

Elementary and Secondary Education Act (ESEA) Allowable and Unallowable Costs

Purpose

The purpose of this document is to provide guidance on how local educational agencies (LEAs) may spend federal funds in accordance with regulations governing the Elementary and Secondary Education Act (ESEA), as reauthorized by the Every Student Succeeds Act (ESSA). Additionally, ESEA requires that LEAs receiving federal funds administer and implement programs in compliance with the [Uniform Grant Guidance \(UGG\)](#) and the [Education Department General Administrative Regulations \(EDGAR\)](#).

LEA's often want specific examples or lists of allowable costs for the use of ESEA funds. However, allowability is determined by the circumstances surrounding the potential expenditure.

The following questions should be considered when determining allowability of an expenditure –

1. Is the expenditure "reasonable and necessary" to carry out the intent of the program?
2. How is the expenditure related to a high-need, core student achievement area identified in the comprehensive needs assessment and specifically described in the district and/or school plan(s)?
3. If the expenditure is for professional development, is it aligned to student need and delineated in the district and/or school plan(s)?
4. What is the projected outcome/objective for the expenditure?
5. How will the expenditure be evaluated?
6. If the expenditure is for family engagement, does it increase the understanding of families in how to support their student(s) and is it included in the district and/or school plan(s)?
7. If the expenditure is questionable, is there a more appropriate funding source to use?

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Allowable Cost

An allowable cost must meet the following criteria found in [2 C.F.R. §200.403](#) and [2 C.F.R. §200.404](#).

1. Be necessary and reasonable for the performance of the grant..
 - a. A cost is “necessary” if it meets an important program objective. The cost must address an identified need.
 - b. A cost is considered “reasonable” if, in its nature and amount, it does not exceed that which would be incurred by a prudent person.
2. Conform to any limitations or exclusions.
3. Be consistent with policies and procedures.
4. Be accorded consistent treatment.
5. Be determined in accordance with generally accepted accounting principles.
6. Not included as a cost or used to meet cost sharing or matching requirements.
7. Be adequately documented.
8. Costs must be incurred during the approved budget period.

Allocable Cost

A cost is allocable to a particular federal award if the goods or services involved are assignable to that federal award in accordance with relative benefits received. [2 C.F.R. §200.405\(a\)](#)

1. To what extent are the expenditures charged to a particular grant program benefiting the program?

Needs Assessment

When determining activities, the LEA must take into consideration the need and goal of the activity. The LEA must consider data measured through the implementation of the activity, the performance measure, and the expected outcome. ESEA requires the use of funds to be driven by data, to ensure the subrecipient is utilizing the funds in a way that will benefit the needs of the students. [ESEA 1114\(b\)\(6\)](#), [ESEA Section 4106\(d\)](#)

Supplement, Not Supplant

In general, ESEA funds must be used to supplement state and local funds available. Each ESEA program has specific supplement, not supplant requirements that need to be followed. ESEA Section 1118(b)(1), ESEA Section 2301, ESEA Section 3115(g), ESEA Section 4110, ESEA, Section 5232, [34 C.F.R. §200.29\(b\)\(2\)\(viii\)](#), [34 C.F.R. §200.25\(d\)](#)

Evidence Based Interventions

Evidence-based interventions are practices or programs that have evidence to show they are effective at producing results and improving outcomes when implemented. [ESEA Section 8101\(21\)](#)

