

Texas Education Agency

Budgeting Costs Guidance Handbook

Effective July 1, 2025

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Introduction

The Texas Education Agency (TEA) administers federal¹ and state grant awards to its subgrantees² to carry out a program. Such entities include primarily school systems (referred to as local educational agencies [LEAs] in statutes), including independent school districts and charter schools; education service centers (ESCs); and, to a lesser degree, institutions of higher education (IHEs), nonprofit organizations (NPOs), and other statutorily allowable organizations.

The purpose of this handbook is to provide individuals responsible for managing TEA's federal and state-funded grants with general guidance on how to determine allowable costs and budget items by object code in accordance with grant requirements.

Guidance in this handbook has been updated to align with Office of Management and Budget (OMB) revisions to Title 2 of the Code of Federal Regulations, Part 200 (2 CFR Part 200), known as the Uniform Grant Guidance (UGG), as adopted by the U.S. Department of Education (USDE). Title 2 of the CFR is called the OMB Guidance for Federal Financial Assistance. The UGG revisions became effective with new federal awards made on or after October 1, 2024. Grantees may not retroactively apply the revised UGG to past costs and/or activities under an existing federal award that precedes the effective date of October 1, 2024. For federal grants awarded prior to October 1, 2024, prior guidance has been included in this handbook, as applicable.

Updated state grant cost considerations aligning to the UGG revisions are effective for grants awarded on or after September 1, 2025.

For state-funded grants, regional ESCs and limited other applicants must follow the [Texas Grant Management Standards \(TxGMS\)](#). See the [TxGMS](#) for detailed requirements. The Texas GMS do not apply to school districts or open-enrollment charter schools.

¹ TEA is the grantee and pass-through entity for federal education funding. *Grantee* is defined as the legal entity to which a grant is awarded and that is accountable to the federal government for the use of the funds provided. The term "grantee" does not include any secondary recipients, such as subgrantees and contractors, that may receive funds from a grantee pursuant to a subgrant or contract. (34 CFR 77.1) *Pass-through entity* is defined as a recipient or subrecipient that provides a subaward to a subrecipient (including lower tier subrecipients) to carry out part of a federal program. (2 CFR 200.1)

² *Subgrantee* is defined by TEA to be the same as a *subrecipient*, which is defined in 2 CFR 200.1 as an entity that receives a subaward from a pass-through entity to carry out part of a federal award. The term does not include an individual that is a beneficiary or participant of the program. TEA may use the terms *subgrantee*, *grantee*, *subrecipient*, and *applicant* synonymously.

Note:

- This handbook is intended solely to provide general budget information and guidance to subgrantees of TEA. It is not intended to encompass all requirements that may pertain to any specific project. Subgrantees are responsible for reviewing and ensuring compliance to applicable federal and state laws and regulations, TEA’s [General and Fiscal Guidelines](#), and programmatic requirements and allowable uses of funds as specified in the Program Guidelines and other documents of the Request for Application (RFA).
- Institutes of higher education (IHEs) and nonprofit organizations utilizing this handbook for general information should be knowledgeable of variations in requirements pertaining to their type of entity.
- For the purpose of this handbook, TEA may use the terms *grantee*, *subgrantee*, *applicant*, *applicant agency*, and *subrecipient* synonymously as the entity applying for grant funds administered by TEA.
- “Policies” or “policies and procedures” refers to written policies and procedures established by the applicant agency.

Disclaimer

This document is intended solely to provide general information and guidance to Texas school systems, ESCs, non-profit organizations and other subgrantees, and participating private schools receiving equitable services. The content in this document reflects the Texas Education Agency’s current understanding of statute and applicable federal guidance. The content of this document is subject to change as a result of future guidance and/or other updates provided by federal agencies with regulatory oversight of these programs. This document does not constitute legal advice, and entities are, therefore, advised to seek legal counsel regarding the information and guidance provided in this document before acting upon the information provided.

Use of Generative Artificial Intelligence (AI): Grantees using generative AI must be in compliance with any specific restrictions on such use under the grant award, as well as federal and state laws and regulations. Additionally, grantees must follow the requirements, restrictions, and quality control measures described in the [General Provisions and Assurances](#) that apply to all grants awarded by TEA. Grantees shall not allow generative AI to make decisions or judgments in performance of the grant award.

Recording/Use of AI During Grants-Related Meetings or Trainings: TEA does not permit third-party recording or the use of AI summary services during its grants-related meetings or trainings. Attendees of TEA’s grants-related meetings or trainings may not use AI services, language models, applications, interfaces, or assistants to attend, review, or record the meetings or trainings. TEA further prohibits any person or entity from using the information included in its grants-related

meetings or trainings to train AI technologies. Any attendees of TEA's grant-related meetings or trainings who violate this prohibition may be removed from the events and may be barred from attending future grants-related meetings or trainings.

For Additional Information

Grants Administration Resources

TEA's [Grants Administration Division](#) provides a number of online tools and resources to support eligible grant applicants in developing their budget and application for funding.

- [Applying for a Grant](#) provides an overview of the basic application process for eligible applicants.
- [Grant Resources](#) provides links to trainings, videos, additional handbooks and budget-related guidance, forms, tools, and a list of [frequently asked questions about grants](#).

Additionally, the following division webpages support post-award grant management.

- [Administering a Grant](#) provides an overview of post-award grant administration.
- [Amending an Application](#) explains how to modify an application, including its budget, after the Notice of Grant Award (NOGA) has been approved.
- [Expenditure Reporting](#) provides information about recording grant expenditures and requesting payment.

Additional TEA Resources

Refer to the following TEA resources while applying for and administering grant funds. These resources are referenced throughout this handbook.

- The [General and Fiscal Guidelines](#) apply to all grants administered by TEA. The guidelines cover topics including but not limited to: application process and submission procedures, distribution and management of grant funds, obligation of funds, procurement, equipment acquisition and disposition, direct administrative and indirect costs, pre-award costs, and competitive grants.
- A grant's Program Guidelines, available as part of the RFA on the [TEA Grant Opportunities](#) page, provide grant-specific information, including the purpose of the grant program, eligibility criteria, administrative cost limitations, statutory and TEA program requirements, and the allowability of certain types of costs under the grant program.
- The [Financial Accountability System Resource Guide \(FASRG\)](#) describes the rules of financial accounting for school districts, charter schools, and ESCs.

- The [Indirect Cost Rates](#) webpage provides current and past indirect cost rates for school systems and ESCs and explains the rate calculation method, while the [Maximum Indirect Costs Worksheet](#) is a helpful tool for calculating the maximum amount of indirect costs that can be claimed for a grant.
- The [Procurement Guidance Handbook](#) provides detailed information regarding procurement standards for goods and services.
- The [Forms for Prior Approval, Disclosure, and Justification](#) webpage provides forms to request prior written approval from TEA, forms for disclosure of certain activities, or justification forms for specific costs, as described in this handbook and the RFA for a grant.

Contacting TEA for Grant Support

Program-specific support: For questions about allowable uses of funds, grant implementation and requirements, or other program-specific information contained in the Program Guidelines, contact the TEA program manager listed as the Program Contact, under the Contact for Clarifying Information section of the Program Guidelines.

Grant application support: For application and amendment support or general grant-related questions, contact the [Grants Administration Division](#) using one of the following methods:

- **Noncompetitive grants:** Contact a grant negotiator directly using the [Grants Administration Division Contacts](#) document.
- **Competitive grants:** General questions about competitive or informal discretionary competitive (IDC) grants should be directed to CompetitiveGrants@tea.texas.gov.
- **Division email:** Grants@tea.texas.gov
- **Division phone:** 512-463-8525

Expenditure reporting: For questions about expenditure reporting, visit the [Expenditure Reporting](#) webpage, contact an [ER Fiscal Coordinator](#), or email TEAExpenditures@tea.texas.gov.

Grant Management Regulations

Grantees must follow all applicable statutory, regulatory, and programmatic requirements in determining whether costs are allocable, reasonable, and necessary before expending federal or state grant funds (see the [Allowability of Costs](#) section in this handbook). Additionally, grant funds must be expended in accordance with the approved budget.

In instances where state regulations or local policies have a higher standard than existing federal rules, the more restrictive policy should be followed. (2 CFR 400.203[c])

Education Department General Administrative Regulations (EDGAR)

[EDGAR](#) is a set of federal regulations and guidelines (34 CFR Parts 75-79, 81-86, 97-99) established by USDE to govern the administration and management of federal education grants and programs. Educational institutions and organizations receiving federal education funds are required to comply with EDGAR, as well as programmatic regulations (ESSA, IDEA, etc.) for the federal award. EDGAR regulations cover, but are not limited to, the application process, financial management, procurement, inventory management, time and effort, allowability, record retention, program oversight, and audit resolution.

Uniform Grant Guidance (UGG)

Per EDGAR, all federal education grants and agreements must follow the rules and regulations outlined in 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (commonly referred to as Uniform Grant Guidance, or UGG).

Program Statutes, Regulations, and Other Guidance

Federal grant programs must be in compliance with the authorizing statute and regulations (ESSA, IDEA, Perkins V, Workforce Innovation and Opportunity Act (WIOA), etc.).

Additionally, all grant programs must follow TEA's [General and Fiscal Guidelines](#) and [General Provisions and Assurances](#), as well as the RFA's Program Guidelines and other supporting documents. A grant's RFA can be located in the [TEA Grant Opportunities](#) page.

State-Funded Grants

To support consistency and uniformity in grant administration, cost principles for state-funded grants generally align with federal cost principles. Where applicable, variations in state and federal cost guidance may be noted in this handbook, but this document is not intended to list all grant-related state regulations, agency rules, or other requirements.

FASRG

Title 19 of the Texas Administrative Code ([TAC](#)) Chapter 109, Subchapter C (19 TAC 109.41) requires school systems and ESCs to follow uniform grant accounting principles described in the [FASRG](#). FASRG is often more restrictive than the federal EDGAR and UGG regulations and in those cases must be followed for federal grant funds.

For specific questions related to financial accounting and reporting, including coding, email TEA's Financial Compliance Division at financialaccountability@tea.texas.gov.

Texas Grant Management Standards

For state-funded grants, regional ESCs and limited other applicants must follow the [Texas Grant Management Standards \(TxGMS\)](#). See the [TxGMS](#) for detailed requirements. The Texas GMS do not apply to school districts or open-enrollment charter schools.

Note: In addition to following laws, principles, and requirements as listed in this section, grantees must consistently follow their local **written policies and procedures**. Grantees must regularly review their policies and procedures to ensure they are appropriate and up-to-date. Grantees must follow the most restrictive environment.

Allowability of Costs

Factors Affecting Allowability of Costs

There are a number of basic factors that will determine whether grant expenditures are allowable. These include factors such as, but not limited to, whether costs are reasonable, allocable, and necessary; when the cost obligations are made; whether costs are treated consistently regardless of funding source; whether the costs are programmatically allowable; and whether the costs are adequately documented.

- **Reasonable:** A cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost. (2 CFR 200.404)

Reasonable cost considerations:

- Whether the cost is recognized as ordinary and necessary for performance of the award
 - Whether the cost follows sound business practices; arms-length bargaining; federal, state, and local laws and regulations; terms and conditions of the award
 - What the market price is for comparable costs for the geographic area
 - Whether individuals acted with prudence in the circumstances considering their responsibilities to the grantee, its members, employees, clients, the public, and federal or state government
 - Whether the cost aligns with the grantee's established written policies and procedures for incurring costs.
- **Necessary:** A cost is necessary if it is essential to accomplish the objectives and requirements of the grant program. (2 CFR 200.403)

Necessary cost considerations:

- In order for actual costs incurred to be allowable, they must comply with the cost principles and other requirements of UGG, 2 CFR Part 200; be necessary and reasonable for proper and efficient accomplishment of project or program objectives; and be verifiable from the grantee's records.
- The costs must be identified in the program plan, or if applicable the campus/district improvement plan, to show it is verifiable in the grantee's records.
- **Allocable:** A cost is allocable to a particular grant if the cost is assignable to that grant in accordance with the relative benefits received. (2 CFR 200.405)

Allocable Cost Considerations— This standard is met if the cost satisfies any of the following criteria:

- It is incurred specifically for the grant.
- It benefits both the grant and other work of the grantee and can be distributed in proportions that may be approximated using reasonable methods.
- It is necessary to the overall operation of the grantee and is assignable to the grant in accordance with these cost principles.

Any cost allocable to a particular grant or other cost objective may not be shifted to other federal awards (or state awards, if state-funded) to overcome funding deficiencies or to avoid restrictions imposed by law or by the terms and conditions of the grant award.

To be allowable, costs also must:

- Conform to any limitations or exclusions set forth in the federal cost principles or in the grant award as to types or amount of cost items
- Be consistent with policies and procedures that apply uniformly to federally financed and other activities of the grantee. The grantee must follow the most restrictive policy (federal, state, or local).
- Be accorded consistent treatment as a direct or indirect cost across all grant programs, regardless of funding source
- Be determined in accordance with generally accepted accounting principles (GAAP)
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally or state-funded program in either the current or a prior period
- Be adequately documented

For more information on these and other basic factors of allowability, review the [General and Fiscal Guidelines](#). See also 2 CFR 200.403.

All costs must be budgeted in the approved application to be eligible to be charged (allocable) to the grant for allowable activities under the grant program.

Grant Program Purposes

Funds budgeted and expended through a grant program must be used in accordance with the purpose, goals, and objectives of the grant program, as well as statutory requirements and TEA program requirements. Each grant program administered by TEA has a set of Program Guidelines that describes the specific purpose, goals, objectives, and requirements of the grant, as well as allowability of administrative costs, pre-award costs, and other activities or uses of funds.

The Program Guidelines and other critical grant information are included in the grant's RFA in the [TEA Grant Opportunities](#) page.

