

Allowable Use of Funds – Food and Supplies

Query – 06.29.2010

<p>Query: I received the following inquiry from one of my project directors. Do you know if these are allowable activities?</p> <p>“My colleagues and I at the University of Delaware are planning a summer institute on teaching in urban schools for our partnership teachers in our Title II grant. The institute will operate on Thursday and Friday (June 17,18) from 4:30-7 and Saturday from 9-4. I will like to ask permission to use some of our Title ii funds for refreshments (June 17,18) and breakfast/lunch on June 19. Please let us know if that’s permitted. We have about 22 teachers signed up for the institute. On another note, I would like to ask permission to use some of our funds (approximately \$400-500) to buy very basic school supplies for children at Bancroft school (partnership school) that would enable them to complete a summer course package prepared by the teachers to ensure that children do not fall behind during the summer. Please also let me know if this permitted.”</p> <p>From: Delaware</p>	
<p>Responses:</p>	
<p>South Carolina</p>	<p>Food is a allowable use of funds as long as it falls within our state guidelines for meals and is an approved line item in the budget.</p> <p>I don't know about your second question. I don't think the ITQ funds can be used to purchase materials for students since the ITQ funds are designed for Inservice Teachers to improve content knowledge. This may be a Richard Mellman question.</p>
<p>Utah</p>	<p>I interpret the Non-regulatory Guidance to allow for these expenses. You cannot keep anyone in workshops if you do not provide refreshments. Also, your small expenditures for supplies are allowable as well.</p>
<p>Puerto Rico</p>	<p>Hi. To a question intended to receive a Yes or No to applying indirect costs on participant support costs I received this response from the "Indirect Cost" guys at the USDE. The answer to whether or not using NCLB \$ for buying food for PD activities is allowable is on the second paragraph. We at PRCHE allow only one meal per instructional day with a top limit of cost per meal, but this is a rule established by us for the partnerships.</p>
<p>Wyoming</p>	<p>We allow our projects to spend a small amount of grant project funds on refreshments when “the work goes on.” In other words, it is allowable if consumed while participants continue to work.</p> <p>Buying supplies for classrooms is never allowable. The focus of these projects is professional development, and they may only buy supplies necessary for the professional development work.</p>
<p>Alabama</p>	<p>In Alabama we consider these to be disallowed.</p>

North Carolina	<p>In North Carolina, it has been our practice to allow expenditures such as those outlined in (the project director's) email, provided the expenditures are allowable under the guidelines established by the grantee IHE (i.e., the University of Delaware, in this case).</p>
Washington	<p>I think OMB Circular A-21 (Cost Principles for Educational Institutions) section J.32 (Meetings and Conferences), which allows meals incidental to meetings or conferences, gives your U Delaware colleagues a good legal basis regard to paying for breakfast and refreshments. However, I would not allow participants to also claim per diem reimbursement for breakfast on those days.</p> <p>Refreshments should not be extravagant (in Washington we have a state guideline that refreshment costs can't exceed ½ of the allowable lunch per diem).</p> <p>In addition, you always have to keep in mind the overarching federal requirement that costs be reasonable and necessary. For example, it strengthens your "necessary" case if the breakfast is serving a business purpose, such as providing participants an opportunity to discuss project activities or form working relationships they wouldn't have if they breakfasted on their own. For example, US Department of ED usually provides breakfast at the DC meetings, and they may well use a similar rationale.</p> <p>Here is the Circular A-21 rule I referred to above:</p> <p>32. Meetings and Conferences. Costs of meetings and conferences, the primary purpose of which is the dissemination of technical information, are allowable. This includes costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences. But see section J.17 of this Appendix, Entertainment costs.</p> <p>A-21 is the OMB circular that applies to IHE's, so it would govern meals at summer institutes put on by IHE's for example. If the SAHE wanted provide meals at a conference it was hosting, OMB circular A87 (Cost Principles for State and Local Governments) would apply instead. A-87 has a "meetings and conferences" rule (Attachment B, section 27) reads as follows:</p> <p>27. Meetings and conferences. Costs of meetings and conferences, the primary purpose of which is the dissemination of technical information, are allowable. This includes costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences. But see section 14, Entertainment costs, of this appendix.</p> <p>Here is a link to OMB Circulars: http://www.whitehouse.gov/omb/circulars/</p> <p>Sadly, I doubt that it would be allowable to spend money on school supplies for the children. NCLB section 2134 spells out what the grant funds can be spent on, and it is difficult to see how paying for school supplies for children fits in. The section 2134 language is stated in terms of "professional development activities" and "developing</p>

	and providing assistance for . . . professional development activities.” You might be able to argue that the school supplies are necessary because without them the teacher participants would not be able to participate because they had to stay in their districts to teach summer school to the kids in question, but I think that’s probably a stretch.
Delaware	FYI (see below) -- this is the guidance that I received from the Department. Hopefully this may help you out in the future if you have questions regarding using grant funds to provide food.

