities

Purchases may not exceed reasonable quantities for the proposed student population. This means that schools should not prepurchase items for grades that the school has not expanded to yet—i.e., a 4-8 school opening with grades 4 and 5 should not purchase desks for grades 4-8 in the first year. Such purchases would be considered stockpiling, which is not allowable.

#### Leases, licenses, or subscriptions

Equipment acquired through a lease, license, or subscription should be budgeted in the contractual category. This would include software or online instructional materials licenses or subscriptions, regardless of cost, as well as leases for tangible items such as copiers or buses. Please note that CSP cannot pay monthly service fees after the planning period, even if the equipment is permanently purchased, or renewals of annual leases, licenses, or subscriptions. Please see the contractual category for more information about the circumstances under which CSP can pay initial invoices for annual or monthly costs.

### Relocatable classrooms

Relocatable classrooms, also called portable classrooms or “portables,” purchased by the school are an allowable cost. (Leases for these items fall under the provision above for leases, licenses, or subscriptions.) Modular classrooms which are permanently affixed to a site are real property and therefore not allowable (34 CFR 75.533). Subgrantees should be aware of [regulations for relocatable classrooms](#) promulgated by the Mississippi Department of Education, which include a definition of “relocatable.” As these regulations would be considered health and safety, charter schools must abide by them per Miss. Code Ann. § 37-28-45(1). Please note that if the planned location is not already prepared to accommodate relocatable classrooms—i.e., if the site is not graded, the utility hookups not installed, etc.—the work to prepare the site is considered a capital improvement, which is not allowable, regardless of whether the subgrantee owns or plans to lease the site. Consequently, Mississippi First will require subgrantees to show how it will pay for such work necessary to prepare the site for the relocatable classroom prior to approving the expense, in addition to requiring documentation that the relocatable classroom has been approved by the Mississippi Department of Education.

### Example expenditures

Below, we provide a non-exhaustive list of the most common CSP equipment expenditures. Under the Federal definition of equipment, several of these example items might not qualify unless part of a bulk purchase at a school with a bulk purchasing threshold.

Example Expenditures	
<b>Classroom technology</b>	Smartboards, laptops, desktops, tablets, projectors, document cameras, audio equipment, charging carts, classroom printers, servers, wireless access points, etc.
<b>Classroom furniture</b>	Desks, chairs, tables, bookshelves, screens, etc.
<b>Administrative technology</b>	Laptops, desktops, tablets, photocopiers, servers, wireless access points, or other equipment necessary to support a wireless network, printers, etc.
<b>Administrative furniture</b>	Desks, chairs, tables, bookshelves, filing cabinets, etc.
<b>School library equipment or technology</b>	Laptops, desktops, tablets, multi-media center equipment, charging carts, etc.
<b>Cafeteria furniture</b>	REMOVABLE tables, chairs, etc.
<b>Cafeteria equipment</b>	REMOVABLE ovens, microwaves, refrigerators, etc.
<b>Other equipment</b>	Science lab items, musical instruments, physical education equipment, etc.
<b>Playground equipment</b>	REMOVABLE playground equipment
<b>Relocatable structures</b>	Relocatable classrooms meeting MDE regulations
<b>Vehicles</b>	School bus

## SUPPLIES

<b>Definition</b>	Supplies include all tangible personal property other than those described in the definition of Equipment. <u>An item is a supply if the acquisition cost of an item is less than the lesser of the capitalization level established by the school for financial statement purposes, or \$5,000.</u>
<b>Type of funds</b>	Planning or implementation ( <i>see guidance below</i> )
<b>Budget narrative information</b>	<u>Name and describe</u> the following: <ul style="list-style-type: none"><li>• the item,</li><li>• its justification (expected use and reason it is necessary),</li><li>• the per-unit cost,</li><li>• the total number of items to be purchased, and</li><li>• the total cost.</li></ul>
<b>Drawdown documentation</b>	Invoices marked “paid” and/or original receipts; copies or images of marketing materials

### Specific Guidance

#### Using planning funds

Planning funds may be used to purchase supplies if those supplies are necessary for the work of the founding team (e.g., general office supplies). Because most supplies will not be needed until immediately prior to school launch, supplies are often an implementation expense.

#### Necessary for program

Allowability of an item depends on it being necessary for the opening of the school. Subgrantees should be careful to explain in the budget narrative why each budgeted item is necessary to the instructional model or opening of the school more generally.

#### Reasonable quantities

Purchases may not exceed reasonable quantities for the proposed student population. This means that schools should not prepurchase items for grades that the school has not expanded to yet—i.e., a 4-8 school opening with grades 4 and 5 should not purchase textbooks for grades 4-8 in the first year. Such purchases would be considered stockpiling, which is not allowable.