Grant Period for Budgeted Costs

Program funds must be budgeted to be used within the grant period beginning and ending dates listed on the NOGA, or to a pre-award date if expressly permitted in the Program Guidelines for the individual grant program. For more information, see the [General and Fiscal Guidelines](#).

For noncompetitive grants (including federal formula grants), unless otherwise specified in the RFA, the grant period beginning date will be the latter of the following:

- The date the performance period begins, as listed on the grant award; or
- The date that the applicant submits its application in substantially approvable form (referred to as the "stamp-in date" in some applications)

Pre-Award

If the grant's Program Guidelines expressly allow the grantee to make certain program-related expenditures as of a specific date before the grant beginning date, such pre-award costs must be included within the original application for approval. Pre-award costs submitted in an amendment may require additional justification and documentation explaining why the request was not submitted in the original application; not all pre-award costs submitted in an amendment will be approved to apply retroactively. For additional information on pre-award costs, see the [General and Fiscal Guidelines](#).

Pre-award costs are part of, not in addition to, the total grant award.

Obligation of Funds

When preparing a grant application, the applicant agency should budget carefully with the understanding that awarded grant funds must be spent in accordance with the approved budget. Furthermore, all obligations for expenditure must be allowable per the grant program and made within the approved funding period (grant period start and end dates) listed on the NOGA, or to an applicable pre-award date, as described in the section above.

Expenditures must demonstrate relative benefit to the program to be allowable. When goods will be received, or services rendered, relative to the program's grant period should be taken into account when budgeting grant funds.

The [General and Fiscal Guidelines](#) provide additional information related to obligation of funds, and EDGAR 34 CFR 76.707 provides guidance on when certain types of costs are obligated.

Prior Approval

Certain activities, such as out-of-state travel or equipment costs, require prior approval from TEA, either through the application or, if applicable, through forms submitted to TEA. For more information, see the [Budget/Class Object Codes](#) and the [Forms for Prior Approval, Disclosure, and Justification](#) sections of this handbook.

Procurement

Procurement for goods and services using federal or state grant funds must follow the grantee's documented procurement policies and procedures, which must reflect applicable laws and regulations. Grantees must award contracts only to responsible contractors that possess the ability to perform successfully under the terms and conditions of a proposed contract. Grantees also must ensure that contracted parties are not suspended, debarred, or otherwise excluded from or ineligible for participation in the federal or state program. For more information, see the [General and Fiscal Guidelines](#), Procurement Standards section, and the [Procurement Guidance Handbook](#) (see also 2 CFR 200.318, 2 CFR part 180, and Appendix II to 2 CFR Part 200).

Unallowable Expenses

A cost that does not meet the basic factors of allowability under federal or state laws, regulations, or cost principles; terms and conditions of the award; or programmatic requirements for the grant program may not be reimbursed under the project. The authorizing entity may seek to recover any grant funds identified, in an audit or through program monitoring, as having been used for unallowable costs.

Other Grant Requirements

Supplement, Not Supplant

Supplement, not supplant (SNS) is a provision common to many federal statutes authorizing education grant programs. Generally speaking, the purpose of an SNS provision is to help ensure that federal grant funds are expended to supplement (expand or increase) the level of services, rather than supplant

(replace) costs for similar activities that the grantee would have paid for out of state, local, or other federal funds. State or local funds may not be decreased or diverted for other uses merely because of the availability of these funds.

Any program activity required by state law, State Board of Education (SBOE) rules, or local board policy may not be paid for with these supplemental grant funds. Grantees must maintain documentation that clearly demonstrates the supplementary nature of these funds. However, the grantee that identifies a potential supplanting issue may correct the issue at any time during the active grant period, as long as the correction is properly documented for fiscal monitors and auditors.

For more information on SNS, visit the [Supplement, Not Supplant Handbook](#).

Cost Sharing or Matching

Some grant programs or the authorizing statute may include a cost sharing or matching requirement.

For a federal grant program, cost sharing means the portion of project costs not paid by federal funds or contributions (unless authorized by federal statute). This term includes matching, which refers to required levels of cost share that must be provided. (2 CFR 200.1, 200.306)

Applicants must indicate eligible cost sharing/matching amounts in the application's budget, equal to or greater than the required cost sharing/matching amount or percentage. Unless otherwise stated in the Program Guidelines, applicants are not required to list cost sharing/matching amounts in the same object codes in which grant funds are budgeted. See the [General and Fiscal Guidelines](#) for more information.

Generative Artificial Intelligence (AI)

Grantees using generative artificial intelligence (AI) must be in compliance with any specific restrictions on such use under the grant award, as well as federal and state laws and regulations. Additionally, grantees must follow the requirements, restrictions, and quality control measures described in the [General Provisions and Assurances](#) that apply to all grants awarded by TEA. Grantees shall not allow generative AI to make decisions or judgments in performance of the grant award.

Recording/Use of AI During Grants-Related Meetings or Trainings: TEA does not permit third-party recording or the use of AI summary services during its grants-related meetings or trainings. Attendees of TEA's grants-related meetings or trainings may not use AI services, language models, applications, interfaces, or assistants to attend, review, or record the meetings or trainings. TEA further prohibits any person or entity from using the information included in its grants-related meetings or trainings to train AI technologies. Any attendees of TEA's grant-related meetings or trainings who violate this prohibition may be removed from the events and may be barred from attending future grants-related meetings or trainings.

Classification of Direct and Indirect Costs

Programmatic and administrative costs must be classified as either direct or indirect costs, as explained in the sections below. There is no universal rule for classifying certain programmatic or administrative costs as direct or indirect costs. Each cost incurred for the same purpose in like circumstances must be treated consistently either as a direct or an indirect cost to avoid possible double-charging of federal awards. (2 CFR 200.412) In other words, direct costs cannot also be recovered as indirect costs.

Direct Program Costs

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. (2 CFR 200.413)

Direct program costs are costs that are clearly linked with specific, program-related activities, such as instructional programs and services. These costs must be reasonable, allocable, and necessary to meet the program's intent. Program activities include, but are not limited to:

- Proportion of employee compensation and benefits expended to directly carry out program activities
- Trainings or professional development for teachers or employees working on the program
- Supplies and materials necessary to carry out program activities
- Equipment used specifically to carry out program activities
- Travel and other operating costs incurred specifically for program-related purposes

Administrative Costs

Administrative costs are costs that relate to the overall management of the grant program. Administrative costs may be either a direct cost or an indirect cost to the program. Administrative costs incurred for the same purpose in like circumstances must be treated consistently, regardless of funding source.

Administrative costs, including direct and indirect costs, are subject to the grantee's established written policies and procedures. Grantees are strongly encouraged to consult with their business office to ensure funds are correctly budgeted as either direct or indirect administrative costs.

Restrictions on the amount or percentage of administrative costs that can be charged to a grant project will be specified in the Program Guidelines for the grant.

Direct Administrative Costs

Direct administrative costs can be identified with a specific grant program with a high degree of accuracy. Personnel costs associated with the administration of the program and charged directly to the grant should be supported by time and effort documentation to the program, if applicable. Funds requested for direct administrative use must be requested in the application on the appropriate budget sections and/or schedules.

Note: Administrative and clerical staff salaries should normally be treated as indirect costs unless the services are integral to the grant award, the individuals involved can be specifically identified with the grant award, and the costs are not also recovered as indirect costs. In grant applications, the grantee should **only** identify positions paid as direct administrative costs by title or responsibilities, not by individual name. Individual names will be negotiated out of grant applications.

Examples of direct administrative costs may include the following, when they can be clearly allocated to the specific grant program:

- Accounting and other fiscal activities, including reporting expenditures to TEA
- Auditing, distributed across federal awards being audited, when a federal audit is required
- Overall program administration
- Evaluating and reporting on the progress and results of the grant program
- Monitoring compliance with the program requirements
- Salaries and benefits for personnel who supervise activities of program staff (supported by time and effort documentation)
- Salaries and benefits for personnel who perform fiscal and reporting activities related to the grant (supported by time and effort documentation)
- Insurance that protects the grantee
- Direct administrative costs included in an approved direct cost allocation plan
- Supplies and materials, or equipment, requested for administrative use (if allowable per the grant)
- Contracted services associated with the administration of the program

Indirect Costs

Indirect costs are costs incurred for a common or joint purpose benefiting more than one cost objective and not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. (2 CFR 200.1) These administrative costs are not identifiable with a particular grant program but are necessary for the grantee's general operation.

Examples of indirect costs include:

- Operation and maintenance of shared facilities
- General budgeting, accounting, or payroll preparation
- Human resources or personnel management
- Purchasing
- Legal departmental costs (Note: Such costs are generally unallowable with federal funds.)
- Centralized data processing
- Warehousing
- Administrative and clerical staff salaries not directly related to a specific award

Indirect costs are not required to be budgeted in the grant application in order to be charged to the grant. Indirect costs are calculated and reimbursed based on actual expenditures when reported in the [Expenditure Reporting](#) system, regardless of the amount budgeted and approved in the grant application, and can only accurately be calculated on the final expenditure report. Indirect costs claimed are part of the total grant award amount, not in addition to the grant award amount. Do not submit an amendment solely for the purpose of budgeting indirect costs.

For charging indirect costs to grants, grantees must comply with thresholds in their current indirect cost rate agreements issued by TEA (34 CFR 76.564[b]). For current-year indirect cost rates, as well as calculation information, visit the Federal Fiscal Compliance and Reporting Division's [Indirect Cost Rates](#) webpage.

A grant program's Program Guidelines will indicate whether a grantee should use their current restricted rate or unrestricted rate when calculating indirect costs to be charged to the grant program:

- **Restricted Rate** — The restricted indirect cost rate is used for grant programs where the supplement, not supplant requirement applies. The majority of the grants that TEA administers are subject to SNS, and the restricted indirect cost rate is applied to them.
- **Unrestricted Rate** — The unrestricted indirect cost rate is applied to grants not subject to the SNS requirement.

TEA may not further limit the amount of indirect costs allowed by a grant program. However, the authorizing statute may set a limit on administrative costs.

To calculate maximum indirect costs, use the [Maximum Indirect Costs Worksheet](#) available on the Grants Administration Division's [Grant Resources](#) webpage.

For additional information about indirect costs, refer to 2 CFR 200.414, as well as the [General and Fiscal Guidelines](#).

Administrative Closeout Costs

For federal grants awarded on or after October 1, 2024, administrative closeout costs may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the federal agency. All other costs must be incurred during the approved budget period. (2 CFR 403[h])

Examples of administrative closeout costs include:

- Salaries of personnel preparing final reports
- Publication and printing costs of associated final financial reports
- Related indirect costs

Applicable Credits

Any transactions that offset or reduce expenses to the federal grant must be credited to the federal grant either as a cost reduction or cash refund, as appropriate. This includes purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayment or erroneous charges. (2 CFR 200.406) Applicable credits are not considered program income.

If the applicable credit is received during the grant period, it must be credited to the current federal grant. When the applicable credit is received after the grant period, it must be processed as follows:

- If there is a like continuation grant in progress (e.g., Title I, Part A, or another continuing formula grant), the credit must be credited to the current year federal grant.
- If it is for a grant that has ended with no continuation grant currently in progress, the credit must be returned to TEA as a refund to be returned to the federal government.

The Application Process

Applying for Funds

To apply for grant funds, agencies meeting eligibility criteria must submit an application, budget, and any other required documentation to TEA according to the program's RFA instructions in [TEA Grant Opportunities](#). Depending on the grant program, an application will be submitted either as an eGrants application using a [TEA Login \(TEAL\)](#) account or as a PDF application emailed to the Grants Administration division per the application instructions. Agencies applying for funding should review the RFA and its related materials thoroughly to be sure all fiscal and programmatic requirements are considered before submitting an application. All applications are subject to review for grant compliance. Applications should be submitted in substantially approvable form in order for TEA to process and review the application.

Upon approval of the application for funding, TEA will issue a NOGA, which will specify the grant period beginning and end dates, funding amount(s), and other requirements of the grant.

Additional information about the application process is available on the [Applying for a Grant](#) webpage.

Amending an Application

After a grantee receives a NOGA for an approved application, the grantee might realize a need to make modifications to planned allowable activities or estimated budget costs. Some changes are within the grantee's power to make without seeking TEA approval. Other changes, such as adding or modifying costs for items or services that require specific approval, will require the grantee to submit an amendment to TEA for approval. Additionally, as necessary, TEA will require a grantee to make an amendment to adjust an application to meet compliance.

Refer to the [Amending an Application](#) webpage for guidance on determining whether a planned change to the grant program requires an amendment to the application. Additional information about amending a grant application can be found in the [General and Fiscal Guidelines](#).

Amendment requests should be made no later than the due date listed in the RFA on the [TEA Grant Opportunities](#) page. Late amendment requests are considered on a case-by-case basis following agency protocol; not all late requests can be accepted. Amendment requests received after the grant period end date will not be accepted.

Forms for Prior Approval, Disclosure, and Justification

OMB's Uniform Grant Guidance for federal awards requires that grantees take specific steps to seek approval or document intent before expending federal funds on certain activities. TEA has developed different forms to help grantees meet these requirements. An RFA's Program Guidelines and grant application will specify which type of form is required for specific costs. Forms and additional guidance are available on the [Forms for Prior Approval, Disclosure, and Justification](#) page, including forms for the following:

- **Special or Unusual Costs:** The reasonableness and allocability of certain items of costs may be difficult to determine. To avoid potential disallowance or dispute, the applicant may submit a form to request prior approval for special or unusual costs that do not align with the grantee's normal procurement activities. This form is not to be used when the cost is easily determined as an allowable program cost, or in instances when the cost is allowable but the grantee has never used the funds for that activity before.
- **Justification of Expenditures:** TEA requires grantees to justify, and document, their intent to expend grant funds on certain costs (for example, out-of-state travel, educational field trips, and hosting or sponsoring of conferences) by completing a justification form to be maintained locally. The completed forms must be submitted to TEA or an auditor upon request.