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Title I, Part A	
Allowable	Unallowable
Supports for Students: • Certified teachers and paraprofessionals (supplemental to any required positions) • Proportional benefits including retirement and health insurance for Title I, Part A funded staff • Counseling (supplemental to state requirements) • School-based mental health programs, specialized instructional support services, mentoring services, and other strategies to improve students' skills outside the academic subject areas • Equitable services for nonpublic school students • Pre-kindergarten, summer, and extended day programs • Transportation for Title I, Part A programs if not otherwise available • Field trips aligned with academic content • Preparation for and awareness of opportunities for postsecondary education and the workforce. This may include career and technical education programs and broadening secondary school students' access to coursework to earn postsecondary credit while still in high school (such as Advanced Placement, International Baccalaureate, dual or concurrent enrollment) • Supports to remove barriers for students identified as homeless • Transportation supplemental to normal district costs for students identified as homeless • Transportation for students in foster care supplemental to normal district costs	Supports for Students: • Proportional salary for time NOT spent on working on Title I, Part A activities • Salary for any positions that are required under state law • Everyday student transportation • Base pay for principals (contract hours) • Superintendents and other district level personnel with districtwide responsibilities • Base pay for non-supplemental teachers • In Title I, Part A Targeted Assistance Schools: costs/services not related to Title I, Part A students
Support Staff: • Clerical staff for Title I • Data management staff for Title I only • Secretary and/or clerks for Title I only	Support Staff: • General administrators • School year nurses • Data management for the entire school

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• Title I coordinators and administrators • Stipends for principals outside of contract hours	• Special Education services (Occupational Therapy (OT), Physical Therapy (PT), Speech therapy) • Costs/services not related to Title I, Part A
Supplies and Materials: • Instructional materials for Title I programs • Instructional software, subscriptions, or licenses (do not cross fiscal years) • Diagnostic and progress monitoring materials for Title I programs • Title I data management software • Technology to upgrade the educational program of a Title I, Part A Schoolwide Program	Supplies and Materials: • Curriculum for the general classroom and core courses • Food and refreshments for staff activities, including working lunches • Furniture and office equipment is generally not allowable unless it is necessary for a Title I, Part A room/program • Incentives to reward students for participation in a Title I, Part A program, such as monetary awards or rewards with monetary value such as passes to amusement parks or gift certificates • Any costs related to entertainment, amusement, or diversion • Core instructional materials to nonpublic schools • Direct reimbursement to nonpublic schools • Field trips for entertainment or recreational purposes only • Construction, remodeling, or renovation projects
Parent and Family Engagement: • Parent liaison or coordinator • Family engagement consultants • Stipends for staff to plan for or participate in Title I activities outside contract hours • Costs for activities including materials, transportation and childcare	Parent and Family Engagement: • Non-educational based parent and family activities • Costs of entertainment, including amusement, diversion, and social activities and any associated costs (such as gifts), are unallowable unless they have a specific and direct programmatic purpose and are included in the federal award • Costs of prizes or challenges are allowable if they have a specific and direct programmatic purpose and are included in the federal award

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Professional Development: • Stipends and/or substitutes for staff (reasonable and necessary for the program) • Professional development activities aligned to a Title I, Part A Schoolwide Program or directly related to the needs of participating Title I students • Educational consultants • Reasonable supplies and materials for professional development activities • Travel costs are allowable if they relate to the grant program activities. The district must have a travel policy that is applied consistently across federal and non-federal programs. The policy should cover mileage, airfare, lodging, meals and/or per diem rates. Hotel rates for conferences or trainings must be reasonable.	Professional Development: • PD that does not meet the definition of ESEA 8101(42) • PD for individuals that do not meet the definition of personnel found in ESEA 8101(42) and 8101(44) • Motivational speakers • In a Title I, Part A Targeted Assistance Program, any professional development for instructors not working directly with Title I, Part A targeted students
Other: • District indirect costs	Other: • Construction - major building construction, structural alterations to buildings, modifications, improvements, building maintenance, or repairs • Advertising and public relations • Awards and ceremonies • Incentives and prizes • Costs of entertainment, including amusement, diversion, and social activities and any associated costs (such as gifts), are unallowable unless they have a specific and direct programmatic purpose and are included in the federal award • Costs of prizes or challenges are allowable if they have a specific and direct programmatic purpose and are included in the federal award • Gift cards • Fundraising • Food