#### Leases, licenses, or subscriptions

Supplies acquired through a lease, license, or subscription should be budgeted in the contractual category. Examples include software or online instructional materials licenses or subscriptions, regardless of cost, as well as leases for tangible items such as modems. Please note that CSP cannot pay monthly service fees after the planning period, even if the item being serviced is purchased, or renewals of annual leases, licenses, or subscriptions. Please see the contractual category for more information about the circumstances under which CSP can pay initial invoices for annual or monthly costs.

#### Conference registration and training fees

Subgrantees may pay the cost of registration for conferences that provide professional development necessary for school launch. Conference registration costs must not recur. This means a school may not budget for the same people to attend the same conference or training annually unless they can substantiate that the content is different and necessary to meet grant goals.

#### General office supplies

Subgrantees may provide an overall estimate for general office supplies with a list of expected items rather than providing exact costs for each of these items (e.g., total estimate cost versus the exact number and cost of ink pens, etc.).

### Instructional consumables

Subgrantees may purchase an initial year of consumables, such as workbooks for a curriculum, to prepare for the launch of each new grade. For example, a school launching with grades K-1 and expanding to a new grade each successive year may buy workbooks for grades K-1 in the first year and buy consumable workbooks for grade 2 in the second year but not repurchase those for grades K-1.

### Marketing or outreach supplies

Items that purely promote the school—i.e., “swag” items such as branded cups, pencils, pads, signs, etc.; memorabilia; models; gifts; and souvenirs—are not allowable. All marketing or outreach supplies must facilitate access and enrollment to the school. For example, a school sign with the name and the logo is not allowable but a banner with the school’s name and logo directing parents to the school and providing enrollment information is allowable. Mississippi First may ask to see copies of any marketing materials to ensure that they are allowable. Please see further examples of unallowable costs on page 14. Marketing supplies should be purchased in quantities that can be fully distributed during the subgrant term.

### Example expenditures

Below, we provide a non-exhaustive list of the most common CSP supply expenditures. Under the Federal definition of supplies, several of these example items might become equipment depending on the per-unit price or if purchased in bulk in a school with a bulk purchasing threshold.

<b>Example Expenditures</b>	
<b>Classroom materials</b>	Instructional supplies, manipulatives, bulletin boards, student workbooks, headphones, calculators, etc.
<b>Conference fees</b>	Non-recurring registration or training fees for professional development
<b>Dues or membership fees</b>	First year dues or membership fees to professional organizations whose primary purpose is NOT lobbying
<b>Library books</b>	Physical copies of books; permanently purchased e-books ( <i>see contractual for license- or subscription-based e-books</i> ); book scanner or labeling supplies
<b>Instructional consumables</b>	One year’s worth of workbooks for each successive grade; one year’s worth of art supplies, science lab items, other consumable instructional items in the initial year ONLY
<b>Marketing materials</b>	Displays and exhibits to promote enrollment or hiring ONLY; general displays or exhibits are not allowable. <i>See also printing.</i>
<b>Non-capitalized cafeteria furniture or equipment</b>	Items necessary to the opening of school that have a useful life more than 12 months but whose cost is below the capitalization threshold and/or not part of a bulk purchase—REMOVABLE oven, microwave, refrigerator, food warmer, etc.
<b>Non-capitalized classroom or administrative technology, furniture, or equipment</b>	Items necessary to the opening of school that have a useful life more than 12 months but whose cost is below the capitalization threshold and/or not part of a bulk purchase—e.g., a laptop, a printer, a reception desk, a rug, nurse bed, medicine cabinet, etc.
<b>Office supplies</b>	General office supplies (paper, pens, ink, stapler, staples, etc.)
<b>Permits or licenses</b>	Fees associated with applying for government permits or licenses required for opening and operating the school in accordance with state or local law or regulations; renewals are not allowed
<b>Postage</b>	Postage for student and parent communication including newsletters
<b>Printing</b>	Marketing (e.g., enrollment brochures and flyers, mailings to parents, banners and signs advertising enrollment, etc.); initial purchase of school forms; professional development or instructional materials
<b>Textbooks</b>	Physical copies of books for each grade/course when first offered; permanently purchased e-books ( <i>see contractual for license- or subscription-based e-books</i> )

## CONTRACTUAL

<b>Definition</b>	Costs associated with a contract, defined as <u>a legal instrument by which a subgrantee purchases property or services needed to carry out the project or program</u> under a Federal award.
<b>Type of funds</b>	Planning or implementation ( <i>see guidance below</i> )
<b>Budget narrative information</b>	Name and describe the following: <ul style="list-style-type: none"><li>• the contractor/service,</li><li>• the need,</li><li>• how the cost is estimated (hourly, flat fee, deliverable, etc.).</li></ul>
<b>Drawdown documentation</b>	Copy of the contract and invoices marked “paid” pursuant to contract; invoices should provide a description of work completed as well as the dates/hours worked; evidence of procurement, as applicable

### Specific Guidance

#### Using planning funds

Subgrantees may use planning funds for contractual services necessary prior to school launch. Planning expenses may include recruiters to support hiring personnel, a lawyer to negotiate a lease agreement, professional development consultants to train teachers, or future employees working on part-time contracts to refine the school design.