Budget Class/Object Codes

Expenditures for a grant program must be budgeted into the appropriate object code classifications in the grant application and submitted for approval to be reimbursed by TEA. The major object codes are described in this section. Additionally, certain item and service costs require specific approval from TEA and must be properly budgeted where designated in the grant application. All costs budgeted in the application must be allowable under applicable statutes, regulations, and rules, as well as the Program Guidelines and other applicable TEA guidance. Only request funds that are necessary to fulfill grant program objectives.

To ensure compliance with required accounting procedures, all applicants are strongly encouraged to consult with their business office about assignment of budgeted items to the proper object code classifications before submitting the application. Advance coordination with the business office will expedite negotiation and processing of the application and may assist in avoiding audit exceptions for the grantee.

School systems and ESCs are required to maintain records on all expenditures by budget function, object code, and year of entitlement (appropriation) in accordance with the provisions of the [FASRG](#).

eGrants applications may require additional budget information than the major object codes described in this section. Each schedule within the application has an Instructions button linking to a document that will provide details about how to complete the schedule.

Note: All references to allowable costs and object codes contained in this document relate only to grant-funded costs, whether specifically stated or not, and cannot be generalized to make an activity allowable under a grant.

Payroll Costs (6100)

Payroll costs include the gross salaries, wages, and benefit costs paid with grant funds for employees of the grantee. Do not list payroll costs for contractors, consultants, or other people who are not employees.

Employee means the employee of a grantee directly engaged in the performance of work under the award and who receives a W-2 from the grantee for their work, including:

- All direct charge employees
- All indirect charge employees, unless their impact or involvement in the performance of work under the award is insignificant to the performance of the award
- Temporary personnel who are directly engaged in the performance of work under the award and who are on the grantee payroll

This definition does not include workers not on the payroll of the grantee (for example, volunteers, even if used to meet a cost sharing requirement; consultants or independent contractors not on the payroll; or employees of grantees or subcontractors in covered workplaces). (2 CFR 182.640)

All positions should be allocable, reasonable, and necessary, and they should meet the intent and purpose for the fund source in which the position has been requested. Program guidelines may outline specific requirements for allowable positions. For grants in which supplement, not supplant applies, the grantee must maintain auditable documentation that demonstrates the allowable and supplemental nature of the position. Such documentation must be provided to TEA upon request.

Payroll costs must be reasonable for the services rendered and conform to the established written policies of the grantee consistently applied to all projects and activities, regardless of funding source.

6100 — Costs That Require Specific Approval

All employee payroll costs require specific approval in the application and must be allowable to the grant program. Report all applicable gross salaries, wages, employee benefits, substitute pay, stipends and extra-duty pay, or incentive pay to be charged to the program. The grant application may require specific information, such as the number and type of positions or whether positions are 100% — or less than 100% — funded by the grant program.

The percentage of staff salary funded by a grant program should directly correspond to the amount of time they work on grant projects and activities. However, by federal regulation, the grantee is only required to reconcile the actual time worked to time paid once at the end of the grant year.

For example:

- Staff who are 100% funded by the grant must spend 100% of their time and effort on activities to implement the grant.
- In the same manner, a split funded position paid 75% with federal funds and 25% with state funds must spend 75% of the total year's time worked on federally allowed activities. This split funded position may be paid monthly by the 75-25 split or may be paid fully with state funds for the first 25% of time and then fully with federal funds for the remaining 75% of the year, or vice versa. The key is the reconciliation at the end of the grant to ensure that total actual time worked on the federal project aligns to the amount of salary paid with federal funds.

Extra-Duty Pay/Stipends for Employees

Extra-duty pay and stipends for employees are compensation in lieu of or in addition to a salary paid to employees for services rendered, childcare, other work, or training. Extra-duty pay costs and stipends for employees include pay beyond normal work hours defined in the employment contract for professional or support personnel; such costs are determined by and must be consistent with local policy. Specific restrictions for a grant program may be noted in the grant's Program Guidelines.

Substitute Pay

Substitute pay is not to exceed the amount determined by local school system policy. Pay for substitute teachers is allowable only for public school and open enrollment charter school teachers. Substitute pay for private nonprofit school teachers is not allowable under any circumstances.

Allowable examples of substitute pay which may be paid with grant funds include the following:

- Replacing grant-funded teachers in the classroom who are absent
- Allowing teachers to participate in grant-funded professional development activities
- Allowing teachers to participate in grant-funded planning activities

Fringe Benefits

The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in 2 CFR 200.447); pension plan costs; and other similar benefits are allowable, provided such benefits are permitted under established written policies. The grantee must allocate fringe benefits to federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such federal awards and other activities, and charged as direct or indirect costs following the grantee's accounting practices. See 2 CFR 200.431 and 200.463 for additional details regarding what is allowable or unallowable for fringe benefits.

6100 — Unallowable Costs

The following employee payroll costs are generally unallowable for most grants, unless specified differently in individual grant Program Guidelines:

- Personal liability insurance
- Employer contributions to voluntary retirement plans such as 403(b) or 401(k)
- Substitute pay for private nonprofit school teachers
- Payroll costs that exceed local policy
- Special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel that do not meet the test of reasonableness or do not conform with the established practices of the grantee

Professional and Contracted Services (6200)

Professional, consulting, and contracted services are those services delivered by an independent contractor (individual, entity, or firm) who is not on the grantee's payroll and who offers its services to the public. Such services are paid on a fee basis for specialized services that are usually considered to

be temporary or short-term in nature, normally in areas that supplement the expertise of the grantee. Normally, a professional or contracted service represents a complete service that is rendered for the grantee, and no attempt should be made to separate labor from supplies.

The sections that follow provide descriptions and examples to help determine how to categorize services budgeted in object code 6200 per [FASRG](#). Professional and contracted services funded from payments to SSA member districts are also budgeted in 6200. Note that all professional and contracted services must follow federal procurement guidelines, regardless of how the contract is coded in FASRG. Furthermore, procurement must comply with the most restrictive policy, whether federal, state, or local (2 CFR 200.403[c]). See the [General and Fiscal Guidelines](#), Procurement Standards section, for more information.

Professional Services

Professional services (6219) are limited to the following specific services; professionals providing these services are required to be licensed or registered with the state.

- Accounting (for example, certified public accountant)
 - **Note:** Audit services belong in object code 6212.
- Architecture
- Landscape architecture
- Land surveying
- Medicine
- Optometry
- Professional engineering
- Real estate appraising
- Professional nursing

Selection of a provider and award of a contract must be made on the basis of demonstrated competence and qualifications to perform the services and be for a fair and reasonable price (Texas Government Code 2254.003).

Note: Costs required to be capitalized as ancillary charges necessary to place an asset purchased under 6200 into service should be recorded in 6600 Capital Outlay.

Consulting Services

Consulting services (6291) refers to the practice of helping districts improve performance by analyzing existing problems and developing future plans. Consulting may involve the identification and integration of best practices, analytical techniques, change management and coaching skills, technology implementations, strategy development, or operational improvement.

Consultants often rely on their outsider's perspective to provide unbiased recommendations. They generally bring formal frameworks or methodologies to identify problems or suggest more effective or efficient ways of performing tasks. Consulting services cover all functional areas such as instruction, curriculum, and administration.

Consultants must be selected based upon demonstrated competence, knowledge, qualifications and reasonableness of proposed fees. (Texas Government Code 2254.027)

Consulting does not include a routine service or activity that is necessary to the functioning of a school district's programs, such as hiring additional people on contract to supplement present staff. It does not apply to services provided to conduct organized activities such as training, professional development, or other similar educational activities. It also does not include contracted services provided by an ESC.

Consultant fees, travel costs, and costs for materials provided by the consultant must be reasonable and necessary.

6200 — Costs That Require Specific Approval

Professional and Consulting Services

All professional and consulting services require specific approval in the grant application, unless listed otherwise.

Contracted Services

Rental or lease of buildings, space in buildings, or land (6269) requires specific approval in the grant application. This includes building space for offices and does not include temporary space for trainings or conferences (for example, hotel meeting space).

Miscellaneous contracted services, including ESC services, that do not meet the definition of professional services or consulting services do not require specific approval and are described in the next section.

6200 — Costs That Do Not Require Specific Approval

The following costs do not require specific approval in the grant application. If the following costs are budgeted for professional and contracted services, they should be included in the "Remaining 6200 — Professional and Contracted Services that do not require specific approval" line of the schedule. All costs must be for allowable services directly related to the grant program and prorated for the amount used by the grant program.

Note: For procurement contracts under which a contracted person will have critical influence or substantive control over the transaction, contract only with persons not debarred or suspended from receiving financial assistance under federal programs.

- Test scoring
- Tuition and fees for staff and students for higher education, public, and nonpublic schools for the following:
 - Services rendered by institutions of higher education (IHEs) for the benefit of grantee personnel when payment is made directly to the institution
 - Tuition when the grantee is under contract with a public school to provide instructional services to students
 - Other tuition and transfer payments not detailed above (see [FASRG](#) for additional information)

Note: If tuition is to be paid by the staff or student participant and then reimbursed upon completion of the course, budget this cost in Other Operating Costs (6400).

- Maintenance and repair of equipment purchased with grant funds and rendered by firms, individuals, or organizations other than the grantee
- Maintenance or repair services for normal upkeep, repair, and minor restorations of grant-funded equipment. When contracted maintenance and repair services are rendered, the total cost of the service, including labor and parts, should be included in the appropriate contracted services account. Contracted maintenance and repair also may include upgrades for grant-funded software related to the equipment, normal upkeep and contracted repair of grant-funded vehicles, or maintenance agreement fees.
- Utilities, including the following:
 - Telephone and telecommunication services for mobile (cell) phones, landlines, internet connections, telephone systems, pagers, fax machines, and other similar telecommunication technologies for grant-funded activities

Regarding mobile (cell) phones:

- Mobile phone contracts must be in the name of the fiscal agent/grantee and not in the name of the employee.
 - TEA considers mobile phone stipends (or mobile phone allowances) as unallowable costs for both federally and state-funded grant programs.
- Electricity for grant-funded activities when grant activities are conducted before school, after school, or during the summer
 - Energy sources such as natural gas, propane, coal, and other fuel used for the heating and cooling of buildings for grant-funded activities when grant activities are conducted before school, after school, or during the summer
 - Water, wastewater treatment, and sanitation (garbage disposal) for grant-funded activities when grant activities are conducted before school, after school, or during the summer

- Short-term and non-capitalized leases and rentals of equipment or technology such as the following (with a maximum possible term of 12 months or less):
 - Furniture
 - Computers
 - Telecommunications equipment
 - Audio-visual equipment
 - Vehicles (including buses)
 - Temporary meeting room space (such as hotel meeting rooms used for professional development sessions)
 - Short-term subscriptions for information technology agreements (see 6500 Debt Services for right-to-use leases for terms greater than 12 months)
- Contracted accounting or bookkeeping services that do not meet the definition of professional services that require licensed professionals
- ESC contracted services, including the following, provided for school systems and others:
 - Data processing services
 - Accounting or bookkeeping services
 - Media services
 - Printing services
 - Special education services
 - Career and technical education services
 - Staff development
 - Curriculum development
 - Drug prevention training
 - Grant writing services (**Note:** See [General and Fiscal Guidelines](#) regarding grant writers; also see Unallowable Costs below and [Appendix A: Specific Items of Cost.](#))

Note: Supplies purchased under a purchasing agreement with an ESC should be charged to the appropriate supply account.

- Miscellaneous contracted services that do not meet the definition of professional services or consulting services. Miscellaneous contracted services include contracts for routine services or activities central to the functioning of a school district's programs, such as hiring additional people on contract to supplement present staff; or conducting organized activities such as training, professional development, evaluation, or other similar educational activities.
- Contracted publication and printing costs

- Legal services — allowable only when necessary for the administration of the grant program (**Note:** Retainer fees are unallowable.)
- Audit costs for federal programs audited in accordance with the requirements in 2 CFR 200, Subpart F

6200 — Unallowable Costs

A consultant shall not be used in the conduct of the award if the services to be rendered by such consultant could have been rendered by the grantee's employees.

Additionally, federal grant funds may not be used for the following costs:

- Training or technical assistance on grant writing or obtaining grant funds
- Fundraising activities or training on fundraising
- Legal retainer fees
- Tuition and fees for courses not directly related to the grant program
- New building construction, renovating, or remodeling of buildings (unless specifically allowed by statute)
- Conducting a required annual audit and report of financial activities, unless the grantee meets the UGG threshold and is required to conduct the federal audit
- Audit fees and expenses for state-funded grants
- Audit fees and expenses when such costs are part of the organization's indirect cost pool
- Prohibited telecommunications and video surveillance equipment or services, as described in 2 CFR 200.216

Supplies and Materials (6300)

General supplies and materials include durable and consumable items. They are not capitalized. These items have a relatively low unit cost (although they may be used in large quantities) but are often necessary for carrying out program activities or administration of the grant program.

Supply means all tangible personal property other than those described in the equipment definition in 2 CFR 200.1. A computing device is a supply if the acquisition cost is below the lesser of the capitalization level established by the grantee for financial statement purposes or \$10,000³, regardless of the length

³ The federal definition of equipment is \$10,000 unless the grantee defines a lower acquisition threshold. For grants awarded prior to October 1, 2024, the maximum capitalization level is \$5,000, or the capitalization level established by the applicant agency in its written policies and procedures, whichever is less. Tangible personal property not meeting the definition of equipment and below the lower capitalization level is considered a supply.

of its useful life. See the definitions of computing devices and equipment in Capital Outlay (6600) and 2 CFR 200.1 (see also 2 CFR 200.314, 200.453).