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	• Non-educational games, devices, and field trips • Social Events • Alcoholic Beverages
Title I, Part D	
Allowable	Unallowable
Staff Salaries: • Teacher for supplemental instruction, such as academic intervention services (AIS) • Certified teachers and paraprofessionals (supplemental to any required positions) • Proportional benefits including retirement and health insurance for N&D funded staff • Guidance counselor for N&D students (supplemental to state requirement) • Social workers for N&D students (supplemental to state requirement) • Career and technical educational instruction (vocational) • Tutors • Transition coordinator and transition staff • Substitutes for allowable positions • Paraprofessional • Clerical staff (N&D focused) • Data management staff (N&D focused) • Secretary and/or clerical position (N&D focused duties only)	Staff Salaries: • Teachers providing core instruction • Base pay of principals • Special education related services (OT, PT, Speech) • Secretary and/or clerical position (with agency/facility focused duties) • Correctional/security officers (with agency/facility focused duties) • Benefits for any core or NON-N&D position
Professional Development: • Professional development opportunities for individuals that work with N&D students • Stipends for N&D program staff attending appropriate professional development held outside of the contract day and/or year • Travel costs are allowable if they relate to the grant program activities. The district must have a travel policy that is applied consistently across federal and non-	Professional Development: • Professional development not related to the N&D program • Professional development for NON-N&D staff or instructors • Single day stand-alone conferences • PD that does not meet the definition of ESEA 8101(42) • PD for individuals that do not meet the definition of personnel found in ESEA 8101(42) and 8101(44)

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federal programs. The policy should cover mileage, airfare, lodging, meals and/or per diem rates. Hotel rates for conferences or trainings must be reasonable. Materials, supplies, and equipment for use in N&D program PD sessions that are reasonable and necessary to carry out PD	
Supplies, materials, and equipment: - Materials, supplies, and equipment directly related and used by students and approved N&D staff, aligned with program goals (laptops, Smartboards, iPads, copiers, printers, etc.) - Instructional software, subscriptions, or licenses (do not cross fiscal years) - Computers for use by students - Classroom libraries (supplemental)	Supplies, materials, and equipment: - Supplies and equipment for classes, activities and staff not paid with N&D funds, even if they work with N&D students at that time - Equipment for administration or business staff - Security monitoring equipment/software - Textbooks - Core reading series - Permanent structural items - Classroom furniture
Other: - Supplemental academic intervention services - Diagnostic tests – For ongoing assessment only - Materials for parent/family engagement activities - Transporting parents/family members to meetings - After school and summer programs (non-credit) - Transportation for N&D students to attend N&D program activities	Other: - Credit-recovery after school and summer programs - Standardized screening tests to determine student eligibility - Fees, registration, and dues for non-allowable N&D activities/expenses such as, but not limited to mobile phone contracts, cable service, and internet provider service - Costs not related to N&D supplemental activities
Transition Services: - Transition coordinator/transition staff for intake and discharge activities - Transitional services needed to ensure a successful transition of a student into, through and from the facility to further education or employment - Career counseling and technical educational instruction (vocational)	

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Title II, Part A	
Allowable	Unallowable
Staff Salaries - Program Administrator/Grant Manager/Professional Development Coordinator - portion of the salary dedicated to administration of the Title II, Part A program - District Mentoring and/or Induction Administrator - Academic/Instructional Coaches for any subject - Teacher salary to reduce class-size - Incentivize pay and reward excellent educators serving in the district's highest-need schools (Must be linked to measurable increases in student academic achievement produced by the efforts of that teacher or school leaders.) - Differential and incentive pay for educators in high-need academic subject areas and specialty areas (Must be linked to measurable increases in student academic achievement produced by the efforts of that teacher or school leaders) - Clerical staff for Title II, Part A grant work-only for the portion of salary dedicated to Title II, Part A support - Benefits including retirement and health insurance for time worked on the Title II, Part A program	Staff Salaries - Entire salary unless the manager's entire responsibility is Title II, Part A - Salaries for classroom teachers - Stipends for tutors - Substitutes for teachers not attending TIIA funded PD or not funded as class-size reduction teachers - Professional development that does not meet the definition of 8101(42) - Professional development for individuals that do not meet the definition of personnel found in 8101(42) and 8101(44) - Motivational speakers
Supplies and Materials - Supplies to be used strictly for professional development such as books, software, instructional technology - Meeting supplies such as chart paper, pens, binders, easels	Supplies and Materials - Supplies to be used in the classroom or by students - Anything not directly connected to educators' professional development
Contractual services - Consultants to improve content knowledge and/or classroom practice for any subject - Consultants to provide training to enable educators to involve parents in their children's education room	Contractual Services Contractual services not approved in the budget