#### Necessary for program

Allowability of an item depends on it being necessary for the opening of the school. Subgrantees should be careful to explain in the budget narrative why each budgeted contract is necessary to the instructional model or opening of the school more generally.

#### Allowability of insurance

Subgrantees should ensure the organization has all the types of insurance required by the authorizer. Schools are permitted to prepay one year’s worth of insurance during the pre-opening year. Renewals are not allowed.

#### Allowability of professional services (legal, accounting, etc.)

Schools may pay for professional services such as legal or accounting services during the planning or implementation period in the pre-opening year. Subgrantees may pay for the cost of an audit once; an audit is required every year of operation for a charter school in Mississippi, even if the school does not meet the single audit threshold for Federal purposes.

#### Installation of technology or wired or wireless systems

Subgrantees may pay the cost of installation for technology, including adding wired or wireless systems to the school, provided that such costs do not increase the value of the facility—i.e., constitute a capital improvement or expenditure—or are made to bring the facility up to code or authorizer expectations.

#### Leases, licenses, or subscriptions

Equipment or supplies acquired through a lease, license, or subscription should be budgeted in the contractual category. Examples include software or online instructional materials licenses or subscriptions, regardless of cost, as well as leases for tangible items such as buses, copiers, or modems. Please note that CSP cannot pay monthly service fees after the planning period, even if the item being serviced is purchased, or renewals of annual leases, licenses, or subscriptions. Specific items that may have a monthly fee and are allowable in the pre-opening period include rent and utilities (see below).

#### Management fees (CMO or ESP)

Management fees, whether for a CMO or an ESP, are allowable as a direct cost in the planning period only. However, once school begins, these costs are considered recurring and therefore unallowable as a direct cost. Alternatively, subgrantees may choose to

pay management fees out of their indirect costs for the entirety of the subaward. Subgrantees may not charge management fees as a direct cost in the planning period and an indirect cost thereafter as this would violate federal regulations about consistently charging costs as either direct or indirect. Please note that if these costs are paid from indirect costs for the entirety of the subaward, any subgrantee using an ESP must have documented the total percentage of CSP that will pay for these fees as part of their ESP addendum to their subgrant agreement.

#### Professional development

Costs associated with hiring professional development consultants and trainers are allowable as planning or implementation costs, depending on the service and the participants. However, subgrantees must still justify that the training is necessary and the cost is reasonable. Mississippi First may require documentation of the agenda, topics covered, attendance, etc.

#### Recruitment services

Recruitment services are allowable if they are for the purpose of recruiting staff or students. Such contracts may include contracts with recruiters, search firms, placement agencies, family engagement specialists, etc.

#### Rent and utilities

Subgrantees may pay the cost of a deposit and monthly bills for rent and utilities during the pre-opening period. Once school opens, these expenses become recurring operating costs and are no longer allowable. Subgrantees must have a signed lease agreement in order to pay these costs and should ensure the start date of the lease in relation to the opening of the school is reasonable. If renovations or repairs are necessary, a school may sign an earlier lease.

#### One-time, startup transportation cost

Subgrantees may pay for “one-time, startup costs associated with providing transportation to students to and from the charter school” (§4303(h)(4)). This may include the initial invoice for a contract with a transportation firm providing bus service. Payment of bus drivers or the purchase of a bus should be budgeted in the personnel or equipment categories, respectively.

#### Renovations and minor facilities repairs

Subgrantees may pay for the cost of “carrying out necessary renovations to ensure that a new school building complies with applicable statutes and regulations, and minor facilities repairs (excluding construction)” (§4303(h)(3)). In general, any services requiring an architect or engineer, including structural alterations to previously constructed buildings, are considered construction or capital improvements and are not allowable. For example, a school may use CSP funds to renovate a bathroom to make it accessible or appropriate for students, including students with disabilities, but may not add a new bathroom where one does not exist unless required by building codes or authorizer/state department of education regulations. Cleaning and painting a facility are considered an allowable cost if the work is performed to ready the facility for school launch.

