This document has been developed for the purposes of providing general understanding for those planning to participate in the federal Charter School Planning (CSP) grant. Care should be taken as the Michigan Department of Education (MDE) accepts no responsibility for the interpretation of the information presented. All costs must be budgeted and approved within the Budget Detail and Management Plans in the each applicable grant application. Some costs require specific prior approval in the application, in which case the line item must be specifically budgeted and approved by MDE prior to expenditure. Please be aware that some items may be allowable under OMB A-122 but not under the CSP grant. Where this situation exists, the chart below is annotated accordingly.

| **COST PRINCIPLES** | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Accounting | Not Addressed<br>(CSP-Grant management activities are generally allowable-Normal fees range up to 5% of grant total amount) |
| Advertising<br>(See Public Relations) | Allowable:<br>Recruitment of grant personnel; procurement of goods and services; and disposal of surplus materials except when disposal cost is reimbursed<br><br>Unallowable:<br>1. Other advertising costs not specified in sections 1c, 1d, 1e of A-122; cost of meetings and related activities, including displays, demonstrations, exhibits; cost of space rental; salaries/wages for employees doing set up, demonstrations, and briefings; cost for promotional material and gifts; costs for solely promoting grant.<br>2. Costs of help wanted advertising that includes color, advertising material for other than recruitment purposes, or is excessive in size<br>3. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances that are not necessary or reasonable and do not conform with the established practices of the organization. |
| Advisory Councils or Committees | Not Addressed<br>(CSP-Not applicable) |
| Alcoholic Beverages | Unallowable<br>(CSP-Not applicable) |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Alumni/ae Activities | Not Addressed<br>(CSP-Not applicable) |
| Audit Costs and Related Services (Audit fees/expenses may not be charged to state-funded grants) | Not Addressed, but allowable for audits required by and conducted in accordance with the Single Audit Act (OMB Circular A-133).<br><br>Other audit costs require prior specific approval of MDE, normally not to exceed $3,000 for each CSP grant. |
| Automatic Electronic Data Processing | Not Addressed<br>(CSP-Information/Data systems may be purchased and installed. Data input is not allowable under a CSP grant.) |
| Awards for Recognition or Incentives for Participation | Although not specifically addressed in OMB A-122, MDE has determined these items to be unallowable as limited resources dictate funds be spent in other, more critical areas. |
| Award Ceremonies | Unallowable |
| Bad Debts | Unallowable |
| Billboards | Unallowable |
| Bonding Costs | Allowable: costs required by terms of the award; costs required by the agency to conduct business in accordance with sound business practice and rates/premiums are reasonable.<br>(CSP-Not applicable) |
| Budgeting | Not Addressed<br>(CSP-Grant management (budgeting and accounting) activities are generally allowable-Normal fees range up to 5% of grant total amount) |
| Building Purchase | Allowable. Limited to real estate research and analysis fees, and the acquisition of building safety, health, and occupancy permits. |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Capital Outlay | Allowable in A-122, but MDE restricts the purchase of office furniture and office technology to $5,000 within the planning grant. The acquisition of classroom furniture is generally restricted to implementation grants. |
| Civil Defense | Not Addressed<br>(CSP-Not applicable) |
| Commencement and Convocation Costs | Not Addressed<br>(CSP-Not applicable) |
| Communication Costs<br>(Includes telephone services, local and long distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services, personal communication devices, etc.) | Allowable but limited to reimbursements for long distance calls only.<br><br>Unallowable<br>1. Communication devices such as cellular phones, calendaring systems such as personal digital assistants (PDAs), digital tablets, electronic or software calendars.<br>2. Costs associated with cellular phone service are not allowable. |
| Community Awareness | Allowable if costs are reasonable, necessary, and incidental to gathering community support and input concerning the initial development of a public school academy. The design and creation of a website is an allowable cost, as is the design of flyers, brochures, and other similar items for the purpose of increasing community awareness and gathering community support. See Promotional Items, Public Relations, Refreshments, Food Costs, Advertising, Selling and Marketing, Recruiting and Relocations Costs. |