TEA advises grantees to review the [General and Fiscal Guidelines](#) and 2 CFR 200.302(b)(4) regarding safeguarding effective control and accountability over funds, property, and assets (including the tracking and monitoring of computing devices and other technology purchased as supplies, as they are highly mobile and susceptible to loss).

6300 — Costs That Do Not Require Specific Approval

The following costs do not require specific approval in the grant application. If these costs are budgeted, they should be included in the “Remaining 6300 — Supplies and Materials that do not require specific approval” line.

- Maintenance and operations supplies and materials, such as the following:
 - Gasoline or fuel for transportation
 - Janitorial supplies
 - Building maintenance supplies
 - Supplies for upkeep of equipment
- Textbooks and other reading materials
 - Supplementary textbooks that are purchased by the school system and furnished free to students participating in the grant program
 - Magazine or newspaper subscriptions and subscriptions for business, professional, and technical periodicals, placed in classrooms, offices, or libraries. **Note:** Subscriptions must be in the name of the organization and not in the name of an individual.
 - Reference books and other reading materials placed in a classroom or office but not cataloged and controlled by the library
 - Library books and media that do not meet capitalization criteria of the school or that have a useful life of one year or less
- Food costs: To be allowed under the grant, food costs for grant activities must not be reimbursed by the federal school breakfast and lunch program. Refer to [Appendix A: Specific Items of Cost](#) for information about food costs, as they are allowable under very limited circumstances.
- General supplies and materials
 - Office supplies—paper, pencils, forms, postage
 - Cleaning supplies

- Computing devices, such as laptops or tablets, if the acquisition costs are below the lesser of the capitalization level established by the grantee or \$10,000
- Software, site licenses, and other technology (not capitalized)
- Workbooks
- Two-way radios (not capitalized)

6300 — Unallowable Costs

Grant funds may not be used for the following:

- Supplies and materials, including electronic devices, for personal use. Grant funds must be used only for grant-related activities.
- Mobile (cell) phones for personal use
- Prohibited telecommunications and video surveillance equipment or services, as described in 2 CFR 200.216

Grant funds may not be used for the following unless the federal grant award received by TEA specifically states allowability (which will be only in specialized individual cases):

- Costs associated with awards banquets, ceremonies, celebrations, and social events
- Gifts or items that could be construed as a gift
- Souvenirs, memorabilia, or promotional items (such as T-shirts, caps, tote bags, key chains, or imprinted pens)
- Awards for recognition and student incentives for participation, no matter the cost or purpose

Note: Refer to [Appendix A: Specific Items of Cost](#) for other items of cost that may be applicable to 6300.

Other Operating Costs (6400)

The Other Operating Costs (6400) classification is used for expenditures or expenses for items that are necessary for carrying out the objectives of the grant program other than payroll costs, professional and contracted services, supplies and materials, debt services, and capital outlay. It covers areas such as travel, conferences, stipends to non-employees and other participant support costs, publication and printing costs, memberships, educational field trips, payments to member districts of shared services arrangements, and other operating costs.

Participant Support Costs

Participant generally means an individual participating in or attending program activities under a federal award, but who is not responsible for implementation of the federal award. Individuals

committing effort to the development or delivery of program activities under a federal award (such as consultants, project personnel, or staff members of a grantee) are not participants. Examples of participants may include parents or families of students participating in grant activities, community members participating in a community outreach program, members of the public whose perspectives or input are sought as part of a program, or students. (2 CFR 200.1)

Participant support costs are direct costs that support participants and their involvement in a federal award, such as but not limited to stipends, subsistence allowances, travel allowances, registration fees, temporary dependent care, and per diem paid directly to or on behalf of participants. (2 CFR 200.1)

For federal grants awarded on or after October 1, 2024⁴, prior approval is no longer required for participant support costs, if allowable per the grant program. However, justification of the expense must be maintained at the local level and provided to TEA or the grantee's independent auditor upon request.

Participant support costs must be documented in the grantee's written policies and procedures and treated consistently across all grant awards. (2 CFR 200.456)

Stipends for non-employees are stipends paid to persons not employed by the grantee for allowances related to participating in grantee-controlled or grantee-directed activities. Stipends for non-employees, other than those included in 6419, are budgeted using object code 6413.

Note: Expenditures or expenses relating to travel for persons not employed by the grantee should be classified using object code 6419, Travel and Subsistence—Nonemployees. Expenditures or expenses classified in this account are excluded from the calculation of indirect cost.

6400 — Costs That Require Specific Approval

The following Other Operating Costs (6400), if allowable per the grant program, require specific approval and must be budgeted in the grant application. Additionally, as described in the following sections, such costs may require prior written approval from TEA or a justification document of the expenditure to be maintained locally and provided to TEA upon request.

Educational Field Trips

Educational field trips (6412/6494) are considered entertainment costs, which are generally unallowable; however, a prorated educational component of a field trip may be allowable if it has a programmatic purpose under the grant. Educational field trips require specific approval in the grant application. Additionally, a justification form on the [Forms for Prior Approval, Disclosure, and Justification](#) page must be completed and maintained locally. The completed form must be provided to TEA or an independent

⁴ For federal grants awarded prior to October 1, 2024, prior approval for allowable participant support costs is required. See 6400 — Costs That Require Specific Approval in this section for guidance.

auditor upon request. Refer to [Appendix A: Specific Items of Cost](#) for additional information related to costs for entertainment and field trips.

Costs of Membership in Any Civic or Community Organization

Costs of membership in any civic or community organization are generally allowable for federal awards (2 CFR 200.454[c]), unless such costs are restricted by programmatic requirements. Costs of membership in any civic or community organization (6495) require specific approval in the grant application.

Travel

Travel costs include the transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the grantee. These costs may be charged on an actual cost basis (not to exceed daily per diem rates) or mileage basis, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip. The grantee may not pay a per diem allowance as state travel rates (which apply to all TEA grants) only allow actual travel costs to be reimbursed. The method used must be consistent with those normally allowed in like circumstances in the grantee's other activities and in accordance with the grantee's established written policies. (2 CFR 200.475)

- **Out-of-state travel for employees (6411)** requires specific approval in the grant application. Additionally, a justification form on the [Forms for Prior Approval, Disclosure, and Justification](#) page must be completed and maintained locally. The completed form must be provided to TEA or an independent auditor upon request.
- **Travel costs for officials such as executive director, superintendent, or local board members (6411/6419)** are generally allowable for federal awards with prior written approval by TEA and when directly related to the grant (2 CFR 200.475), unless such costs are restricted by programmatic requirements. Travel costs for officials require specific approval in the grant application. Additionally, if travel costs include out-of-state travel, a justification form on the [Forms for Prior Approval, Disclosure, and Justification](#) page for out-of-state travel must be completed and maintained locally. The completed form must be provided to TEA or an independent auditor upon request.
- **Note:** In-state travel is allowable unless otherwise stated in the grant's Program Guidelines. In-state travel does not require specific approval.

Travel costs must be allocable, reasonable, and necessary; must follow the most restrictive policy (federal, state, and local); and must be consistent with the grantee's established written policies and procedures for all travel. Note that the Texas State Travel policy, which all TEA grants must follow, is more restrictive than federal travel regulations and may be more restrictive than local travel policies.

For additional guidance regarding travel, see Travel in [Appendix A: Specific Items of Cost](#), as well as 2 CFR 200.475.

Hosting or Sponsoring Conferences for Non-Employees

A conference is an event whose primary purpose is to disseminate technical information beyond the grantee and is necessary and reasonable for successful performance under the federal or state award. Allowable conference costs may include the rental of facilities, speakers' fees, attendance fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by state law or the terms and conditions of the federal or state award. The costs of identifying and providing locally available dependent-care resources for participants are allowable as needed unless prohibited by state law. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary, and managed to minimize costs to the federal or state award. (2 CFR 200.432)

Hosting or sponsoring conferences for non-employees (64XX) requires specific approval in the grant application. Additionally, a justification form on the [Forms for Prior Approval, Disclosure, and Justification](#) page must be completed and maintained locally. The completed form must be provided to TEA or an independent auditor upon request.

Refer to [Appendix B: Use of Grant Funds for Conferences and Meetings](#) for more comprehensive guidance on hosting conferences.

Participant Support Costs for Federal Grants Awarded Prior to October 1, 2024

For federal grants awarded prior to October 1, 2024, prior approval for allowable participant support costs is required. The following participant support costs must be budgeted in the grant application for specific approval, and the grantee must have prior written approval from TEA before grant funds can be expended on the activity. To access pre-authorization forms to request prior approval, refer to the [Forms for Prior Approval, Disclosure, and Justification](#) page. Staff of members of Shared Services Arrangements (SSAs) are covered by the SSA grant and do not require a participant support costs form to be submitted.

- 6412 – Travel for students to conferences (does not include field trips)
- 6413 – Stipends for non-employees other than those include in 6419
- 6419 – Non-employee costs for conferences

To request prior approval for equitable services to private nonprofit schools and parental involvement activities, complete the pre-approved forms as described on the [Forms for Prior Approval, Disclosure, and Justification](#) page.

All approval documentation should be maintained locally and provided to monitors or auditors upon request.

6400 — Costs That Do Not Require Specific Approval

The following costs do not require specific approval in the grant application. If these costs are budgeted, they should be included in the “Remaining 6400 — Other Operating Costs that do not require specific approval” line. **Note:** Any costs listed as unallowable in the Program Guidelines may not be budgeted or incurred as costs to the grant program.

- In-state travel for employees, including transportation, lodging, and subsistence
- Conference and training fees for in-state travel for employees
- Participant support costs **for federal grants awarded on or after October 1, 2024**, must be documented in the grantee’s written policies and procedures and treated consistently across all grant awards. Justification documentation must be maintained locally.
- Transportation for participants, including parents to or from grant activities
- Property and liability insurance for the grantee organization as it relates to the grant program (**Note:** Liability insurance for individuals is unallowable.)
- Advertising costs solely for the following in performance of the grant award (all other advertising costs are unallowable):
 - Recruitment of personnel
 - Procurement of goods and services
 - Disposal of scrap or surplus materials
 - Program outreach and other specific purposes necessary to meet award requirements
- Public and community relations costs for the following in performance of the grant award (all other public and community relations costs are unallowable)
 - Costs specifically required by the award
 - Communicating with the public and press pertaining to specific activities or accomplishments which result from the performance of the award
 - Conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of funding opportunities or financial matters
- Food and beverage costs, under very limited circumstances (see [Appendix A: Specific Items of Cost](#) for information on food and beverage costs)
- Publication and printing costs
- Membership dues or fees for business, technical, and professional organizations, in the name of the organization, directly related to and necessary to carry out the objectives of the grant

- Subscriptions to business, professional, and technical periodicals, in the name of the organization, directly related to and necessary to carry out the objectives of the grant
- Reimbursement of allowable tuition and fees for courses directly related to the grant program

Payments to Member Districts of Shared Services Arrangements (6493)

Expenditures or expenses for amounts paid to member districts of a shared services arrangement in which the school system is a participant should be included in the 6493 line on the Budget Summary of the fiscal agent's grant application. The fiscal agent budgets these costs within the applicable object code on the budget support schedules.

6400 — Unallowable Costs

Grant funds may not be used for the following:

- Out-of-state training when the same type and quality of training is available in state
- Awards for recognition and student incentives for participation, no matter the cost or purpose, unless the federal grant award specifically states allowability
- Gifts or items that could be construed as gifts, unless the federal grant award specifically states allowability, unless the federal grant award specifically states allowability
- Costs associated with awards banquets, ceremonies, celebrations, and social events, unless the federal grant award specifically states allowability
- Souvenirs, memorabilia, or promotional items (such as T-shirts, caps, tote bags, key chains, or imprinted pens), unless the federal grant award specifically states allowability
- Costs of entertainment, including amusement, diversion, and social activities and any associated costs (such as gifts) unless they have a specific and direct programmatic purpose and are included in a federal award (see [Educational Field Trips](#) in section above)
- Door prizes (movie tickets, gift certificates, amusement park passes, and other similar items); however, these types of items may be donated by others
- Food, meals, snacks, beverages, and refreshments as awards not meeting the Food Costs section above (see [Appendix A: Specific Items of Cost](#) for information on Awards for Recognition and Incentives for Participation, as well as additional guidance on Food and Beverage Costs)
- Food costs for breakfast at morning meetings
- Advertising and public relations costs for any activities, services, or events other than those described in [6400 — Costs That Do Not Require Specific Approval](#) above
- Membership dues or fees for organizations substantially engaged in lobbying
- Membership dues or fees for social organizations

- Professional or personal liability insurance for individual employees
- Tuition and fees for courses not directly related to the grant program
- Travel costs that are not allowed include:
 - Alcoholic beverages
 - Tips or gratuities
 - Entertainment, recreation, or social events
 - Travel or per diem allowances, where per diem is paid to the employee regardless of the amount actually expended
 - First-class airfare
 - Any expense for other persons not program participants
 - Meals and lodging for persons who live in the same city or town where the meeting, conference, or workshop is held
- Costs that are not reasonable and necessary to meet the objectives of the grant; regardless of whether the cost is allowable under the grant
- Costs related to training or technical assistance on grant writing or obtaining funds
- Field trips that do not meet the guidelines established by TEA (see [Appendix A: Specific Items of Cost](#) for additional guidance related to field trips)

Debt Services (6500)

Debt services refers to the total amount of money required to pay back long-term debt obligations, including interest and principal. Use 6500 to budget funds to retire debt principal on Subscription-Based Information Technology Arrangements (SBITAs) and lease liabilities with terms greater than 12 months and to pay interest on those leases. Refer to the Program Guidelines and the authorizing statute, rules, and regulations for allowability of debt service costs.