#### Website development and communications/marketing

Subgrantees may pay for the cost of developing the initial school website in order to facilitate student and staff recruitment. Communications/marketing contracts for the purpose of building awareness of the school and the opportunity to enroll or be hired are also allowable. Elements of contracts that are purely promotional in nature—i.e., developing a logo, branding guide, or other branding elements—are not allowable. Please note that websites are often capitalized after development; the contract itself is not equipment, however, and should not be included in the equipment line item.

#### Procurement

Charter schools in Mississippi are exempt from state purchasing law, but they must still abide by Federal procurement regulations, and Mississippi First must monitor subgrantees to ensure appropriate implementation. Subgrantees should read 2 CFR 200.318-320 carefully to understand what a Federally compliant procurement policy and process must include. Many contracts will require proof of procurement due to their likely cost.

## CROSS-CUTTING ISSUES

Some activities may have budgetary implications across multiple categories. Below, we provide guidance for activities which may present cross-cutting issues.

### Conferences and meetings

In 2014, the US Department of Education (ED) circulated a [memo](#) and an [FAQ](#) pertaining to the allowability of hosting conferences and meetings or attending conferences and meetings using Federal grant funds from the department. Although subgrantees are unlikely to host conferences, they are likely to host professional development meetings or trainings for teachers or to wish to send personnel to conferences or trainings. These costs may span multiple budget categories, including travel, supplies, and contractual. Subgrantees should take special note of ED's guidance as to when it is appropriate to use Federal funds for such activities while further remembering the CSP restriction on recurring costs.

Additionally, much of ED's conference and meetings guidance concerns considerations for the allowability of paying for food at conferences and meetings hosted by the subgrantee. Due to this guidance, it is highly unlikely that subgrantees will be able to justify paying for food out of CSP funds at conferences or meetings, including professional development meetings and recruitment events. Please read the guidance carefully as Mississippi First is unlikely to approve any requests for reimbursement of food or beverages.

### Outreach, community engagement, and recruitment

The cost of recruiting students and staff for the school is specifically named as allowable in §4303(h). However, *every* cost associated with a recruitment activity may not be allowable. Decorative or promotional items or entertainment costs are not allowable, even in the context of a recruitment event. Allowable costs may include printing of signs, posters, banners, or brochures advertising enrollment or hiring; registration for a display booth or event at which recruitment will take place; or the cost of nonpromotional pens and other office supplies to create a display or support the recruitment event. The cost of displays, demonstrations, and exhibits related to other activities of the subgrantee (i.e., not for the purpose of student or staff recruitment) are specifically prohibited by §200.421(e).

## UNALLOWABLE COSTS

Below, we provide guidance on costs that are always or generally unallowable per 2 CFR 200. Please note that this guidance is not intended to be exhaustive. Subgrantees should ask for assistance if they are unsure whether a cost is allowable.

General Category	Unallowable Costs within CSP Grant Program
Alcohol	Alcohol is always prohibited per §200.423.
Apparel	Apparel is not allowable because it is not necessary to the goals of CSP and can be considered a promotional item. Apparel would include student uniforms; athletic and extracurricular uniforms and costumes; and staff uniforms, hats, or other clothing.
Bad debts	Bad debts, including losses (whether actual or estimated) arising from uncollectible accounts and other claims, related collection costs, and related legal costs are specifically prohibited per §200.426.
Capital improvements/ expenditures	Per §200.439, expenditures to improve land, buildings, or equipment which materially increase their value or useful life are unallowable, unless an improvement is required to meet state or local building codes or statutes. This includes such expenditures as permanent structural improvement or restoration of some aspect of a property, room additions, fencing, ground cover, permanent shade equipment, landscaping, carpeting, roofing, wall repair, electrical wiring/rewiring, etc.
Construction	Construction of a new facility; construction on an existing facility; renovations, refurbishments, and restoration that are NOT required to make the building meet state or local codes or statutes; activities for which an architect and/or engineer must be utilized are specifically prohibited per §75.533.