USDOE Guidance: Allowability of Food Costs

In the past, the Department of Education’s OGC discretionary grant attorney has advised that food costs may or may not be allowable, depending on several factors: how the cost relates to the project’s goals and objectives; whether the expense is reasonable; who is receiving the benefit, etc. It is not a straightforward yes or no issue.

Therefore, the following is an outline of the various sources that address the food issue and the “rules” AITQ will use to ensure consistent guidance and application in determining whether or not food costs may be charged to a grantee’s project.

Background

Cost principles

General food costs – The cost principles do not address general food costs. However, food that is an entertainment cost is not allowed (e.g., a pizza party for a staff member’s birthday). Additionally, food that is considered to be a good for personal use is prohibited as a direct cost (e.g., paying for a coffee service for the office).

Food related to meetings/conferences – The cost principles do allow food costs that are part of a conference or meeting, the primary purpose of which is the dissemination of technical information.

Grantee application

Grantees have interpreted the cost principles differently – some more liberally than others. Several grantees are very restrictive about charging food to a Federal grant, and others limit its allowability to very specific instances. Universities generally allow the costs in conjunction with conferences and meetings; however, they require that the meeting involve people from outside the University. If the participants are only University staff, the food costs are not allowed. However, some grantees have read the cost principles more broadly and have allowed expenses that border on entertainment.

Other Federal Agencies

In the main, other Federal agencies have specified when food costs are allowed as part of a meeting. NIH and NSF take a similar approach, requiring that the expense be a “necessary and integral” part of the conference, meeting, etc. HHS has disallowed food for training under its training grants, but allows it if in conjunction with travel.

Contract Rule

The contract rule is very similar to the policy followed by NIH and NSF. It goes a bit further in that it spells out some considerations for when a meeting is necessary and integral.

Rules

To be directly charged to a federal grant, the food cost must be allowable, reasonable, and allocable.

Allowable

The cost is allowable if –

- 1) *it is part of a per diem or subsistence allowance provided in conjunction with allowable travel;*

OR

- 2) *it is a necessary and integral part of a conference, meeting, or training supported by the grant (provided that such charges are not duplicated in a participant's per diem or subsistence allowance as described in number 1)*
 - *the food must be incidental to the meeting, not just desirable*
 - *attendance of the participant at the meal is necessary for his or her full participation in the conference or meeting, or to fully benefit from the training*
 - *the participant is not free to take the meal elsewhere without being absent from essential discussion, lectures, or speeches concerning the purpose of the conference, meeting, or training;*

OR

- 3) *it is clearly related to the goals and objectives of the grant, for example:*
 - *Pizza for students during lunchtime as an incentive to come to a voluntary tutoring session; or*
 - *Donuts for dads as an incentive to increase parental involvement at the school.*

Reasonable – The cost of the food must be reasonable. It is not reasonable to spend \$750 on pizza for 10 students who participate in the voluntary lunch time tutoring session.

Allocable – The cost must be related to an activity that is specifically and clearly identified in the budget, and related to the goals and objectives of the grant.

Application

Based on the rules listed above, here are some common instances when food costs are requested. The answers “probably allowed” or “probably not allowed,” mean that other factors would need to be considered (including reasonableness of costs, the necessity of the meeting, etc.). This list is not intended to give definitive answers, but is an attempt to help you think about how the rules should be applied.

Not allowed

- Food for a regularly held staff meeting
- Banquet reception as part of an awards ceremony for graduating seniors that participated in a smaller learning communities program (cost seen as entertainment)

Probably not allowed

- Costs of working lunch for an on-site all-day professional development session when the cafeteria is open

Probably allowed

- Costs of coffee breaks and working lunch for an on-site all-day professional development session when the cafeteria is closed
- Snacks for students who stay afterschool to receive extra academic support
- School wide ice cream social as a reward for meeting a project goal (e.g., increased attendance rate) – will depend on reasonableness of cost

Allowed

- Food costs as part of a per diem or subsistence allowance provided in conjunction with allowable travel
- Food as part of a curriculum (e.g., food preparation courses, culinary arts, etc.)