

Request for Service Level Exemption (Start-Up Allowance) Instructions

Applicants may request a start-up allowance within this Request For Application (RFA). A new or expanding program may not have sufficient enrollment during the first contract period while the program is starting-up, but may have reimbursable expenses. The statute allows up to 15 percent of the annualized award amount to be paid without provided services (*Education Code Section 8275 and California Code of Regulations, Title 5 Section 18034*). Start-up allowance is not additional funding but is part of the total annualized contract award.

Contracted agencies will only be reimbursed for approved reimbursable expenses incurred during the contract period. Unexpended funds cannot be transferred to a subsequent fiscal year. Applicants must complete the Start-Up Allowance Line Item Request and the Start-Up Allowance Budget Narrative Justification sections to apply for a start-up allowance.

The Line Item Request should include the quantity, unit cost, and total cost. Certain listed line items will not require a quantity or unit cost, such as office supplies. The total cost of the line item will suffice.

For example, the start-up request may include a line item for office supplies in the amount of \$1,000. The budget listed in the Line Item Request does not need to include the quantities or unit costs of the different supplies purchased. Below are examples of Line Items that would need itemized details:

- Staffing and Personnel: \$2,420
 - 1 Teacher @ \$17 / hour at 20 hours = \$340
 - 1 Site Supervisor @ \$20 / hour at 20 hours = \$400
 - 1 Center Director @ \$28 / hour at 60 hours = \$1,680

- Computers and Software: \$1,050
 - 1 Desktop Computer @ \$500
 - 1 Desktop Color Printer @\$150
 - 1 Enrollment Software @ \$400

The second part to the Request for Service Level Exemption (Start-Up Allowance) is the Start-Up Allowance Budget Narrative Justification. This section should provide a written description that justifies the need for each requested line item by providing further details of the purpose for each item (i.e.: who will be using or benefiting from the item, what is the item going to be used for, etc.). For all items requested, the criteria California Department of Education (CDE) will use for approving the item are whether the cost is reasonable and necessary. To elaborate on one of the examples listed above, an example for a line item justification could be:

- Computers and Software: There is a need to furnish a new classroom, therefore one computer and printer is needed for the teacher's use for enrollment tracking and various daily class assignments.

For Local Educational Agencies (LEAs) and Community Based Organization (CBOs), preapproval by the CDE is required for equipment purchases and renovation costs if:

- The per unit acquisition cost equals or exceeds the lesser of the capitalization level established by the contactor, or \$5,000 including tax.
- The sum of all items/components necessary to perform the intended purpose of the equipment exceeds \$10,000, including tax.

CBOs will also need to obtain bids for purchases with a per-unit cost equal to, or more than \$5,000 or if the purchase of all related items exceeds \$10,000. The bids must be submitted to the Early Learning and Care Division (ELCD) for approval.

When possible, procurements should be consolidated. Subdividing equipment purchases into separate items to avoid the bidding or approval requirements is prohibited (i.e., individual computer components such as the computer, monitor and software are all included in determining whether the equipment purchase requires prior approval).

All items listed in the start-up allowance must be approved by Child Development and Nutrition Fiscal Services (CDNFS) and the ELCD (if applicable). The ELCD will approve the high value equipment and renovation costs as outlined above and CDNFS will approve the remaining requested line items in the start-up request. All requested items and renovations must be listed on the start-up line-item form. Approval for all start-up items must be obtained prior to making purchases. Do not make purchases for start-up items prior to receiving approval from CDNFS and the ELCD (if applicable).

Start-Up Allowance Budget Narrative Justification

Include justification and support for each line-item request. This should be a written description that justifies the need for each requested line item in the Request for a Service Level Exemption.