General Category	Unallowable Costs within CSP Grant Program
Decorations	Items that are purely decorative in nature, even if purchased to support a recruitment event or display, are not allowable as they are not necessary to the goals of CSP.
Entertainment costs	Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable per §200.438. Please refer to guidance above about recruitment events.
Fines, penalties, damages, or other settlements	Costs resulting from violations of, alleged violations of, or failure to comply with laws and regulations are unallowable per §200.441.
Food	Food is almost never allowable under CSP; please read the <a href="#">FAQ</a> on conferences and meetings disseminated by the US Department of Education.
Food preparation supplies	Food preparation supplies such as trays, pots, pans, cutlery, disposable gloves, etc., are generally not allowable as they constitute ongoing operating costs. The initial cost of a contract with a vendor to provide food service may be allowable in the pre-opening period as a one-time, startup cost.
Fundraising or contributions/donations	Expenses associated with fundraising activities are not allowable per §200.442 nor are contributions or donations per §200.434.
Incentives	Although recruitment of staff and students is an allowable cost, incentives for either students or staff are not allowable because they are not necessary to the goals of CSP; incentives could also be viewed as gifts which are specifically prohibited by §200.421(e)(3). Incentives may include gift certificates, food, beverages, alcohol, awards, memorabilia, and souvenirs.
Janitorial	Janitorial supplies such as tissue, trash bags, soap, cleaning materials, etc., or janitorial services are generally not allowable as they are not necessary to the goals of CSP and constitute ongoing operating costs. However, supplies and contracts for janitorial services to prepare the building for the start of school and/or comply with building codes or statutes or authorizer expectations may be allowable during the period immediately before school launch.
Lobbying	Lobbying or related expenses are prohibited by §200.450.
Security	Security fences, alarms, cameras, etc.
Promotional items	Promotional materials (often imprinted)—e.g., pencils, pens, balloons, and notepads—and memorabilia, including models, gifts, and souvenirs, are unallowable per §200.421(e)(3).
Real property	The purchase of land, including land improvements, structures, and appurtenances thereto, excluding moveable machinery and equipment is prohibited by §75.533.
Recurring expenses	Following the planning period, CSP funds may not pay for recurring costs—e.g., rent/leases after the first day of school; ongoing accounting, auditing, and legal fees not directly related to organizational start-up and planning; operating expenses and utilities, equipment leases, monthly and annual contracts; recurrent/repeated professional development and training; software license renewals; or fees such as monthly insurance and payroll services, management company fees (CMO/ESP), service contracts, etc.
Student activities	Field trips; extracurricular activities and programs, athletic (team/afterschool) equipment, student membership fees or student conference fees are unallowable per §200.469.
Line of Credit/Loans	Federal grant funds are generally not permissible to be used as collateral for loans. Federal grants are awarded for specific projects or programs, and the funds are intended to be used solely for those purposes (ESEA Section 4303(h)). Mississippi First cannot pay out the balance of a CSP subgrant if a subgrantee defaults on a loan secured with the promise of CSP funds, as funds may only be drawn down after submitting allowable costs for reimbursement.



## Appendix A

Mississippi First and its subrecipients will use the following written policies and procedures to meet the standards of §§ 200.318 through 200.327 regarding the procurement of property or services, in accordance with §200.318(a). Mississippi First and its subrecipients will maintain oversight of contractors to ensure that they perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders (§200.318(b)).

### Conflicts of Interest

As a 501c3 organization, Mississippi First has adopted a conflict of interest policy (see the Financial Manual). As a result of this policy, and in accordance with §200.318(c)(1), no employee, officer, or agent of Mississippi First may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, agent, board member, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from an entity considered for a contract. The officers, employees, agents, and board members of Mississippi First may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, Mississippi First may set standards for situations where the financial interest is not substantial or a gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations by officers, employees, agents, or board members. Mississippi First will disclose any conflict of interest in violation of U.S. Department of Education policies to the agency (§200.112). Additional conflict of interest policies are as follows:

#### **1. Use of External Peer Reviewers**

To guard against conflicts of interest, Mississippi First uses external peer reviewers in the selection of eligible applicants for CSP subawards. Peer reviewers must complete the Conflict of Interest Disclosure, which defines conflicts of interest in alignment with this policy. The Disclosure is available from the CSP Coordinator.

#### **2. Subrecipient Requirements**

Mississippi First will require subrecipients to adopt and use a conflict of interest policy meeting the standards in §200.318(c). Subrecipients must disclose any conflicts of interest in violation of U.S. Department of Education policies to Mississippi First (§200.112).

#### **3. Related Entities**

Mississippi First has no related entities. However, if its subrecipients have related entities (parent, affiliate, or subsidiary organizations such as a charter management organization), the subrecipient must maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest mean that because of relationships with a parent company, affiliate, or subsidiary organization, the recipient or subrecipient is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

### Other General Regulations

Mississippi First and its subrecipients will abide by other general procurement standards, per §200.318.

#### **1. Avoidance of unnecessary or duplicative items; use of strategic sourcing and excess or surplus Federal property**

Mississippi First and subrecipients will avoid acquisitions of unnecessary or duplicative items (§200.318(d)). To ensure the best quality at the lowest price in procurement, Mississippi First and subrecipients will consider whether or which of the following arrangements are more feasible or economical:

- consolidating or breaking out procurements (§200.318(d))
- lease or purchase of items (§200.318(d))

- inter-entity agreements for procurement or use of common or shared goods and services ([§200.318\(e\)](#))
- using federal excess and surplus property ([§200.318\(f\)](#))

## **2. *Responsible contractors***

Mississippi First and subrecipients will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement ([§200.318\(h\)](#)). Consideration will be given to contractor integrity, record of past performance, and financial and technical resources.