Types of Debt Service Costs

- **Right to Use Lease Liability—Principal (6512):** This code is used to classify expenditures to retire the principal of long-term lease liabilities for leases with a term greater than 12 months.
- **Interest on Right-to-Use Leases (6522):** This code is used to classify expenditures or expenses to pay interest on lease liabilities.
- **Interest on Debt (6523):** This code is used to classify expenditures or expenses to pay interest on debt.

- **SBITAs — Principal (6514):** This code is used to classify expenditures to retire the principal of SBITAs for leases with a term greater than 12 months. The section below provides additional information about SBITAs.
- **SBITAs — Interest (6526):** This code is used to classify expenditures or expenses to pay interest on SBITAs.

SBITAs

[Governmental Accounting Standards Board \(GASB\) Statement No. 96](#) defines an SBITA as a contract that conveys control of the right to use another party's (an SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

SBITAs are leases with a term greater than 12 months. The length of a SBITA term may vary but generally is from 1 to 5 years. After the contract expires, the software cannot be used until it is renewed. SBITA contracts may have yearly or monthly subscription fees.

An SBITA does not grant a perpetual license or title to the IT software and associated tangible capital assets. SBITAs are for temporary use rather than ownership of the IT assets.

SBITAs fall into the following cloud computing groups:

- Software as a service (access to cloud-hosted application software)
- Platform as a service (access to a cloud-hosted platform for developing, running, maintaining, and managing applications)
- Infrastructure as a service (access to cloud-hosted servers, storage, and networking)
- Data warehouse as a service (access to a cloud-hosted data management system)

Examples of SBITAs may include:

- Remote access to software applications, such as learning platforms, computing tools, or Information Technology (IT) software, conferencing systems, pdf applications
- Cloud data backup/storage
- Cloud data management, analytics, and reporting
- Cybersecurity

SBITAs do not include:

- A perpetual license to use a vendor's computer software. SBITAs are limited to a finite period of time per the terms of the contract.
- Ownership of IT assets

- Stand-alone tangible capital assets
- Contracts that solely provide IT support services
- Contracts that meet the definition of a lease (this may occur when a contract includes both a software component and a tangible capital asset component where the underlying tangible capital asset's cost significantly exceeds the cost of the software component; for example, a computer with operating software or a smart copier that is connected to an IT system)
- Contracts that are solely for maintenance or IT support of services

For additional guidance on SBITAs, refer to the [GASB's](#) Statement No. 96.

Short-term technology arrangements (terms 12 months or less) should be budgeted in Professional and Contracted Services (6200).

6500 — Costs That Require Specific Approval

All costs related to debt service require specific approval by TEA in the grant application.

6500 — Unallowable Costs

Unless specifically permitted in the Program Guidelines and authorizing statute, rules, or regulations and approved by TEA in the grant application, the following costs are unallowable:

- Real property purchase and improvements
 - Real property means land, including land improvements, structures, and appurtenances thereto, and legal interests in land, including fee interest, licenses, rights of way, and easements. Real property excludes moveable machinery and equipment.
- Construction, renovation, or remodeling
 - Ground leveling, site preparation, foundation, plumbing, wiring, and sidewalk for a portable building are considered construction costs and therefore unallowable uses of grant funds.
- Prohibited telecommunications and video surveillance equipment or services, as described in 2 CFR 200.216

Capital Outlay (Capital Expenditures) (6600)

Definitions

The paragraphs below provide definitions, rules for budgeting, and examples of capital outlay, or capital expenditures. Additional information regarding capital outlay can be found in the [General and Fiscal Guidelines](#).

Acquisition Cost

Acquisition cost means the (total) cost of the asset including the cost to ready the asset for its intended use. For example, acquisition cost for equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software include those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges, such as taxes, duty, protective in-transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the grantee's regular accounting practices. (2 CFR 200.1)

Capital Assets

Capital assets are tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. (2 CFR 200.1)

This includes additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

For the purpose of this part, capital assets do not include intangible right-to-use assets, such as SBITAs, or right-to-use operating lease assets (see 2 CFR 200.465).

Capital Expenditures (Capital Outlay)

Capital expenditures (capital outlay) are expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life. (2 CFR 200.1)

Computing Devices

Computing devices are machines that acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. See also the definitions of supplies and information technology systems. (2 CFR 200.1)

Equipment

Equipment is tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the

capitalization level established by the grantee for financial statement purposes, or \$10,000⁵. See the definitions of capital assets, computing devices, general purpose equipment, information technology systems, special purpose equipment, and supplies in 2 CFR 200.1 (see also 2 CFR 200.313, 200.439).

Information Technology Systems

Information technology systems means computing devices, ancillary equipment, software, firmware, and related procedures, services (including support services), and resources. See also the definitions of computing devices and equipment in this section. (2 CFR 200.1)

Intangible Property

Intangible property means property having no physical existence, such as trademarks, copyrights, data (including data licenses), websites, IP licenses, trade secrets, patents, patent applications, and property such as loans, notes and other debt instruments, lease agreements, stocks and other instruments of property ownership of either tangible or intangible property, such as intellectual property, software, or software subscriptions or licenses. (see also 2 CFR 200.315)

Right-to-Use Lease Assets

For right-to-use lease assets, such as Subscription-Based Information Technology Arrangements (SBITAs), and other leased equipment, see Debt Services (6500).

Supplies

Supply means all tangible personal property other than those described in the equipment definition listed in 2 CFR 200.1. A computing device is a supply if the acquisition cost is below the lesser of the capitalization level established by the grantee for financial statement purposes or \$10,000⁶, regardless of the length of its useful life. See the definitions of computing devices and equipment in 2 CFR 200.1. See the definitions of computing devices and equipment in this section and in 2 CFR 200.1 (see also 2 CFR 200.314, 200.453).

⁵ The federal definition of equipment is \$10,000 unless the grantee defines a lower acquisition threshold. For grants awarded prior to October 1, 2024, the maximum capitalization level is \$5,000, or the capitalization level established by the applicant agency in its written policies and procedures, whichever is less. Tangible personal property not meeting the definition of equipment and below the lower capitalization level is considered a supply.

⁶ The federal definition of equipment is \$10,000 unless the grantee defines a lower acquisition threshold. For grants awarded prior to October 1, 2024, the maximum capitalization level is \$5,000, or the capitalization level established by the applicant agency in its written policies and procedures, whichever is less. Tangible personal property not meeting the definition of equipment and below the lower capitalization level is considered a supply.

6600 — Costs That Require Specific Approval

All capital outlay, if allowable, requires specific approval from TEA. Items requested must be allowable expenditures under the authorizing program statutes, regulations, rules, and guidelines. Funds may be used to purchase capital outlay only when necessary to accomplish grant program objectives.

All capital outlay, regardless of cost, must be excluded from the calculation of indirect costs.

The maximum capitalization level that an applicant may use is \$10,000⁷ per unit. If the applicant has a lower capitalization level established in its written policies and procedures, the applicant must follow the more restrictive threshold.

Examples of Capital Outlay

- Capitalized equipment, including:
 - Computing devices and ancillary equipment for informational technology systems
 - Telephone networks
 - Telecommunication systems
 - Intercommunication systems
 - Mainframes and servers
 - Portable building (however, site preparation and other related construction costs are unallowable)
 - Assistive technology
 - Adaptive playground equipment (however, site preparation costs are unallowable)
 - Smart, interactive whiteboards
 - High-capacity copy machines
- Capitalized software, including site licenses or single-use software
- Capitalized furniture
- Capitalized vehicles
- Library books and library media (to be catalogued and controlled by the library)

⁷ The federal definition of equipment is \$10,000 unless the grantee defines a lower acquisition threshold. For grants awarded prior to October 1, 2024, the maximum capitalization level is \$5,000, or the capitalization level established by the applicant agency in its written policies and procedures, whichever is less. Tangible personal property not meeting the definition of equipment and below the lower capitalization level is considered a supply.

Safeguarding Effective Control Over Assets

The grantee's financial management system must provide safeguards for effective control over and accountability for all funds, property, and assets. The grantee must safeguard all assets and ensure they are used solely for authorized purposes. (2 CFR 200.302[b][4])

Insurance Coverage

Equipment purchased with federal funds must be insured. Per 2 CFR 200.310, the grantee must, at a minimum, provide the equivalent insurance coverage for equipment acquired or improved with federal funds as provided to equipment owned by the grantee.

The actual cost of insurance for equipment purchased with grant funds may be charged as a direct cost to the grant as long as the insurance costs are not contained in any other comprehensive casualty insurance that may be held by the grantee. See [General and Fiscal Guidelines](#).

Technology Purchases as Capital Outlay

Applicants should be thoughtful and deliberate in the planning phase of the application process when budgeting grant funds to purchase technology equipment. The grant application must specify what type of technology is planned to be purchased and must demonstrate how the planned purchase aligns with the purpose and goals of the grant. Avoid including brand names in the description.

After grant funds are awarded, they must be expended in accordance with the approved budget. If the grantee realizes that a different type of equipment better serves the same need, the grantee must submit an amendment to the application before the equipment is purchased. For instance, if the grantee budgeted for a keypad reader door-locking system and decided instead to install a smart access door-locking system as a more effective means of serving the same need, the grantee must submit an amendment before obligating grant funds for the equipment. However, in some instances the grantee may be able to use a slightly more generic descriptive name that covers both types of technologies, reducing the need for an amendment.

Technology purchases require specific approval from TEA if its acquisition cost equals or exceeds the lesser of the capitalization level established by the applicant in its written policies or procedures, or \$10,000⁸. If the technology units or systems are less than the capitalization level – for example, laptops or tablet computers—they should be budgeted in Supplies and Materials (6300) rather than

⁸ The federal definition of equipment is \$10,000 unless the grantee defines a lower acquisition threshold. For grants awarded prior to October 1, 2024, the maximum capitalization level is \$5,000, or the capitalization level established by the applicant agency in its written policies and procedures, whichever is less. Tangible personal property not meeting the definition of equipment and below the lower capitalization level is considered a supply.

Capital Outlay (6600), unless the written policies and procedures of the applicant require such technology to be listed as capital expenditures.

Additional information including definitions of different types of computing devices, personal use of computing devices, and inventory of technology items that do not meet capitalization threshold can be found in the [General and Fiscal Guidelines](#).

Note: A common question is whether computer labs, or computers on wheels (COWs), are individual computers (charged as supplies) or capital outlay expenses. It depends on how the invoice is written for the expenditure because the invoice will be part of required documentation provided to auditors. If the invoice is for a computer lab (or COW) with 24 computer stations at a total cost of \$24,000, then it would be a capital outlay expense. However, if the same lab (or COW) invoice was written as 24 computer stations at \$1,000 each, then the computers can be treated as supplies.

Maintenance and Repair Costs

Costs incurred for improvements that add to the permanent value of the buildings and equipment or appreciably prolong their intended life must be treated as capital expenditures (see 2 CFR 200.439, 200.452). These costs are only allowable to the extent not paid through rental or other agreements.

6600 — Unallowable Costs

Unless specifically permitted in the authorizing statute and approved by TEA in the grant application, the following costs are unallowable:

- Real property purchase and improvements
 - Real property means land, including land improvements, structures, and appurtenances thereto, and legal interests in land, including fee interest, licenses, rights of way, and easements. Real property excludes moveable machinery and equipment.
- Construction, renovation, or remodeling
 - Ground leveling, site preparation, foundation, plumbing, wiring, and sidewalk for a portable building are considered construction costs and therefore unallowable uses of grant funds.
- Prohibited telecommunications and video surveillance equipment or services, as described in 2 CFR 200.216

Appendix A: Specific Items of Cost

This appendix provides general information about specific items of cost. Not all items of cost will be applicable to all grant programs. This list is not intended to be comprehensive; a type of cost not included in the list does not imply allowability or unallowability. Allowability of costs may be further restricted by the authorizing statute or the grant's Program Guidelines.

The information provided applies generally to both federal and state-funded grant programs; where applicable, state-specific guidance may be noted. For a more extensive list of selected items of cost for federal awards, see 2 CFR 200.420. Cost principles listed in the [General and Fiscal Guidelines](#), 2 CFR 200 Subpart E, and this document apply. Costs must be reasonable, necessary, allocable, and allowable for the grant program. Each cost incurred for the same purpose in like circumstances must be treated consistently either as a direct or an indirect cost.

Note regarding applicable credits: Any transactions that offset or reduce direct or indirect costs allocable to the federal award must be credited to the federal award either as a cost reduction or cash refund, as appropriate. This includes purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayment or erroneous charges. (2 CFR 200.406)

Administrative Closeout Costs

For federal grants awarded on or after October 1, 2024, administrative costs associated with closeout activities may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the federal agency. All other costs must be incurred during the approved budget period. (2 CFR 403[h])

Examples of administrative closeout costs include:

- Salaries of personnel preparing final reports
- Publication and printing costs of associated final financial reports
- Related indirect costs

Advertising and Public Relations

Advertising costs are the costs of advertising media and corollary administrative costs. Advertising media includes, but is not limited to, magazines, newspapers, radio and television, direct mail, exhibits, and electronic or computer transmittals. (2 CFR 200.421)

The following advertising costs are allowable for programmatic purposes only:

- Recruitment of personnel (see also 2 CFR 200.463)
- Procurement of goods and services

- Disposal of scrap or surplus materials acquired in the performance of the grant except when the grantee is reimbursed for disposal costs at a predetermined amount
- Program outreach and other specific purposes necessary to meet award requirements

The term “public relations” includes community relations and means those activities dedicated to maintaining the grantee’s image or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public. (2 CFR 200.421)

The only allowable public relations costs are:

- Costs specifically required by the federal award
- Costs of communicating with the public and press about specific grant-related activities or accomplishments (part of the necessary outreach for the federal award)
- Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of funding opportunities or financial matters

The following advertising and public relations costs are unallowable:

- All advertising and public relations costs other than as specified as allowable above
- Costs of meetings, conventions, conferences, or other events related to other activities of the entity (see also 2 CFR 200.432), including:
 - Costs of displays, demonstrations, and exhibits
 - Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events
 - Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings
- Costs of promotional items and memorabilia
- Costs of advertising and public relations designed solely to promote the grantee

Advisory Councils

An advisory council or committee is a body that provides advice to the management of such entities as corporations, organizations, or foundations. Costs incurred by both internal and external advisory councils or committees are allowable if authorized by statute, the federal agency, or as an indirect cost where allocable to federal awards. (2 CFR 200.422) Refer to a grant’s Program Guidelines for allowability of advisory council costs.