| Compensation for Personnel Services (Employees)<br>(Includes salaries, wages, and fringe benefits) | Allowable if costs are reasonable, comparable for similar work, work is specifically related to at least one management plan task and charges are supported with time distribution records.<br><br>Unallowable costs that are unallowable under other paragraphs of this attachment shall not be allowable under this paragraph solely on the basis that they constitute personal compensation. |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Conferences and Meetings | Allowable<br>Cost of meetings and conferences including transportation, room rental charges, speakers' fees, and items incidental to these meetings/ conferences. See Entertainment Costs, which are not allowable, and Participant Support Costs. Also see "Food Costs" with regard to meals for conferences and meetings.<br><br>Unallowable costs include items related to volunteer service except as it relates to allowable reimbursements. |
| Construction, Remodeling, or Alterations | Unallowable. |
| Contingencies | Unallowable. |
| Contributions and Donations (See Donations and Contributions) | Unallowable. |
| Deans of Faculty and Graduate Schools | Not Addressed<br>(CSP-Not applicable) |
| Debt Service | Unallowable. |
| Defense and Prosecution of Criminal and Civil Proceedings, and Claims | Generally Unallowable. Unallowable in defense of antitrust suit or prosecution of claims against federal/state government.<br><br>Other costs may be allowable or unallowable as stipulated in OMB A-122, section 10. |
| Depreciation and Use Allowances of Building Space | Unallowable for CSP grant purposes. |
| Depreciation and Use Allowances of Equipment | Unallowable for CSP grant purposes. |
| Disbursing Service | Not Addressed<br>(CSP-Not applicable) |
| Displays, Demonstrations, and Exhibits | Unallowable |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Donations and Contributions | Unallowable |
| Employee Morale, Health, and Welfare | Allowable.<br>(CSP-Not applicable) |
| Employee Service Awards | Unallowable |
| Entertainment<br>(including amusement, diversion, social activities, and related costs) | Unallowable |
| Equipment and Other Capital Expenditures<br>(May include ancillary charges such as taxes, duty, protective in transit insurance, freight, and installation)<br><br>Equipment is defined as an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the governmental unit, or $5,000. | Allowable. The purchase of furniture and equipment must be identified in Management Plans and approved regardless of the cost. Planning grant purchases of equipment (normally technology) and furniture (back office) is generally limited to $5,000. Classroom furniture and equipment may be purchased with implementation grant funds. All capital expenditures must be tagged and inventoried on an annual basis.<br><br>Unallowable<br>1. Capital expenditures for general purpose equipment, land or buildings, improvement to land, buildings, or other facility-related equipment are unallowable as a direct cost.<br>2. Equipment and other capital expenditures are unallowable as indirect costs.<br><br>Only specific items contained within approved Management Plans and Budgets may be purchased. Care should be taken to ensure the item to be purchased is listed and approved within the applicable grant application prior to expending funds. |
| Executive Lobbying Costs | Unallowable |
| Field Trips | Unallowable:<br>Field trips for social, entertainment, or recreational purposes.<br>(CSP-Not applicable) |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Fines and Penalties | Unallowable except when incurred as a result of compliance with specific federal award provisions. Unallowable expenses include bank fees for checking overdrafts, parking citations, late payment or other similar, related penalties or fines. |
| Food Costs | Allowable (Specific to MDE grants)<br><br>1. Light lunch during an all-day meeting or training session: Light lunch for participants who are cloistered in an all-day (i.e., at least six-hour) meeting or training session. The grantee must document that it was impractical for participants to obtain lunch on their own (e.g., due to isolated location and/or distance to eateries) and that their attendance at the meeting/training session was essential to accomplishing the objectives of the grant. The grantee must maintain an agenda that clearly identifies the topics discussed during the meeting/training session and the time allotted to each topic, including the lunch period. Only a nominal amount of grant funds may be used per participant.<br>2. Working lunch during an all-day meeting or training session: Light meals during a "working lunch." A working lunch is defined as an activity in which staff or participants are engaged in exercises/activities during the normal meal time as stated on an agenda and in which no other opportunity for a meal is provided. The grantee must maintain an agenda that clearly identifies the exercise or activity that the participants are engaged in and should retain a representative sample of the work product, if any, that was generated as a result of the working session. Only a nominal amount of grant funds may be used per staff/participant.<br>3. Nutritional snacks for children in child care while parents are participating in grant activities.<br>4. Parent involvement activities where refreshments are necessary to encourage participation/attendance by parents, such as in low-income areas, and thus meet program activities. |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| | **Full meals for parents and/or students are not allowable for these purposes under any circumstances**. Expenditures must be reasonable in cost, necessary to accomplish program objectives, and an integral part of the instructional program.<br><br>**No other food costs, including beverages and other refreshments, breaks, or snacks, are permitted**.<br><br>Unallowable:<br>1. Refreshments of any kind, including beverages, breaks, and snack foods, for staff meetings/staff training<br>2. Refreshments or meals at an awards banquet/function<br>3. Any food costs not necessary to accomplish the objectives of the grant program<br>4. Any event in which a "guest speaker" or other individual conducts a presentation<br>5. MDE reserves the right to restrict a grantee from expending any funds on food costs or to disallow expenditures on food costs should MDE determine that the grantee expended grant funds on food costs that are not reasonable or necessary to meet the intent and objective(s) of the grant. |