## **3. *Procurement records***

Mississippi First and subrecipients will maintain records to detail the history of each procurement transaction, including the rationale for the procurement method, contract type selection, contractor selection or rejection, and the basis for the contract price ([§200.318\(i\)](#)).

## **4. *Time-and-materials type contracts***

Mississippi First and subrecipients will avoid time-and-materials contracts. However, should such contracts be the only suitable option, Mississippi First and subrecipients will comply with [§200.318\(j\)](#) in the implementation of such contracts.

## **Competition**

Mississippi First and its subrecipients will ensure procurement transactions are conducted in a manner providing full and open competition consistent with standards in [§§200.319](#) and [200.320](#). Standards are as follows:

### **1. *Standards to avoid unfair competitive advantage***

- Contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals will be excluded from competing for such procurements ([§200.319\(b\)](#)).
- Neither Mississippi First nor its subrecipients will place unreasonable requirements on firms in order for them to qualify to do business, including, but not limited to, unnecessary experience and excessive bonding ([§200.319\(c\)\(1\)](#) and [\(2\)](#)).
- Mississippi First and its subrecipients will guard against noncompetitive pricing practices between firms or affiliated companies and will not award noncompetitive contracts to consultants that are on retainer ([§200.319\(3\)](#) and [\(4\)](#)).
- Organizational conflicts of interest will be strictly avoided ([§200.319\(c\)\(5\)](#)).
- Procurement contracts will not specify only a “brand name” product instead of allowing an equal product and describing the performance or other relevant requirements ([§200.319\(c\)\(6\)](#)).
- Neither Mississippi First nor its subrecipients will take arbitrary actions in the procurement process ([§200.319\(c\)\(7\)](#)).

### **2. *Written procedures for procurement transactions***

Mississippi First and its subrecipients will use written procedures for procurement transactions ([§200.319\(d\)](#)). Each request for quotes (RFQ) or request for proposals (RFP) will outline the procedures for that particular procurement. The RFQ or RFP will incorporate a clear and accurate description of the technical requirements for the property, equipment, or service being procured, including, if relevant, a statement of the qualitative nature of the property, equipment, or service to be procured. When necessary, the description will provide minimum essential characteristics and standards to which the property, equipment, or service must conform. Mississippi First and its subrecipients will avoid detailed product specifications if at all possible. When it is impractical or uneconomical to clearly and accurately describe the technical requirements, Mississippi First and its subrecipients may use a “brand name or equivalent” description of features to provide procurement requirements. The specific features of the named brand will be clearly stated. The RFQ or RFP will also include any additional requirements that offerors must fulfill and all other factors that will be used in evaluating bids or proposals.

### **3. Use of prequalified lists of persons, firms, or products**

Mississippi First and its subrecipients may use pre-qualified lists of persons, firms, or products, in accordance with [§200.319\(e\)](#). Mississippi First and its subrecipients will ensure that all pre-qualified lists of persons, firms, or products used in procurement transactions are current and include enough qualified sources to ensure maximum open competition. When establishing or amending pre-qualified lists, Mississippi First and/or its subrecipients will consider objective factors that evaluate price and cost to maximize competition and will not preclude potential bidders from qualifying during the solicitation period. Subrecipients may also rely on the [Mississippi State Express Products List](#) or contracts negotiated by the Mississippi Department of Finance and Administration (see [here](#), [here](#), [here](#), with the exception of any vendor listing for the Mississippi Industries for the Blind).

### **4. Noncompetitive procurements**

Mississippi First and its subrecipients will follow Federal standards for noncompetitive procurements in accordance with [§§200.319\(g\)](#) and [200.320\(c\)](#). See “[Noncompetitive Procurement](#)” for more information.

## **Methods of Procurement, Mississippi First**

Mississippi First will abide by Federal standards for procurement per [§200.320](#).

### **1. Informal procurement methods**

Informal procurement methods may be used when the value of the procurement transaction under the Federal award does not exceed the simplified acquisition threshold as defined in §200.1. Informal procurement methods include:

- **Micro-purchases (\$10,000 and below)**—For the purposes of CSP, the term “micro-purchase threshold” means \$10,000 in accordance with [48 CFR 2.101](#), per [§200.320\(a\)\(1\)](#). Micro-purchases may be awarded without soliciting competitive price or rate quotations if the price is reasonable based on research, experience, purchase history, or other information; Mississippi First will maintain documentation of the reasonableness of the purchase ([§200.320\(a\)\(1\)\(ii\)](#)). Mississippi First will distribute micro-purchases equitably among qualified suppliers to the extent practicable ([§200.320\(a\)\(1\)\(i\)](#)).
- **Simplified acquisitions (\$10,001 up to and including \$250,000)**—For the purposes of CSP, the term “simplified acquisition” shall mean any purchase below the simplified acquisition threshold but above the micro-purchase threshold ([§200.320\(a\)\(2\)\(i\)](#)). For the purposes of CSP, the term “simplified acquisition threshold” shall mean \$250,000 in accordance with [48 CFR 2.101](#) ([§200.320\(2\)\(ii\)](#)). Simplified acquisitions may be awarded after receiving two quotes or bids from qualified sources. To solicit quotes or bids, Mississippi First may use a request for proposal (RFP) or request for quotes (RFQ) format for convenience and to ensure the best possible quotes or bids.

### **2. Formal procurement methods**

Purchases above the simplified acquisition threshold require formal procurement procedures ([§200.320\(b\)](#)). Mississippi First will use sealed bids for procurement should the circumstances lend themselves to this method ([§200.320\(b\)\(1\)](#)), but considering the nature of the services described in Mississippi First’s CSP proposal, the organization will most likely use a request for proposals (RFP) method for all procurements above the simplified acquisition threshold ([§200.320\(b\)\(2\)](#)). Mississippi First will abide by following requirements for its RFP processes:

- **Publication and solicitation**—Per [§200.320\(b\)\(2\)\(i\)](#), RFPs will be publicized on Mississippi First’s website and via email to a solicitation list of potential qualified offerors. Each RFP will identify evaluation factors and their relative importance. All responses will be considered to the maximum extent practicable.
- **Evaluation process**—RFPs will be evaluated by written rubric ([§200.320\(b\)\(2\)\(ii\)](#)). Mississippi First will use internal staff to evaluate proposals.
- **Selection**—Contracts will be awarded to the offeror whose proposal is most advantageous to Mississippi First,

with price and other factors considered ([§200.320\(b\)\(2\)\(iii\)](#)).

#### Methods of Procurement, Subrecipients

Subrecipients must develop procurement methods that abide by Federal standards, per [§200.320](#), as well as [any applicable State standards](#). Mississippi First will review the adopted procurement policy of each subrecipient as part of the monitoring process to ensure compliance with Federal standards.

#### Noncompetitive Procurement

Per [§200.320\(c\)](#), Mississippi First and its subrecipients will only use noncompetitive procurement if one or more of the following circumstances apply:

- The aggregate amount of the procurement transaction is below the micro-purchase threshold ([§200.320\(c\)\(1\)](#))
- The procurement transaction can only be fulfilled by a single source ([§200.320\(c\)\(2\)](#))
- An emergency exists that will not permit a delay resulting from a competitive solicitation ([§200.320\(c\)\(3\)](#))
- The U.S. Department of Education or Mississippi First authorizes noncompetitive procurement in response to a written request by Mississippi First or a subrecipient, respectively ([§200.320\(c\)\(4\)](#))
- Competition is determined inadequate after solicitation of a number of sources ([§200.320\(c\)\(5\)](#))

#### Contracting with Small and Minority Businesses, Women's Businesses, and Labor Surplus Area Firms

Mississippi First and subrecipients will take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible, in accordance with [§200.321](#).

#### Contract Cost and Price

Mississippi First and its subrecipients will abide by Federal standards for contract cost and price, per [§200.324](#).

- Cost or price analysis—Per [§200.324\(a\)](#), Mississippi First and its subrecipients will complete a cost or price analysis for every procurement transaction, including for contract modifications, in excess of the simplified acquisition threshold. The method and degree of analysis conducted depend on the facts surrounding the particular procurement transaction. However, as a starting point, Mississippi First and its subrecipients will make independent estimates before receiving bids or proposals. Unless the scope of work changes for an expected contract, Mississippi First will use the estimates within its CSP budget for the cost analysis for any RFPs as these represent the cost analysis Mississippi First performed prior to submitting the CSP grant.
- Allowability of contract costs—Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for Mississippi First or its subrecipients under 2 CFR 200, Subpart E ([§200.324\(b\)](#)).
- Prohibited contracting methods—Mississippi First and its subrecipients will not use the “cost plus a percentage of cost” and “percentage of contract costs” methods of contracting ([§200.324\(c\)](#)).

#### Review of Subrecipient Procurements

Mississippi First may review the technical specifications of proposed procurements under the Federal award if Mississippi First believes the review is needed to ensure that the item or service specified is the one being proposed for acquisition ([§200.325\(a\)](#)). The subrecipient must submit the technical specifications of proposed procurements when requested by Mississippi First. This review should take place prior to the time the specifications are incorporated into a solicitation document. When the subrecipient desires to accomplish the review after a solicitation has been developed, Mississippi First may still review the specifications. In those cases, the review will be limited to the technical aspects of the proposed purchase.