Alcoholic Beverages

The cost of alcoholic beverages is unallowable. (2 CFR 200.423)

Audit Services

A grantee that expends \$1,000,000 or more in federal awards during the grantee's fiscal year must have a single or program-specific audit conducted. (2 CFR 200.501) See the [General and Fiscal Guidelines, Submission of Audit Reports for Federal Grants](#), for more information.

If an audit is not required, an audit may not be paid for with federal funds.

Audit services for state-funded grants are unallowable costs.

Awards for Recognition and Incentives for Participation

Grant funds may not be used for awards for recognition and incentives for participation, such as the items listed below, unless the federal grant award received by TEA specifically states allowability (which will be only in specialized individual cases). These and similar items may be donated by others but may not be purchased with grant funds:

- Gifts or items that appear to be gifts
- Souvenirs, memorabilia, or promotional items, such as T-shirts, caps, tote bags, imprinted pens, and key chains
- "Door prizes," movie tickets, gift certificates, passes to amusement parks, and so on
- Food of any kind (snacks, beverages, refreshments, meals, etc.) unless it has a direct programmatic purpose and is allowable under USDE grant guidelines (see Food and Beverage Costs below)

Capital Outlay (Capital Expenditures) (6600)

Capital outlay (capital expenditures) is described in the [Capital Outlay \(Capital Expenditures\) \(6600\)](#) section. Capital expenditures are allowable unless restricted by the grant program. Capital expenditures require specific approval in the grant application.

Cell Phones

See Mobile Phones.

Ceremonies, Banquets, or Celebrations

Costs associated with ceremonies, banquets, or celebrations are unallowable, unless specifically allowed in the federal award.

Compensation – Personal Services (Payroll)

Compensation for personal services (payroll costs) includes all remuneration, paid currently or accrued, for services of employees rendered during the grant period, including but not necessarily limited to wages and salaries. Costs must be allowable and reasonable for the services rendered. They must conform to the established written policy of the grantee consistently applied to all federal and non-federal programs.

General information regarding compensation for personal services, including fringe benefits, is provided in [Payroll Costs \(6100\)](#). For comprehensive guidance related to compensation for personal services, see 2 CFR 200.430. For compensation for fringe benefits, see 2 CFR 200.431.

Additional information is available in [General and Fiscal Guidelines](#), Time and Effort.

Conferences

See [Appendix B: Use of Grant Funds for Conferences and Meetings](#).

Construction, Remodeling, or Renovation

EDGAR defines the following:

- Construction means the preparation of drawings and specifications for a facilities project; erecting, building, demolishing, acquiring, renovating, major remodeling of, or extending a facilities project; or inspecting and supervising the construction of a facilities project. Construction does not include minor remodeling.
- Minor remodeling means minor alterations in a previously completed facilities project. The term also includes the extension of utility lines, such as water and electricity, from points beyond the confines of the space in which the minor remodeling is undertaken but within the confines of the previously completed facility. The term may also include related designs and drawings for these projects. The term does not include construction or renovation, structural alterations to buildings, facilities maintenance, or repairs.

These costs are not allowed unless specifically authorized in the authorizing program statute and unless specifically approved by TEA in the applicable grant application.

Contributions and Donations

Costs of contributions and donations, including cash, property, and services, from the grantee to other entities are unallowable. (2 CFR 200.434)

The value of services and property donated (that is, in-kind donations) to the grantee may not be charged to the federal award either as a direct or indirect cost. The value of donated services and property may be used to meet cost sharing requirements (see 2 CFR 200.306). Depreciation on donated assets is permitted so long as the donated property is not counted towards meeting cost sharing requirements (see 2 CFR 200.436).

Services donated or volunteered to the grantee may be provided by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services may not be charged to the federal award as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing requirements in accordance with the provisions of 2 CFR 200.306.

Corporate Credit Card Charges

TEA will reimburse costs charged to the grant using corporate credit cards **only** when the accounting ledger reflects each individual charge on the credit card statement by the following:

- The individual vendor name (not just the credit card company name)
- The grant funding source/code
- The expense category (such as supplies, instructional materials, equipment, travel)
- The actual date of the charge (as opposed to the billing statement or the date the credit card bill was paid)

The grantee must maintain the original **itemized** receipt that identifies each item purchased (and not just the credit card receipt). The grantee must also maintain all other appropriate internal accounting records, such as travel vouchers, expense reimbursement vouchers, purchase orders, etc.

Donations

Donations to other organizations or to other units within the grantee organization are unallowable. See also Contributions and Donations.

Employee Health and Welfare Activities

Costs incurred in accordance with the grantee's established written policies for improving working conditions, employer-employee relations, employee health, and employee performance are allowable.

- These costs must be equitably apportioned to all activities of the grantee. Income generated from these activities must be credited to the cost thereof unless such income has been irrevocably sent to employee welfare organizations.
- Losses resulting from operating food services are allowable only if the grantee's objective is to operate food services on a break-even basis. Losses sustained because of operating objectives other than the above are allowable only when:
 - The grantee can demonstrate unusual circumstances; and
 - Approved by the cognizant agency for indirect costs.

Employee Service Awards

Employee service awards cannot be paid for using grant funds.

Employer Contributions to Voluntary Retirement Plan

Employer contributions to an employee's **voluntary** retirement plan, such as a 401(k) or 403(b), are unallowable. Employer contributions to **mandatory** pension plans, whereby it is mandatory that every employee participate and the employee cannot opt out, are allowable.

Entertainment and Prizes

Entertainment costs: 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 a federal award.

Prizes: Costs of prizes or challenges are allowable if they have a specific and direct programmatic purpose and are included in the federal award. Federal agencies should refer to OMB guidance in M-10-11 "Guidance on the Use of Challenges and Prizes to Promote Open Government," issued March 8, 2010, or its successor.

See 2 CFR 200.438.

Equipment

Equipment and other capital expenditures are described in the [Capital Outlay \(Capital Expenditures\) \(6600\)](#) section. Capital expenditures are allowable unless restricted by the grant program. Capital expenditures require specific approval in the grant application.

Field Trips

Field trips are generally considered entertainment and therefore unallowable, except where specific costs (including a prorated educational component of a field trip) have a documented programmatic purpose and are authorized in the grant's Program Guidelines. Field trips must be for educational purposes and require specific approval in the grant application. Additionally, field trips require a written justification form to be maintained locally and made available to TEA upon request. To access the Justification for Educational Field Trips form, refer to the [Forms for Prior Approval, Disclosure, and Justification](#) page.

Examples of appropriate educational field trips include the following:

- Curricular academic activities focused on math, science, and technology, such as service learning, internships, academic UIL competitions (such as robotics or math), or science and technology fairs
- Laboratory and field investigation instruction, used to improve students' understanding of science TEKS objectives
- Trips to a river, archaeological site, or nature preserve that might include contracting with local science centers, museums, zoos, and horticultural centers for visits and programs
- Trips to the local library to increase access to high-interest reading materials or research
- Visits to colleges and universities to encourage interest in the pursuit of higher education

Unallowable Costs Related to Field Trips

Whether field trips are listed as allowable in the grant's Program Guidelines, the following costs are unallowable:

- Field trips for social, entertainment, or recreational purposes
- Field trips that supplant and do not supplement local or state expenditures or activities
- Field trips that are not part of a teacher's lesson plan or that do not meet the instructional objectives of the grant program
- Field trips that are not reasonable in cost or are not necessary to accomplish the objectives of the grant program
- Field trips that are not properly documented as reasonable and necessary (this includes the justification form described above)
- Field trips to entertainment or recreational locations that include legitimate educational programs — the percentage of the time at the location for entertainment or recreational purposes is not allowable; only the percentage of the time in the educational program may be allowable

Refer to the Program Guidelines for the specific grant application for more guidance.

Fines, Penalties, Damages, and Other Settlements

Costs resulting from grantee violations of, alleged violations of, or failure to comply with, federal, state, local, tribal, or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the federal award, or with the prior written approval of the federal agency. (2 CFR 200.441; see also 200.435)

Food and Beverage Costs

All grant expenditures, including those for food, beverages, or snacks, must be reasonable, necessary, allocable to the grant, and allowable (see [Factors Affecting Allowability of Costs](#)). If TEA determines that a grantee expended grant funds on food costs that are not reasonable or necessary to meet the intent and objectives of the grant, TEA reserves the right to restrict the grantee from expending any funds on food costs or to disallow expenditures on food costs.

Generally, a grantee needs to substantiate with specificity the rationale for why paying for food and beverages with federal funds is necessary to meet the goals and objectives of a grant.

There may be limited circumstances under which providing food or beverages is reasonable and necessary to achieve the purpose of a particular grant. Because food and beverage costs are not of a type generally recognized as ordinary and necessary for the operation of the grantee or the proper and efficient performance of the federal award (see 2 CFR 200.404[a]), grantees must document their evidence and analysis that justify that the use of food or beverage is reasonable and necessary in each instance.

Food Costs for Hosting Conferences and Meetings

In general, there is a need to substantiate with specificity the rationale for why paying for food and beverages with federal funds is necessary to meet the goals and objectives of a grant, but there may be circumstances when providing food or beverages at a conference is reasonable and necessary to achieve the purpose of the grant. Reasonable and/or unallowable food costs for hosting conferences and meetings, including trainings, are described in detail in [Appendix B: Use of Grant Funds for Conferences and Meetings](#). Allocable, reasonable, and necessary food and beverage costs must be within the appropriate U.S. General Services Administration ([GSA](#)) rate.

Food and Beverage Costs for Travel

When food costs such as meals for travel can be documented as allowable, reasonable, and necessary, the costs may not exceed [State of Texas rates](#) for the meals being provided. Reimbursement is based on a maximum daily per diem rate. A grantee employee must claim the actual expenses incurred for meals, not to exceed the maximum allowable rates. The grantee may not pay staff the full per diem amount without requiring that the full amount was actually expended.

This documentation will provide grantees with auditable documentation to back up reimbursement requests were for actual expenses.

Note: TEA will not reimburse a grantee for more than the [State of Texas rates](#) for the meal being provided, per person, including tax. Any amount over the approved rate per person must be paid from other allowable funding sources and must not include mandatory service fees or set-up fees as are often charged by event facilities. Anything termed a “gratuity” or “tip” is not reimbursable by TEA, per state travel guidelines.

Allowable Food and Beverage Costs for Parents and/or Students

The following costs are allowable:

- Nutritional snacks for students during extended day (after-school) programs
- Nutritional snacks for children in childcare while parents are participating in grant activities
- Food necessary to conduct nutrition education programs for parents or students
- Food costs at a family engagement or parent involvement event: For some federal programs, family engagement is a critical part of the purpose of the program or of the success of a project. In such a program, if a family meeting would occur during a typical mealtime, or if the grantee has evidence that attendance at the event would be affected by the absence of food or snacks, the grantee may be able to justify that is reasonable and necessary to provide light refreshments or meals to participants.

Full meals for parents or students are unallowable for these purposes under any circumstances. Expenditures for light meals or refreshments must be reasonable in cost, necessary to accomplish program objectives, and an integral part of the instructional program.

Unallowable Food and Beverage Costs

The following costs are unallowable:

- General refreshments of any kind — including beverages, breaks, and snack foods — that do not serve a documented and justifiable programmatic purpose
- Food costs at networking sessions
- Food costs at regular staff meetings
- Food costs for remote meetings
- Any food costs that are not necessary to accomplish the objectives of the grant program
- Any food cost associated with an event in which a guest speaker or other individual conducts a presentation and the participants are not actively engaged in performing activities

- Entertainment: Federal grant funds may not be used to pay for entertainment, which includes costs for amusement, diversion, and social activities, unless they have a specific and direct programmatic purpose and are included in the Federal award (2 CFR 200.438). Celebrations, receptions, banquets, and other social events generally are not events where purchasing food with federal education grant funds is appropriate.
- Breakfast costs for individual meetings
- “Working meals” or “light meals” that exceed the approved GSA rate for the meal being provided, per person. See [Appendix B: Use of Grant Funds for Conferences and Meetings](#) for more information.
- Gratuities or tips
- Alcohol is unallowable for all grant programs.

Fundraising Activities

Costs of organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions, are unallowable. (2 CFR 200.442) Costs associated with attending or sponsoring training on fundraising are unallowable.

General Costs of Government

The general costs of government are unallowable except as provided in 2 CFR 200.475.

Goods or Services for Personal Use

Costs of goods or services for the personal use of the grantee’s employees are unallowable regardless of whether the cost is reported as taxable income to the employees. (2 CFR 200.445)

Grant Writing

See Proposal Costs (Including Grant Writing).

Incentives for Participation

See Awards for Recognition and Incentives for Participation.

Insurance

Costs of insurance required or approved and maintained by the terms and conditions of the federal award are allowable.

Costs of other insurance in connection with the general conduct of activities are allowable subject to the limitations outlined in 2 CFR 200.447.

Note: Professional or personal liability insurance for individual employees is not an allowable cost.

Interest

Costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the grantee's own funds are unallowable. Financing costs (including interest) to acquire, construct, or replace capital assets are allowable, subject to the requirements in 2 CFR 200.449.