| Fringe Benefits | Allowable. Employees only. |
| Fundraising and Investment Management Costs<br>(Including financial campaigns and solicitation of gifts, donations, contributions, etc.) | Unallowable |
| Gains and Losses on Disposition of Depreciable Property and Other Capital Assets and Substantial Relocation of Federal Programs | Allowable:<br>(CSP-Not applicable) |
| General Government Expenses | Not Addressed<br>(CSP-Not applicable) |
| Gifts or Items That Appear to Be Gifts | Unallowable |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **<u>OMB Circular A-122 & MDE Guidance</u>**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Goods or Services for Personal Use | <u>Unallowable</u> |
| Gratuities or Tips | <u>Unallowable</u> |
| Honorariums | <u>Allowable.</u><br>To the maximum extent possible, the term "fee" must be used in lieu of "honorarium" in all accounting records and consultant agreements. The fees must be necessary and reasonable, and strictly related to the accomplishment of a specific management plan task. MDE requires all consultant agreements exceeding $80/hour to include a fee rate justification from the subgrantee. |
| Hospitality Rooms | <u>Unallowable</u> |
| Housing and Personal Living Expenses | <u>Unallowable</u> as fringe benefit or indirect costs regardless of whether the cost is reported as taxable income to employees. |
| Idle Facilities and Capacity | <u>Unallowable.</u> |
| Insurance and Indemnity | *Insurance*<br><u>Unallowable</u>, with the exception of extended equipment warrantees for technology purchases and costs associated with insuring the transportation of purchased furniture or equipment.<br><br><u>Unallowable</u>:<br>1. Insurance when the organization is identified as the beneficiary<br>2. Insurance against defects<br>3. Personal travel insurance<br><br>*Indemnification*<br>Includes securing the LEA against liabilities to third persons and other losses not compensated by insurance or otherwise. The federal government is obligated to indemnify the LEA only to the extent expressly provided for in the award, except as provided in the award. |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Interest | Allowable:<br>Generally not applicable to CSP grants.<br><br>Unallowable:<br>Costs incurred for interest on borrowed capital or temporary use of endowment funds, however represented. |
| Investment Management Costs | Allowable if for employee pensions or self-insurance funds.<br><br>Unallowable:<br>Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments. |
| Labor Relations | Allowable.<br>Generally not applicable to CSP grants. |
| Lease-Purchases (i.e., debt service) | Allowable.<br>Lease-Purchase, or lease to own agreements may be considered by MDE on a case by case basis.<br><br>Unallowable for most MDE discretionary grants. MDE does not allow the lease of real property, furniture, equipment, supplies or materials for planning or implementation grants. See Rental Costs of Buildings and Equipment. |
| Legal Expenses | Allowable when required for the administration of the grant program or when necessary to meet the grant's objectives.<br><br>Unallowable for legal expenses for claims against the federal or state government. |
| Legislative Expenses (and expenses for similar governmental bodies, such as school boards) | Unallowable |
| Lobbying | Unallowable |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Losses on Other Awards | Unallowable |
| Losses (which could have been covered by permissible insurance) | Allowable only with prior specific approval from MDE.<br><br>Unallowable. Losses or damage of equipment incurred as a result of an accident are generally the responsibility of the user, especially if that equipment was located somewhere other than the primary office location of the non-profit subgrantee. For example, a laptop purchased with grant funds is damaged while in the possession of a board director at her home, which is not the primary office location for the non-profit subgrantee. This laptop should be replaced by the board director, not the subgrant. |
| Maintenance, Operations, and Repairs | Unallowable for the purposes of the MDE planning and implementation grants. |
| Materials and Supplies | Allowable. MDE CSP limits the purchase of these items to less than $5,000 and requires that they be centrally managed and controlled. |