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• Consultants to improve classroom management • Substitutes for teachers attending Title II, Part A funded professional development or for class size reduction • Professional development on social and emotional learning, school climate, inclusive practice, behavioral health, and other issues related to school conditions for student learning • Consultants for nonpublic school equitable participation	
Travel (Conference and Course Registration) • Conference registration for professional development • Course reimbursement for professional development • Professional development for nonpublic school teachers • Travel costs are allowable if they relate to the grant program activities. The district must have a travel policy that is applied consistently across federal and non-federal programs. The policy should cover mileage, airfare, lodging, meals and/or per diem rates. Hotel rates for conferences or trainings must be reasonable. • Support for National Board Certification • Career advancement opportunities for current staff members, such as paraprofessionals	Travel (Conference and Course Registration) • Meals for school/district professional development meetings
Other: • Membership/subscription for professional development • Costs to improve the recruitment, placement, support, and retention of culturally competent and responsive educators, especially educators from underrepresented minority groups, to meet the needs of diverse student populations • Printing/copying for professional development	Other: • Costs of entertainment, including amusement, diversion, and social activities and any associated costs (such as gifts), are unallowable unless they have a specific and direct programmatic purpose and are included in the federal award • Costs of prizes or challenges are allowable if they have a specific and

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- Space rental for professional development - District indirect costs	direct programmatic purpose and are included in the federal award
Title III, Part A	
Allowable	Unallowable
Staff Salaries: Extra duty pay is allowable only if the activity is Title III specific and supplemental (during, before or after school)	Staff Salaries: - Salaries for certified bilingual and ESL teachers - Stipends - One time hiring bonuses
Certification: Only allowable when the LEA is meeting all state requirements and is going above and beyond what is required under state policy to build capacity	Certification: - Certification testing fees - Payment fee to add endorsement to existing teaching license
Supplemental Staff Expenses: - Salaries for bilingual/ESL instructional coaches - Support personnel, including paraprofessionals to provide services to immigrant children and youth - Clerical positions to support Title III, Part A activities - Family, literacy, and parent outreach liaison	Supplemental Staff Expenses: Salaries for Bilingual and/or ESL Administrators/Coordinators
Professional Development: - Effective professional development for classroom teachers, principals, and other school or community based organizational personnel - Supplemental training opportunities to enhance the ability to understand and implement curricula, assessment practices and measures, and instructional strategies - Conferences that offer effective professional development opportunities to improve the instruction and assessment of English learners - Travel costs are allowable if they relate to the grant program activities. The district must have a travel policy that is applied consistently across federal and non-	Professional Development: - Training associated with any state required training - Professional development for teachers to get appropriately certified - Motivational speakers - Professional development that does not meet the definition of ESEA 8101(42) - Professional development for individuals that do not meet the definition of personnel found in ESEA 8101(42) and 8101(44)

