



Title I, Part A Use of Funds - Food Costs

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### Reference

## BUDGETING COSTS GUIDANCE HANDBOOK

### Texas Education Agency

[https://tea.texas.gov/Finance and Grants/Administering a Grant.aspx](https://tea.texas.gov/Finance_and_Grants/Administering_a_Grant.aspx)

#### Using Federal Grant Funds to Pay for Food

When a subgrantee is hosting a meeting, the subgrantee may be able to use federal grant funds to pay for food, beverages, or snacks. However, there is a very high burden of proof to show that paying for food and beverages with federal funds is necessary to meet the goals and objectives of a federal grant. When a subgrantee is hosting a meeting, the subgrantee should structure the agenda for the meeting so that there is time for participants to purchase their own food, beverages, and snacks. In addition, when planning a meeting, subgrantees may want to consider a location in which participants have easy access to food and beverages.

While these determinations will be made on a case-by-case basis, and there may be some circumstances where the cost would be permissible, it is likely that those circumstances will be rare. Subgrantees, therefore, will have to make a compelling case that the unique circumstances they have identified would justify these costs as reasonable and necessary.

If program offices have questions, they should consult with their program attorney.

#### Receptions and Networking Sessions

In virtually all cases, using grant funds to pay for food and beverages for receptions and “networking” sessions is not justified because participation in such activities is rarely necessary to achieve the purpose of the meeting or conference.

#### Food Costs Included in Contracts with Hotels

Federal grant funds may only be used for expenses that are reasonable and necessary. In planning a conference or meeting and negotiating with vendors for meeting space and other relevant goods and services, subgrantees may only pay for allowable costs. If a hotel vendor embeds food and beverage costs into a hotel contract for meeting space, the subgrantee should work with the hotel to have the food and beverage costs identified and “backed out” of the contract, and have the price they are paying for meeting space appropriately adjusted to reflect the fact that food and beverages are not being purchased. The fact that food and beverages are embedded in a contract for meeting space does not mean that the food and beverages are being provided at no cost to the subgrantee.

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For more information, please contact your Regional ESC Title I, Part A contact or Anita Villarreal,  
Department of Contracts, Grants and Financial Administration [ESSASupport@tea.texas.gov](mailto:ESSASupport@tea.texas.gov)

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### Complimentary Beverages at Meeting Venues

If a hotel or other venue provides “complimentary” beverages (e.g., coffee, tea) and there is no charge to the subgrantee hosting the meeting, the subgrantee has an obligation, under these circumstances, to confirm that the beverages are truly complimentary and will not be reflected as a charge to the grant in another area. For example, many hotels provide complimentary beverages to all guests who attend a meeting at their facility without reflecting the costs of those beverages in other items that their guests or, in this case, the subgrantee purchases. As noted above, it would not be acceptable for a vendor to embed the cost of beverages in other costs, such as meetingspace.

### Using Indirect Cost Funds to Pay for Food and Beverages

The cost of food and beverages, because they are easily associated with a specific cost objective, such as a USDE grant, are properly treated as direct costs, rather than indirect costs.

As noted above, federal grant funds cannot be used to pay for food and beverages unless doing so is reasonable and necessary.

### Using Federal Grant Funds to Pay for Alcoholic Beverages

Use of federal grant funds to pay for the cost of alcoholic beverages is strictly prohibited.

### Boxed Lunches for Participants

Subgrantees may offer meeting participants the option of paying for food (such as lunch, breakfast, or snacks) and beverages, and arrange for these items to be available at the meeting.

### These are the steps and requirements for using Title I, Part A funds.

1. The campus in question must be a Title I, Part A campus.
2. LEAs must have a valid Supplement Not Supplant methodology for allocating State and local funds, or Statement of Exemption. [Note: if the use of funds is at the LEA level, TEA advises LEAs to apply the traditional presumptions of Supplant to determine if the use of funds is supplemental.]
3. LEAs should ensure that activities and/or resources are:
  - Identified in the Comprehensive Needs Assessments;
  - Included in the Campus Improvement Plan;
    - \* The plan addresses how the activity/resource identified will be evaluated; and
    - \* The plan addresses how the needs of students at risk of not meeting State Standards are being met.
  - Reasonable;
  - Necessary to carry out the intent and purpose of the Title I, Part A program;
  - Allocable; and
  - Allowable under Title I, Part A
4. The LEA assures that the expenditure(s) meet all EDGAR requirements.
5. The LEA assures that all district policies and procedures were followed.

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