| Meetings and Conferences<br><br>(Includes rental of meeting space and equipment; supplies/materials/ consultant fees, etc.)<br><br>See also Conferences and Meetings | Allowable:<br>1. Costs associated with the conduct of meetings and conferences, including meals (where circumstances dictate and are authorized), speakers' fees, renting facilities, and the like.<br>2. Meetings and conferences held to conduct the general administration of the organization.<br>3. Equipment rental and facility setup for the conduct of community awareness activities.<br>4. Fees must be necessary and reasonable based on a comparison of similar sites.<br><br>Unallowable:<br>Grant funds may not be used to pay for souvenirs, memorabilia, promotional items (i.e., give-aways), or gifts. Sites that may limit or otherwise inhibit the public from attending are not allowable, especially if a reasonable person might view paying for the use of the site as a potential related-party transaction or conflict of interest. |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Memberships | Allowable:<br>1. Membership in business, technical, and professional organizations related to the grant program. Membership must be in the name of the grantee organization and not in the name of an individual.<br>2. Membership in civic and community organizations may be allowable with prior specific approval from MDE.<br><br>Unallowable:<br>Membership in any religiously–affiliated entity, country club or social or dining club or organization. Membership in any entity that restricts access to any segment of the adult population, regardless of the justification. |
| Memorabilia | Unallowable |
| Motor Pools | Not Addressed<br>(CSP-Not applicable) |
| Organization Costs (Related to the establishment or reorganization of an organization such as management consultants, accountants, attorneys, or investment consultants) | Unallowable EXCEPT with prior specific approval of MDE to establish or reorganize the organization. These costs must be specifically budgeted and approved in the applicable grant application prior to expending funds. Fees associated with the annual renewal of the corporation are not allowable, while fees to restate the articles of incorporation for the purposes of establishing a public school academy are allowable. |
| Participant Support Costs (such as stipends, travel, registration fees, etc.) | Allowable. These costs must be specifically budgeted and approved in the applicable grant application prior to expending funds.<br><br>However, reimbursements in this area are limited to those specified in subgrantee policies. Under no circumstances will contracted individuals be reimbursed for travel to attend training, orientations, or familiarization unless the travel is specifically noted in the approved management plan, or approved by the subgrantee board. The training of contracted individuals is not an allowable expense. |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Patents | Allowable:<br>1. Preparation of disclosures, reports, and other documents required by the grant.<br>2. Preparation of documents and other patent costs in connection with filing and prosecution of the US patent application where title and royalty-free license is required by the federal government to be conveyed to the federal government. General counseling related to patent and copyright matters, such as advice on patent and copyright laws, regulation clauses, and employee agreements.<br><br>Unallowable:<br>1. Preparation of disclosures, reports, and other documents not required by the grant.<br>2. Costs associated with filing and prosecuting foreign patent applications or any US patent application where conveyance of title or royalty-free license is not required by the award. |
| Plant and Homeland Security Costs | Allowable but not applicable to the CSP grant. The installation of security devices to a structure are generally prohibited, as these devises add value to the property and are then considered fixtures. |
| Pre-Award (pre-agreement) costs | Unallowable:<br>MDE does not allow the reimbursement of expenses incurred outside of the grant window, which is defined as the time from the start date up to and including the end date. |
| Professional and Consultant Services<br>Professional/ consulting services are delivered by an independent contractor (individual, entity, or firm) on a fee basis for specialized services that are usually considered to be temporary or short-term in nature, normally in areas that supplement the expertise of the grantee. Includes evaluation, professional development/ training, management services, legal services, etc. | Allowable with prior specific approval from MDE, as identified in the grant application's management plan and budget. Professional and consultant services are allowable only when provided by non-employees and when the subgrantee organization does not possess the expertise.<br><br>MDE has determined that the market rate for personnel services is less than $80 per hour, except where very technical legal or accounting services are necessary. Exceptions to this rate require justification from the subgrantee. |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **<u>OMB Circular A-122 & MDE Guidance</u>**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Promotional Items such as T-shirts, caps, tote bags, key chains, imprinted pens, etc. | <u>Unallowable</u> |