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federal programs. The policy should cover mileage, airfare, lodging, meals and/or per diem rates. Hotel rates for conferences or trainings must be reasonable.	
Assessment/Instructional Materials and Equipment: • Supplement instructional materials • Instructional software, subscriptions, or licenses (do not cross fiscal years) • Access to, and participation in, electronic networks for materials and trainings	Assessment/Instructional Materials and Equipment: • LEAs may not use Title III funds for purposes related to identification and reclassification of English learners
Supplemental Program Services: • Upgrading program objectives and effective instructional strategies • Providing the following: Tutorials and academic or career and technical education for English Learners; and Intensified instruction which may include materials in a language that the student can understand • Developing and implementing effective preschool, elementary school, or secondary school language instruction educational programs that are coordinated with other relevant programs and services • Providing community participation programs, family literacy services, and parent and family outreach and training activities to English learners and their families to do the following: - o Improve the English Language skills of English learners; and - o Assist parents and families in helping their children to improve their academic achievement by becoming active participants in the education of their children • Improving the instruction of English learners which may include English learners with disabilities	Supplemental Program Services: • Translation and interpretation services that are required under Title VI of the Civil Rights Act may not be paid with Title III funds • Pay for the required English Leander Summer School Program for English learners entering Kindergarten and first grade • Adult ESL classes for parents and families of non-English learners

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• Offer early college high school or dual or concurrent enrollment programs or courses designed to help English learners achieve success in postsecondary education • Foreign transcript evaluations for immigrant students •	
Other Supplies/Engagement Activities: • Technology equipment and electronic devices for the purpose of instruction • To increase attendance or participation in engagement events, the following expenses are allowed: Translation and interpretation services and transportation	Other Supplies/Engagement Activities: • Instructional materials for general education classrooms • Meals for parents or students • door prizes • Costs of entertainment, including amusement, diversion, and social activities and any associated costs (such as gifts), are unallowable unless they have a specific and direct programmatic purpose and are included in the federal award • Costs of prizes or challenges are allowable if they have a specific and direct programmatic purpose and are included in the federal award
Title IV, Part A	
Allowable	Unallowable
Well Rounded Educational Opportunities: • Improve access to foreign language instruction, arts, and music education • Support college and career counseling, including providing information on opportunities for financial aid through the early FAFSA • Provide programming to improve instruction and student engagement in science, technology, engineering and mathematics (STEM), including computer science, and increasing access to these subjects for underrepresented groups • Promote access to accelerated learning opportunities including Advanced Placement (AP) and International Baccalaureate (IB) programs, dual or	Well Rounded Educational Opportunities: • Textbooks (must exhaust all other means of funding prior to utilizing federal grant funds) • Direct reimbursement to non-public schools (if applicable) • Base pay for principals (contract hours) and district staff that are employed to benefit the district as a whole (Superintendent, Assistant Superintendent, Business Manager, Accountant) • Construction - major building construction, structural alterations to buildings, modifications, improvements, building maintenance, or repairs

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concurrent enrollment programs and early college high schools • Strengthen instruction in American history, civics, economics, geography, government education, and environmental education • Offer educational opportunities that integrate multiple disciplines, such as programs that combine literacy and history or art and mathematics • Develop or enhance service-learning activities that promote volunteerism and community involvement • Transportation to/from educational field trips	• Transportation costs (for staff or students) to or from school • Advertising and public relations • Awards and ceremonies • Costs of entertainment, including amusement, diversion, and social activities and any associated costs (such as gifts), are unallowable unless they have a specific and direct programmatic purpose and are included in the federal award • Costs of prizes or challenges are allowable if they have a specific and direct programmatic purpose and are included in the federal award • Incentives and prizes • Gift cards • Fundraising • Non-educational games, devices, and field trips • Alcoholic beverages • Professional development that does not meet the definition of ESEA 8101(42) • Professional development for individuals that do not meet the definition of personnel found in ESEA 8101(42) and 8101(44) • Motivational speakers
Safe and Healthy Schools: • Bullying prevention • Relationship building skills • Dropout prevention • Re-entry programs and transition services for justice-involved youth • School readiness and academic success • Child sexual abuse awareness and prevention • Reducing use of exclusionary discipline practices and promoting supportive school discipline • Suicide prevention	Safe and Healthy Schools: • Textbooks (must exhaust all other means of funding prior to utilizing Federal grant funds) • Base pay for principals (contract hours) and district staff that are employed to benefit the district (Superintendent, Assistant Superintendent, Business Manager, Accountant) • Direct reimbursement to nonpublic schools • Construction - major building construction, structural alterations to