When requested, the subrecipient must provide procurement documents (such as requests for proposals, invitations for bids, or independent cost estimates) to Mississippi First for pre-procurement review ([§200.325\(b\)](#)). Mississippi First may conduct a pre-procurement review when:

- The subrecipient's procurement procedures or operation fail to comply with the procurement standards in this part;
- The procurement is expected to exceed the simplified acquisition threshold and is to be awarded without competition, or only one bid is expected to be received in response to a solicitation;
- The procurement is expected to exceed the simplified acquisition threshold and specifies a “brand name” product;
- The procurement is expected to exceed the simplified acquisition threshold, and a sealed bid procurement is to be awarded to an entity other than the apparent low bidder; or
- A proposed contract modification changes the scope of a contract or increases the contract amount by more than the simplified acquisition threshold.

The subrecipient is exempt from the pre-procurement review of this section if Mississippi First determines that its procurement systems comply with the standards of this part ([§200.325\(c\)](#)), as follows:

- The subrecipient may request that Mississippi First review its procurement system to determine whether it meets these standards for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding and third-party contracts are awarded regularly.
- A subrecipient may self-certify its procurement system. However, self-certification does not limit Mississippi First's right to review the system. Under a self-certification procedure, Mississippi First may rely on written assurances from the subrecipient that it is complying with the standards of this part. The subrecipient must cite specific policies, procedures, regulations, or standards as complying with these requirements and have its system available for review.

#### Contract Provisions

Per [§200.327](#), Mississippi First and its subrecipients will include application provisions in its contracts. Relevant provisions include the following:

- Breach of contract—Contracts for more than the simplified acquisition threshold must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms and provide for such sanctions and penalties as appropriate ([2 CFR Appendix-II-to-Part-200\(A\)](#)).
- Termination clause—All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effectuated and the basis for settlement ([2 CFR Appendix-II-to-Part-200\(B\)](#)).
- Clean Air Act and Federal Pollution Control Act—Per [2 CFR Appendix-II-to-Part-200\(G\)](#), contracts and subawards of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act ([42 U.S.C. 7401-7671q](#)) and the Federal Water Pollution Control Act as amended ([33 U.S.C. 1251-1387](#)). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
- Debarment and Suspension—A contract award (see [2 CFR 180.220](#)) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at [2 CFR 180](#) that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension” ([2 CFR Appendix-II-to-Part-200\(H\)](#)). SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.
- Byrd Anti-Lobbying Amendment—Contractors that apply or bid for an award exceeding \$100,000 must file the required Byrd Anti-Lobbying Amendment certification ([2 CFR Appendix-II-to-Part-200\(I\)](#)). Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by [31 U.S.C. 1352](#). Each tier must also disclose any lobbying with non-Federal funds

that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

Additionally, Mississippi First and its subrecipients will comply with other contracting regulations per [§200.327](#):

- **Procurement of recovered materials**—Subrecipients will comply with [§200.323](#) related to recovered materials, as applicable. (Mississippi First is not a State agency or agency of a political subdivision of a State, so this provision does not apply to the organization.)
- **Prohibition on certain telecommunications and video surveillance equipment or services**—Mississippi First and its subrecipients will comply with [§200.216](#) related to telecommunications and video surveillance services or equipment.
- **Domestic preferences**—Per [§200.322](#), Mississippi First and its subrecipients will, to the greatest extent practicable and consistent with law, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States. The requirements of this section will be included in all subawards, contracts, and purchase orders under the CSP award or subawards.

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<sup>1</sup> An eligible applicant receiving a subgrant under this section shall use such funds to support the activities described in subsection (b)(1), which shall include one or more of the following activities:

- (1) Preparing teachers, school leaders, and specialized instructional support personnel, including through paying the costs associated with—
  - (A) providing professional development; and
  - (B) hiring and compensating, during the eligible applicant's planning period specified in the application for subgrant funds that is required under this section, one or more of the following: (i) Teachers; (ii) School leaders; (iii) Specialized instructional support personnel.
- (2) Acquiring supplies, training, equipment (including technology), and educational materials (including developing and acquiring instructional materials).
- (3) Carrying out necessary renovations to ensure that a new school building complies with applicable statutes and regulations, and minor facilities repairs (excluding construction).
- (4) Providing one-time, startup costs associated with providing transportation to students to and from the charter school.
- (5) Carrying out community engagement activities, which may include paying the cost of student and staff recruitment.
- (6) Providing for other appropriate, non-sustained costs related to the activities described in subsection (b)(1) when such costs cannot be met from other sources.