Interest paid in a prior grant period may not be charged retroactively to this grant period.

Land Purchase and Improvements

See Real Property.

Legal Fees

Legal fees and expenses are allowable only as necessary for the administration of the grant program. Retainer fees are unallowable costs.

Lobbying

Any costs incurred for lobbying are unallowable. See 2 CFR 200.450.

Maintenance and Repairs

Costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment (including federal property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable. Costs incurred for improvements that add to the permanent value of the buildings and equipment or appreciably prolong their intended life must be treated as capital expenditures (see 2 CFR 200.439). These costs are only allowable to the extent not paid through rental or other agreements. (2 CFR 200.452)

Marketing Costs

See Selling and Marketing Costs.

Materials and Supplies, Including Costs of Computing Devices

Costs incurred for materials, supplies, and fabricated parts necessary for the performance of a federal award are allowable. Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms must be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are an allowable part of materials and supplies costs.

Materials and supplies used for the performance of a federal award may be charged as direct costs. Charging computing devices as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a federal award.

Meetings

See [Appendix B: Use of Grant Funds for Conferences and Meetings](#).

Memberships and Subscriptions

Unless otherwise restricted by the grant program, the following are allowable. (2 CFR 200.454) Memberships and subscriptions must be in the name of the grantee entity and applicable to the grant program.

- Costs of the grantee's membership in business, technical, and professional organizations
- Costs of the grantee's subscriptions to business, professional, and technical periodicals
- Costs of membership in any civic or community organization

Unallowable costs include:

- Costs of membership and subscriptions for individuals
- Costs of membership in any country club or social or dining club or organization
- Costs of membership in organizations whose primary purpose is lobbying are unallowable.

Mobile Phones

The following guidelines apply to the use of mobile phones. For the purpose of cost consideration, the terms mobile phones and cell phones are synonymous.

- **Mobile phones for personal use:** A mobile phone for personal use is an unallowable cost.
- **Stipends for mobile phones:** Stipends for mobile phones are unallowable costs, only reimbursement of actual costs incurred for use of a personal mobile phone may be allowable.
- **Mobile phone contracts:** Contracts must be in the name of the organization and not in the name of the employee. Grantees must have a written policy in place to inform employees that organization-issued mobile phones may not be used for personal purposes. There must be a documented need for the mobile phone for grant purposes.

Participant Support Costs

Participant generally means an individual participating in or attending program activities under a federal award, but who is not responsible for implementation of the federal award. Individuals committing effort to the development or delivery of program activities under a federal award (such as consultants, project personnel, or staff members of a grantee) are not participants. Examples of participants may include community members participating in a community outreach program, members of the public whose perspectives or input are sought as part of a program, students, or conference attendees. (2 CFR 200.1)

Participant support costs are direct costs that support participants and their involvement in a federal award, such as but not limited to stipends, subsistence allowances, travel allowances, registration fees, temporary dependent care, and per diem paid directly to or on behalf of participants. (2 CFR 200.1)

Participant support costs are generally allowable unless otherwise restricted by the grant program. For federal grants awarded on or after October 1, 2024, justification of the expense must be maintained at the local level and provided to TEA or the grantee's independent auditor upon request. For federal grants awarded prior to October 1, 2024, prior approval is required for participant support costs, if allowable per the grant program. See [6400 — Other Operating Costs](#) for more information regarding prior approval.

The classification of items as participant support costs must be documented in the grantee's written policies and procedures and treated consistently across all grant awards. (2 CFR 200.456)

Prizes or Challenges

See Entertainment and Prizes.

Professional and Consulting Services

Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the grantee are allowable, subject to the factors listed in 2 CFR 200.459.

Such services, along with contracted services, are budgeted under object code 6200. See [Professional and Contracted Services \(6200\)](#) for more detailed information.

Promotional Items, Memorabilia, or Souvenirs

Per 2 CFR 200.421, promotional items and memorabilia are unallowable costs. Similarly, souvenirs are unallowable costs.

Proposal Costs (Including Grant Writing)

Proposal costs (grant writing) are the costs of preparing bids, proposals, or applications on potential federal and non-federal awards or projects, including developing data necessary to support the grantee's bids or proposals. Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as indirect costs and allocated to **all** current activities of the grantee. No proposal costs of past accounting periods may be allocated to the current period. (2 CFR 200.460)

- Proposal costs as a direct cost are unallowable. No other proposal or grant writing costs are allowable.
- Funds may not be used for training or technical assistance on grant writing or for costs associated with writing other grant applications.

Protection and Security of Facilities, Personnel, and Work Products

Necessary and reasonable expenses incurred for the protection and security of facilities, personnel, and work products are allowable. Such costs include, but are not limited to, wages and uniforms of personnel engaged in security activities; equipment; barriers; protective (non-military) gear, devices, and equipment; contractual security services; and consultants. Capital expenditures for plant security purposes are subject to 2 CFR 200.439. (2 CFR 200.457)

Publication and Printing Costs

Publication costs for electronic and print media, including distribution, promotion, and general handling, are allowable. These costs should be allocated as indirect costs to all benefiting activities of the grantee if they are not identifiable with a particular cost objective. (2 CFR 200.461)

Real Property

Real property means land, including land improvements, structures, and appurtenances thereto, and legal interests in land, including fee interest, licenses, rights of way, and easements. Real property excludes moveable machinery and equipment. (2 CFR 200.1)

Real property purchase and improvements to land are unallowable costs, unless specifically authorized in the grant program statute and specifically approved by TEA in the grant application.

Per 2 CFR 200.311, the title to real property must be vested in the name of the grantee agency. The real property must be used for the original authorized purpose as long as it is needed for that purpose. While the real property is being used for the original authorized purpose, the grantee must not dispose of or encumber the title or other interests. When the real property is no longer needed for the original authorized purpose, the grantee must request disposition instructions from TEA.

Recruiting Costs (Specified)

Subject to specific guidance in 2 CFR 200.463, and provided that the size of the staff recruited and maintained is in keeping with workload requirements, costs of “help wanted” advertising, operating costs of an employment office necessary to secure and maintain adequate staff, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees, are allowable to the extent that such costs are incurred pursuant to the grantee’s standard recruitment program. When the grantee’s uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.

Special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel that do not meet the test of reasonableness or do not conform with the established practices of the grantee, are unallowable.

Rental Costs of Property and Equipment

Subject to the limitations described in 2 CFR 200.465, rental costs are allowable to the extent that the rates are reasonable in light of such factors as costs of comparable rental properties; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the property leased. Rental arrangements should be reviewed periodically to determine if circumstances have changed and if other options are available.

Scholarships, Student Aid Costs, and Tuition Remission (IHEs Only)

Costs of scholarships, fellowships, and student aid programs at IHEs are allowable only when the purpose of the federal award is to provide training to participants, and the federal agency approves

the cost. Tuition remission and other forms of compensation paid as, or instead of, wages to students performing necessary work are allowable in limited circumstances, as per 2 CFR 200.466.

These types of costs are unallowable for school systems.

Selling and Marketing Costs

Costs of marketing and selling any products or services of the grantee are unallowable unless they are allowed under 2 CFR 200.421 and are necessary to meet the requirements of the federal award. (2 CFR 200.467) See also Advertising and Public Relations.

Student Activity Costs

Costs incurred for intramural activities, student publications, student clubs, and other student activities are unallowable unless expressly authorized in the federal award. (2 CFR 200.469)

Substitute Pay for Private School Teachers

Substitute pay for private school teachers (for-profit or nonprofit) is unallowable under any circumstances.

Subscriptions

See Memberships and Subscriptions.

Taxes (Including Value Added Tax)

Certain required taxes and fees such as gasoline taxes are allowable, unless otherwise restricted or deemed unallowable in 2 CFR 200.470.

Telecommunications and Surveillance

Per 2 CFR 200.471, costs incurred for telecommunications and video surveillance services or equipment such as phones, internet, video surveillance, and cloud servers are allowable except for the following circumstances:

- Obligating or expending covered telecommunications and video surveillance services or equipment or services as described in 2 CFR 200.216 to:
 - Procure or obtain, extend or renew a contract to procure or obtain;
 - Enter into a contract (or extend or renew a contract) to procure; or
 - Obtain the equipment, services, or systems.

Training and Education Costs for Employee Development

The cost of training and education provided for employee development is allowable as long as it is directly grant-related. (2 CFR 200.473)

Transportation Costs

Transportation Costs Related to Goods

Costs incurred for freight, express, cartage, postage, and other transportation services relating to goods purchased, in process, or delivered, are allowable. When the costs can be readily identified with the items involved, they may be charged directly as transportation costs or added to the cost of such items. When identification with the materials received cannot be readily made, the inbound transportation cost may be charged to the appropriate indirect cost accounts if the grantee follows a consistent, equitable procedure in this respect. If reimbursable under the terms and conditions of the federal award, outbound freight should be treated as a direct cost. (2 CFR 200.474)

Transportation of Students or Parents

The cost of transporting students (or parents, if appropriate for the particular grant program) to or from grant activities is an allowable expenditure. Grantees may not charge the grant for costs incurred in transporting students to and from the regular school day.

Travel Costs

Travel costs include the transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the grantee. (2 CFR 200.475) Travel generally means a destination outside the city or town in which the individual works (duty point). Travel can also mean transportation from one duty point to another within the same city or town, such as with an itinerant teacher or counselor who visits multiple campuses during the same workday. This is usually termed “in-district” travel.

If travel is allowable per a grant’s Program Guidelines: Any personnel approved in a grant must be reimbursed for travel according to the applicant's written policies and procedures. However, reimbursement may not exceed State of Texas mileage allowance, GSA hotel rate, and per diem rate existing in the current Texas State Appropriations Act. The state travel guidelines require only reimbursement of actual costs paid and, therefore, prohibit per diem payments to travelers without reconciliation to actual costs expended. Note: Contractor travel is paid as it is described in the individual contract, not to exceed the State rates, and may or may not be delineated out specifically in the contract.

If local policy restricts travel, per diem, and other travel expenses to a rate less than state law, the applicant must budget and request reimbursement from the grant at the lesser rate. If local policy exceeds the maximum recovery rate specified in the Appropriations Act, then the difference must be paid from state or local funds, not from grant funds. Travel allowances in which the per diem is paid to the employee regardless of the amount actually expended are unallowable.

Reimbursement Rates and Allowability for In-State and Out-of-State Travel

Travel costs must be listed as allowable in the grant's Program Guidelines in order to be charged to the grant.

For detailed information regarding allowable travel expenses, consult the [Texas State Comptroller's Textravel](#) website. Included on this website are current and historical travel rates for mileage, lodging, and meals. The mileage, lodging, and meal rules and reimbursement rates published by the Comptroller apply to all grants that TEA administers for individuals on travel status.

The [federal per diem rates](#), published by the U.S. General Services Administration, is used for reimbursement of in-state and out-of-state meal and lodging expenditures. Because the reimbursement rates can change, it is recommended that travelers print the page at the time reservations are made and submit the printout with the travel reimbursement voucher as a supporting document.

Follow these steps to access federal meal and lodging reimbursement rates for traveling in Texas on the [Texas State Comptroller's Textravel](#) website:

1. Once on the Textravel website, select the Rates tab.
2. In the left column, select Current Rates.
3. Click [Domestic Maximum Per Diem Rates](#) in the Employees or Key Officials section, as appropriate to access the federal per diem rates webpage.
4. Locate the traveler's destination by completing the search fields or clicking the appropriate state on the U.S. map.
5. Selecting the state brings up a list of cities and counties. Find reimbursement rates as follows:
 - a. If the city to which the employee is traveling is listed, use the rate given for that city.
 - b. If the city to which the employee is traveling is not listed, check the county list. If the county to which the employee is traveling is listed, use the rate given for that county.
 - c. If the county to which the employees is traveling is not listed, use the standard maximum rate for lodging and meals, as specified on the [Texas State Comptroller's Textravel](#) website.

In-State Day Trips

In accordance with local policy, an employee whose duties require the employee to travel outside the employee's designated headquarters without an overnight stay away from the employee's headquarters may be reimbursed for the actual cost of the employee's meals, not to exceed the non-overnight meal rate listed on the [Texas State Comptroller's Textravel](#) website. In the absence of a local policy, no reimbursement shall be made from the grant for this purpose.

"Designated headquarters" is defined as the area within the boundaries of the city or town in which a traveler's place of employment is located. Travel must take the employee outside designated headquarters for more than six consecutive hours; the cost of meals for travel lasting less than six consecutive hours is unallowable to be charged to the grant.

In-State Overnight Travel

An employee who travels within the State of Texas shall be reimbursed for the actual cost of transportation, lodging, and meals, as applicable. However, reimbursement from grant funds may not exceed the maximum rates based on the federal travel regulations and issued by the Texas Comptroller of Public Accounts.

Out-of-State Travel

An employee who travels within or outside the continental United States shall be reimbursed for the transportation, lodging, and meals, as applicable. However, reimbursement from grant funds may not exceed the maximum rates based on the federal travel regulations and issued by the Texas Comptroller of Public Accounts.

In order to use grant funds for out-of-state travel, it must be authorized in the grant's Program Guidelines for the specific grant award. For out-of-state travel, the grantee must complete a written justification form to be maintained locally and made available to TEA upon request. To access the Justification for Out-of-State Travel form, refer to the [Forms for Prior Approval, Disclosure, and Justification](#) page.

Travel Costs for Officials Such As Executive Directors, Superintendents, or Board Members

Travel costs for officials such as executive directors, superintendents, or board members are allowed only when they are specifically related to carrying out the objectives of the grant project and only with specific TEA approval in the grant application. Refer to the grant's Program Guidelines for specific allowability of travel costs for officials. For out-of-state travel for officials, the grantee must complete a written justification form to be maintained locally and made available to TEA upon request. To access the Justification for Out-of-State Travel form, refer to the [Forms for Prior Approval, Disclosure, and Justification](#) page.