| Proposal Costs (i.e., preparing grant applications/ proposals) | <u>Not Addressed</u><br><br><u>Allowable.</u> MDE allows subgrantees to utilize grant funds to create, revise, refine and submit charter school applications to authorizers, provided the work was completed within the grant window, which is defined as after the grant's start date and up to and including the end date.<br><br><u>Unallowable</u>:<br>1. MDE does not allow costs for preparation of grant applications/proposals for other competitive or discretionary grants.<br>2. Costs for preparation of applications/proposals to obtain OTHER grant monies.<br>3. Any costs associated with any proposal/application-related work done outside of the grant window, i.e., before the grant start date, or after the grant end date. |
| Public Relations | <u>Allowable</u>:<br>1. Costs specifically required by the award.<br>2. Costs of communicating with the public and press regarding specific activities related to the project.<br>3. Costs related to keeping the public informed on matters of public concern related specifically to the project.<br>4. Costs must be reasonable and necessary to achieve project outcomes. Excessive costs are not allowable, e.g. billboards, tv and radio spots, large display ads in print media, building signage, websites, etc.<br>5. Costs associated with the postage and mailing of materials.<br><br><u>Unallowable</u>:<br>Costs of public relations designed solely to promote an individual, a name, a facility, an idea or concept, or a school. |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Publication and Printing Costs (includes distribution and mailing of publications) | Allowable:<br>Incidental costs associated with an approved management plan task or another allowable item of cost, e.g., public relations.<br><br>Unallowable:<br>As direct costs except with prior specific approval from MDE. |
| Rearrangements and Alterations | Allowable only with prior specific approval from MDE. |
| Reconversion Costs | Allowable but not applicable to a CSP grant. |
| Recruiting and Relocation Costs | Unallowable. (with notable exceptions)<br>1. Costs of help wanted advertising that includes color, advertising material for other than recruitment purposes, or is excessive in size.<br>2. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances that are not reasonable and do not conform with established practices of the organization.<br>3. Costs associated with headcount stipends or similar fees paid to individuals engaged in recruiting.<br>4. Costs associated with moving an office, furniture or utility. |
| Reference Materials | Allowable.<br>MDE allows the purchase of reference materials for the purposes of evaluation and analysis. These materials are then owned by the non-profit entity and must be available to all non-profit board members.<br><br>Unallowable.<br>Newspaper and other similar subscriptions are generally not allowable. |
| Refreshments<br>*See also* Food Costs | Unallowable except for parent involvement activities to encourage parents in low-income areas to attend. |
| Remodeling or Renovation | Unallowable. CSP grant is specifically prohibited from being used for facility remodeling or renovation. |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Rental Costs of Buildings and Equipment | Unallowable. MDE generally prohibits the rental of buildings and equipment within a CSP grant unless that rental is in conjunction with another item of cost that is allowable, e.g., renting a video projector for a neighborhood presentation, or a meeting hall for a similar presentation. Fees must be reasonable and necessary. |
| Royalties and Other Costs for the Use of Patents | Allowable but not applicable for a CSP grant. |
| Sabbatical Leave | Not Addressed<br>(CSP-Not applicable) |
| Scholarships, Fellowships, and Other Student Aid Costs | Unallowable |
| Selling and Marketing | Unallowable unless allowable as public relations costs or allowable as direct costs with prior specific approval from MDE when they are necessary for the successful completion of the approved project. |
| Severance Pay | Unallowable:<br>CSP Grants should only be used to fund employee costs on a temporary basis. |
| Social Activities | Unallowable |
| Souvenirs | Unallowable |
| Specialized Service Facilities | Allowable<br>With prior specific approval from MDE. |
| Stipends for Non-Employees (i.e., participant support costs) | Allowable:<br>With prior specific approval from MDE. |
| Student Activity Cost | Not Addressed<br>MDE may allow student activity costs if those costs are germane to the successful accomplishment of a management plan task. |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Subscriptions | Allowable for business, professional, and technical periodicals when related to the grant program and necessary to meet the objectives of the project. Subscriptions must be in the name of the grantee organization and not in the name of an individual. |
| Superintendent Salaries | Unallowable |
| Taxes | Allowable:<br>Taxes associated with purchasing supplies, materials and equipment necessary for the accomplishment of an approved management plan task are allowable. Non-profit subgrantees should utilize their non-profit status to their advantage when making purchases, especially those involving large tax charges. Subgrantees should consider the cost of associated taxes when making decisions regarding the method of purchase for supplies, materials, and equipment. |
| Termination of Grant Award | Unallowable:<br>Items reasonably usable on the organization's other work unless the organization submits evidence that it would not retain such items at cost without sustaining a loss. MDE may entertain exceptions on a case by case basis. |
| Tips or Gratuities | Unallowable |