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• School Resource Officer (supplemental to state requirements) • Drug and violence prevention • Health and safety practices in school athletic programs • School-based health and mental health services • Healthy, active lifestyle services • Nutritional education • Physical activities • Trauma-informed classroom management • Preventing use of alcohol, tobacco, smokeless tobacco, electronic cigarettes • Chronic disease management • Mentoring activities • School counseling activities (supplemental to state requirements) • Schoolwide Positive Behavioral Interventions and Supports • Pay for Success Initiatives	• buildings, modifications, improvements, building maintenance, or repairs • Transportation costs (for staff or students) to/from school for activities • Advertising and public relations • Awards and ceremonies • Costs of entertainment, including amusement, diversion, and social activities and any associated costs (such as gifts), are unallowable unless they have a specific and direct programmatic purpose and are included in the federal award • Costs of prizes or challenges are allowable if they have a specific and direct programmatic purpose and are included in the federal award • Incentives and prizes • Gift cards • Fundraising • Food • Non-educational games, devices, and field trips • Alcoholic beverages • Professional development that does not meet the definition of ESEA 8101(42) • Professional development for individuals that do not meet the definition of personnel found in ESEA 8101(42) and 8101(44) • Motivational speakers
Effective Use of Technology: • Support high-quality professional development for educators, school leaders, and administrators to personalize learning and improve academic achievement • Minor expenditures to expand technological capacity and infrastructure • Carry out innovative blended learning projects	Effective Use of Technology: • Technology purchases over 15% of the funds devoted to effective use of technology • Major infrastructure enhancement • Cell phones for personal use • Direct reimbursement to non-public schools (if applicable) • Base pay for principals (contract hours) and district staff that are employed to benefit the district as a whole

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• Provide students in rural, remote, and underserved areas with the resources to benefit from high-quality digital learning opportunities • Deliver specialized or rigorous academic courses and curricula using technology, including digital learning technologies	(Superintendent, Assistant Superintendent, Business Manager, Accountant) • Construction - major building construction, structural alterations to buildings, modifications, improvements, building maintenance, or repairs • Transportation costs (for staff or students) to/from the school • Textbooks (unless supplemental to core instruction and not needed to access the school's core curriculum) • Advertising and public relations • Awards and ceremonies • Costs of entertainment, including amusement, diversion, and social activities and any associated costs (such as gifts), are unallowable unless they have a specific and direct programmatic purpose and are included in the federal award • Costs of prizes or challenges are allowable if they have a specific and direct programmatic purpose and are included in the federal award • Incentives and prizes • Gift cards • Fundraising • Food • Non-educational games, devices, and field trips • Alcoholic beverages • Professional development that does not meet the definition of ESEA 8101(42) • Professional development for individuals that do not meet the definition of personnel found in ESEA 8101(42) and 8101(44) • Motivational speakers
Title V, Part B	
Allowable	Unallowable
Follows the allowable expenditures authorized under any of the following:	

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• Title I, Part A – Improving Basic Programs Operated by Local Education Agencies • Title II, Part A – Supporting Effective Education • Title III, Part A – Language Instruction for English Learners and Immigrant Students • Title IV, Part A – Student Support and Academic Enrichment	
Title IX	
Allowable	Unallowable
• school supplies • fees to participate in the general education program • tutoring programs • before/after school programs • referral to community and social services • transportation to/from the school of origin • clothing/shoes (school uniform/dress code/gym uniform) • cap and gown • birth certificates • medical/dental services (glasses, hearing aids, immunizations) • counseling for issues affecting learning • outreach services to students living in shelters, motels, and other temporary residences	• class rings • yearbooks • rent • utilities • clothing for parents • food