**Attachment K-1, One Time Start-up Costs**

Initiating a grant-funded project requires efficient mobilization and resource acquisition. Understanding allowable start-up costs, as defined by federal agency guidance (2 CFR 200) and the Texas Grant Management Standards (TGMS v1.1), is crucial for a successful project launch. This guidance ensures responsible use of grant funds while enabling essential project activities to commence.

**Key Considerations for Allowable Start-Up Costs:**

* **Direct Project Relevance:** Start-up costs must demonstrably initiate or facilitate core project activities. They should not be extraneous expenses.
* **Reasonableness:** As with all grant expenditures, start-up costs must be reasonable in amount. Avoid exceeding what a prudent person would spend under similar circumstances.
* **Necessity:** Start-up costs should be necessary to begin project execution effectively. Evaluate if these expenses are truly essential for a successful project launch.
* **Alignment with Award Terms:** All start-up activities must comply with the terms and conditions outlined in the official grant award document.

Start-up costs encompass activities necessary to transition from project planning to execution. **The items listed below are only a guide and do not constitute approval from HHSC for use of funds for these purposes. HHSC will approve any start-up costs in coordination with grantees through submission of budget proposals.**

**Typically allowable start-up costs under federal and Texas guidelines:**

* **Personnel and Fringe**
* Compensation/benefits/taxes for new hires/satellite staff.
* Compensation/benefits/taxes for organization’ shared staff.
* **Travel**
* Travel to/from training and professional development courses for staff.
* **Equipment and Supplies**
* Workstations, computers, phones to meet the physical needs for new/satellite office space.
* Required curriculums for the new program.
* Programmatic supplies.
* Office supplies to outfit new/satellite office space.
* Office equipment leases for new/satellite office space.
* **Contractual and Other**
* Obtain/Retain/expand insurance for anything related to the new program.
* Construction costs for building or renovation of facility to set up new/satellite office space for the new program.
* Occupancy and maintenance (e.g., rent, utilities, etc.) to establish new/satellite office space for the new program.
* Outreach and Community engagement, website development, communications plan to engage and inform community and retain network of providers.
* Lease or purchase of vehicles related to program provision.
* Telecommunication services to set up new/satellite office space.
* Software development (e.g., system upgrades) to assume case management and other services.
* Program share of organization's IT support and office software will transfer to new services.
* Criminal history checks (if applicable/required) for new staff.
* Registration costs for training and professional development courses for staff.

**Activities not typically allowable as start-up costs:**

* **Pre-Award Activities:** Pre-award costs are those incurred prior to the effective date of the award and include costs associated with proposal development, such as consultant fees or travel for proposal meetings.
* **Routine Project Activities:** Ongoing operational expenses such as salaries for ongoing project work or routine office supplies.
* **Activities Completed Before Award:** Project expenses incurred before the official grant award notification.

**Sources:**

* 2 CFR 200 Uniform Guidance: <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1>
* Texas Grant Management Standards (TGMS): <https://comptroller.texas.gov/purchasing/grant-management/>