| Training and Education | Allowable. (with a notable exception)<br>1. Training for employee, prospective employee or non-profit or Academy board development.<br>2. Attendance for specialized programs to enhance effectiveness of school executives or managers or to prepare employees for such positions.<br>3. Training and education costs in excess may be allowed with prior specific approval of MDE.<br>4. New equipment or software training for employees or prospective employees.<br>5. Costs associated with training for contractors are prohibited. |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Transportation Costs<br>(See Field Trips) | Not Addressed<br>MDE allows subgrantees to travel for the purposes of becoming familiar with best practices for the expressed purpose of emulating them. Transportation costs must be identified in the approved management plan and should be restricted to subgrantee board members and employees. |
| Transportation of Goods | Allowable for transporting goods purchased with grant funds. |
| Travel Costs (Employees) | Allowable:<br>Travel costs are allowable for employees traveling on official business incidental to the grant program.<br><br>For all travel, if local policy is less than the maximum allowable state rates, reimbursement may not exceed local policy. If local policy is more than the maximum allowable state rates, the difference must be paid from state or local sources.<br>The following are MDE recommendations. Deviations from these recommendations may require justification.<br><br>**Airfare** at lowest available airfare.<br><br>**Car rental** (allowable only where rental car is more cost effective than other transportation such as taxi or shuttle).<br><br>**Mileage—In State and Out of State**<br><br>**Not to Exceed:** The standard IRS applicable rates.<br><br>**Registration fees** to attend conferences/seminars.<br><br>**Meals and Lodging**:<br>For **day trips** (i.e., no overnight stay), travel must be outside designated subgrantee main office and must be more than six consecutive hours. Employee may be reimbursed for actual cost of meals, not to exceed $36. |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **<u>OMB Circular A-122 & MDE Guidance</u>**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| | **(Corporate) Credit Card Charges:**<br>MDE will reimburse costs charged to the grant using corporate credit cards only when the accounting ledger reflects each individual charge on the credit card statement by:<br>• The individual vendor name (not just the credit card company name)<br>• The grant funding source/code<br>• The expense category (i.e., supplies, instructional materials, equipment, travel, etc.)<br>• The actual date of the charge (as opposed to the billing statement or the date the credit card bill was paid)<br>• The grantee must maintain the original itemized receipt that identifies each item purchased (and not just the credit card receipt). The grantee must also maintain all other appropriate internal accounting records, such as travel vouchers, expense reimbursement vouchers, purchase orders, etc.<br><br><u>In-State Travel and Out-of-State Travel:</u><br>For **overnight trips** (in state and out of state), the employee is reimbursed for the **actual cost** of lodging and meals, not to exceed the maximum meals and lodging rates based on the **federal travel regulations for the locale**.<br><br><u>Unallowable</u>:<br>The difference between first-class air accommodations and less than first-class air accommodations except when less than first-class air accommodations are not reasonably available to meet necessary mission requirements. (See OMB A-122, section 55c for specifics.)<br><br>*Foreign Travel*:<br>Foreign travel is generally not permitted by MDE for the CSP grant. However, direct charges are allowable only when foreign travel has received prior specific approval of MDE in the grant application. Each separate foreign trip for each name individual must receive individual approvals. |

| COST PRINCIPLES | |
|---|---|
| **Items of Cost** | **OMB Circular A-122 & MDE Guidance**<br>Non-Profit Organizations (i.e., includes open enrollment charter schools operated by a non-profit organization) |
| Travel (In-State or Out-of-State) for Non-Employees or for Students (does not include field trips) | Allowable with prior specific approval from MDE. |
| Trustees or Board of Directors | Allowable costs for travel and subsistence subject to restrictions regarding lodging, subsistence, and air travel costs. All non-profit board travel must be approved by a vote of the nonprofit board, must be identified on the approved management plan, and must be germane to the accomplishment of the project's objectives.<br><br>See "Travel Costs" |
| Tuition and Fees Related to Tuition | Allowable:<br>As it pertains specifically to the grant program.<br>CSP-Generally Not Applicable. |
| Tuition Remission | Not Applicable |
| Under-Recovery of Costs under Federal Agreements | Not Addressed<br>CSP-Generally Not Applicable. |
| Utilities | MDE does not allow the expenditure of CSP funds for the purposes of paying expenses related specifically to utilities, e.g., telephone service, long distance service, electricity service, gas service, fuel oil service, internet service, etc. Long distance telephone and conference call fees may be reimbursed when they are germane to the purposes of the grant and properly documented. |