Obligation of Travel Costs

Per EDGAR 34 CFR 76.707, the obligation of travel expenses is made when the travel is taken (not when the air travel or lodging is booked).

Note: This is a common finding in audits and monitoring. To save money with early bird airfare or other travel costs, it is recommended that the grantee make the booking with state or local funds, then reclassify the costs as appropriate after the travel is complete.

Travel Documentation

Travel costs must be properly documented to be reimbursable. The employee must document travel costs with a travel voucher or other comparable documentation. Documentation must include the following at a minimum:

- Name of the individual claiming travel reimbursement
- Destination and purpose of the trip, including how it was necessary to accomplish the objectives of the grant project
- Dates of travel
- Actual mileage (not to exceed reimbursement at the maximum allowable rate), calculated by one of the following two methods:
 - Odometer reading (point-to-point method)
 - Electronic mapping source (such as that on [MapQuest](#) or any other online mapping service). If this method is chosen, the traveler must print the driving directions provided by the site and attach them to the travel voucher.
- Actual amount expended on lodging per day, with a receipt attached (may not exceed the maximum allowable)
- Actual amount expended on meals per day (may not exceed the maximum allowable; tips and gratuities are not reimbursable). **Note:** Receipts are not required by TEA but may be required per local written policies and procedures.
- Actual amount of airfare (receipt must be attached). **Note:** Travelers are required to select the shortest and most economical route but may justify the selection of another route if it was chosen for safety reasons, and specific justification of the selection is documented.
- Actual amount expended on public transportation, such as taxis and shuttles
- Actual amount expended on a rental car, with receipt attached and justification for why a rental car was necessary and how it was more cost effective than alternate transportation
- Actual amount of gasoline for a rental car (receipt must be attached). **Note:** Mileage is not reimbursed for a rental car – only the cost for gasoline is reimbursed.

- Actual amount of parking
- Actual amount expended on incidentals, such as hotel taxes, copying of materials, and other costs associated with the travel
- Total amount reimbursed to the employee

Travel costs that are not supported by proper documentation as described above are unallowable to be charged to TEA grants and are subject to disallowance by state and federal auditors and monitors.

Allowable Travel Expenses

For more detailed information regarding allowable travel expenses, consult the [Texas State Comptroller's Textravel](#) website. Included on this website are current and historical travel rates for mileage, lodging, and meals. The mileage, lodging, and meal rules and reimbursement rates published by the Comptroller apply to all grants that TEA administers for individuals on travel status.

The following travel expenses are allowable, unless otherwise restricted by the grant program:

- Mileage reimbursement is allowable for travel necessary to carry out the objectives of the grant project. When an employee is on travel for the purposes of the grant, mileage reimbursement cannot exceed the rate established by the Comptroller.
- Travelers are required to calculate mileage by one of the following two methods:
 - Odometer reading (point-to-point method)
 - Electronic mapping source (such as that on [MapQuest](#) or any other online mapping service). If this method is chosen, the traveler must print the driving directions provided by the site and attach them to the travel voucher.

Travelers are required to select the shortest and most economical route but may justify the selection of another route if it was chosen for safety reasons and specific justification of the selection is given.

To assist employees in documenting their travel, some districts have developed mileage charts listing the distance between various duty points within the district. Such a chart should be developed in accordance with local policy and must be based on one of the two approved methods of mileage calculation (odometer reading or electronic mapping source). Travelers whose districts have developed such a chart are not required to calculate their mileage by either the odometer reading or electronic mapping source method; reference to the district's mileage chart is sufficient.

- Airfare is allowable at the lowest fare available and must be documented with a receipt. First-class airfare is unallowable.

- Car rental fee (at destination) is unallowable unless other transportation such as taxi or shuttle is not available for performing official business or unless the traveler documents that car rental is more cost effective than alternate modes of travel (the car rental must be documented with a receipt). Gasoline for the rental car is allowable with a receipt.
- Airport parking is allowable.
- For both in-state and out-of-state travel, the traveler may apply funds available for meal reimbursement toward lodging, if local travel policy allows, and reduce their amount available for meal reimbursement. For instance, if the traveler chooses for the sake of convenience to stay in a hotel that costs \$10 more a night than the allowable maximum for lodging, the traveler can apply \$10 of the maximum available for meal reimbursement toward the lodging rate. If the traveler chooses to apply meal reimbursement to lodging, the maximum meal reimbursement rate is reduced by the same amount (applying \$10 of the meal reimbursement to lodging would reduce the maximum allowable meal reimbursement by \$10). **Note:** The opposite case does not apply; that is, a traveler may not reduce the amount spent on lodging and increase the amount spent on meals. Under no circumstances may a traveler be reimbursed from grant funds for meals at a rate that exceeds the [federal per diem rates](#) (or the maximum meal reimbursement rate, depending on whether the destination is specified in the [federal per diem rate](#) resource).
- Taxi fares for official business are allowable. Tips cannot be reimbursed.
- Itemized miscellaneous business expenses (such as business phone calls, printing, or materials) for carrying out official business of the meeting, conference, or workshop are allowable.
- Registration fees to attend workshops or conferences are allowable. Social events or recreational events available at a cost above the basic registration fee may not be paid from grant funds.
- Temporary dependent care costs above and beyond regular dependent care are allowable provided that these costs:
 - Are a direct result of the individual's travel to a conference for the federal award
 - Are consistent with the grantee's established written policy for all travel
 - Are only temporary during the travel period

Unallowable Travel Expenses

The following travel expenses are unallowable:

- First-class air fare
- Per diem (meals and lodging) for meeting, conference, or workshop participants who live in the same city where the event is held. (**Note:** Automobile mileage is allowable, unless prohibited by local travel policy.)
- Travel allowances paid per diem, regardless of participant's actual expenses

- Tips or gratuities of any kind
- Alcoholic beverages
- Entertainment, recreation, or social events
- Any expenses for other persons
- Automobile mileage or taxi fares for other than official business
- Personal accident insurance or personal effects coverage for rental cars
- Rental car for personal use or for purposes not associated with the official business of the meeting, conference, or workshop
- Non-instructional field trips (see guidance under Field Trips)
- Travel costs for dependents are unallowable in most circumstances (2 CFR 200.475)

Tuition

Tuition fees, either paid directly to an institution or on a reimbursement basis to an employee, are allowable only for courses directly related to the grant program and where authorized in the grant program as an allowable use of funds.

Appendix B: Use of Grant Funds for Conferences and Meetings⁹

A conference is an event whose primary purpose is to disseminate technical information beyond the grantee and is necessary and reasonable for successful performance under the federal or state award. Allowable conference costs may include the rental of facilities, speakers' fees, attendance fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by state law or the terms and conditions of the federal or state award. The costs of identifying and providing locally available dependent-care resources for participants are allowable as needed unless prohibited by state law. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary, and managed to minimize costs to the federal or state award. (2 CFR 200.432)

⁹ Source: *Frequently Asked Questions (FAQs) to Assist U.S. Department of Education (ED) Grantees to Appropriately Use Federal Funds for Conferences and Meetings*

Examples of Technical Information:

Examples of technical information that may be conveyed at a meeting or conference include, but are not limited to, the following, each of which must be related to implementing the program or project funded by the grant:

- Specific programmatic, administrative, or fiscal accountability requirements
- Best practices in a particular field
- Theoretical, empirical, or methodological advances in a particular field
- Effective methods of training or professional development
- Effective grant management and accountability

Grantees must follow all applicable statutory and regulatory requirements in determining whether costs are reasonable, necessary, and allowable, especially the UGG regulations found at 2 CFR part 200. If unallowable costs, including unallowable conference expenses, are identified in an audit or through program monitoring, the grantee must immediately correct its expenditure report in the Expenditure Reporting (ER) system and submit an refund to TEA within 30 days.

The following guidance applies to both federal and state grants. In instances where state regulations or local policies have a higher standard than existing federal rules, the more restrictive policy should be followed.

Hosting or Sponsoring a Conference or Meeting

A grantee may use federal grant funds received from USDE to host a meeting or conference only if doing so is:

- Consistent with its approved application or plan
- For purposes that are directly relevant to the program and the operation of the grant, such as for conveying technical information related to the objectives of the grant
- Reasonable and necessary to achieve the goals and objectives of the approved grant

Note: Advertising and Public Relations in [Appendix A: Specific Items of Cost](#) includes specific unallowable costs related to conferences and meetings.

If the grantee has determined that the conference is appropriate and necessary, the grantee must complete a written justification form to be maintained locally and made available to TEA upon request. To access the Justification for Hosting or Sponsoring of Conferences form, refer to the [Forms for Prior Approval, Disclosure, and Justification](#) page.

Factors to Consider

When deciding whether to host a meeting or conference, grantees should consider whether a face-to-face meeting or conference is the most effective or efficient way to achieve the desired result and whether there are alternatives, such as webinars or video conferences, that would be equally or similarly effective and more efficient in terms of time and costs than a face-to-face meeting. In addition, grantees should consider how the meeting or conference will be perceived by the public. For example, will the meeting or conference be perceived as a good use of taxpayer dollars?

Conflict-of Interest-Rules

There are conflict-of-interest rules that grantees must follow when selecting vendors, such as logistics contractors, to help with a meeting or conference. Grantees must follow procurement procedures that are consistent with their state, local, or tribal laws and regulations, as appropriate, and that are also consistent with 2 CFR 200.318 through 200.327, including the minimum requirements in 2 CFR 200.318 related to conflict-of-interest rules.

As applicable, a grantee must disclose in writing to TEA any potential organizational or procurement conflicts of interest. (2 CFR 200.112) To access the necessary forms, visit [Forms for Prior Approval, Disclosure, and Justification](#).

For additional information, review the [Procurement Guidance Handbook](#).

Dependent Care

The costs of identifying and providing locally available dependent-care resources for participants are allowable as needed, unless prohibited by state law. (2 CFR 200.432)

Income Generated Through Meeting or Conference Fees

If a grantee charges a fee for attendance at a particular meeting or conference paid for with federal grant funds, any income generated must be treated as program income under 2 CFR 200.307 or specific program regulations addressing program income.

Restrictions on USDE References

When a meeting or conference is hosted by a grantee and charged to a federal grant, the meeting or conference may **not** be promoted as a USDE meeting or conference, and the seal of the USDE must **not** be used on conference materials or signage without USDE approval. In addition, all meeting or conference materials paid for with federal grant funds must include appropriate disclaimers, such as the following, which is provided in EDGAR 34 CFR 75.620 and states:

The contents of this [insert type of publication; such as book, report, film, website, and web page] were developed under a grant from the U.S. Department of Education (Department). The Department does not mandate or prescribe practices, models, or other activities described or discussed in this document. The contents of this [insert type of publication] may contain examples of, adaptations of, and links to resources created and maintained by another public or private organization. The Department does not control or guarantee the accuracy, relevance, timeliness, or completeness of this outside information. The content of this [insert type of publication] does not necessarily represent the policy of the Department. This publication is not intended to represent the views or policy of, or be an endorsement of any views expressed or materials provided by, any federal agency.

Paying for Food, Beverages, and Snacks When Hosting a Conference or Meeting

All grant expenditures, including those for food, beverages, or snacks, must be reasonable, necessary, allocable to the grant, and allowable (see [Factors Affecting Allowability of Costs](#)).

Generally, a grantee must substantiate with specificity the rationale for why paying for food and beverages with federal funds is necessary to meet the goals and objectives of a grant. When a grantee is hosting an event related to its grant, the grantee should first consider structuring the agenda for the meeting so that there is time for participants to bring or purchase their own food, beverages, and snacks. In addition, when planning a meeting, grantees may want to consider a location in which participants have easy access to food and beverages.

There may be limited circumstances under which providing food or beverages is reasonable and necessary to achieve the purpose of a particular grant. Because food and beverage costs are not of a type generally recognized as ordinary and necessary for the operation of the grantee or the proper and efficient performance of the federal award (see 2 CFR 200.404[a]), grantees must document their evidence and analysis that justify that the use of food or beverage is reasonable and necessary in each instance.

Situations When Costs for Food May Be Considered Reasonable and Necessary:

The question of whether a food cost is reasonable and necessary to the performance of a grant will depend on the federal grant, including any program-specific rules or requirements that may apply to that grant, as well as the unique circumstances of the food cost. The following are some examples of situations when a food cost might be considered reasonable and necessary:

- **Food costs at a family engagement event or parent involvement meeting:** For some federal programs, family engagement is a critical part of the purpose of the program or of the success of a project. In such a program, if a family meeting would occur during a typical mealtime, or if the grantee has evidence that attendance at the event would be affected by the absence of

food or snacks, the grantee may be able to justify that is reasonable and necessary to provide light refreshments or meals to participants.

- **Food costs for a working lunch at a day-long meeting:** A grantee may find that one critical component of its grant activities is hosting an onsite day-long training for professionals working in a field that is a central focus of the grant. If the grantee is able to demonstrate that the lunchtime session is necessary to achieve the goals of the project, attendance at the lunchtime session is necessary to achieve full participation by attendees, and the business carried out at the lunchtime session could not be carried out at another reasonable time, the grantee may be able to justify that it is reasonable and necessary to provide meals or a snack to attendees.
- **Light refreshments at a series of regular after-hours meetings:** A grantee may find that an important part of its grant activities is hosting meetings after the traditional working day so that professionals from within the field but across different employers have an opportunity to collaborate on focused topics. If the grantee can demonstrate that the sessions have planned agendas that are central to the grant, that engaging this group of people is necessary to achieve the purposes of the grant, and that there is evidence that attendance at the meetings would be affected by the absence of food, the grantee may be able to justify that it is reasonable and necessary to provide light refreshments to participants.
- **Costs of light snacks at a day-long meeting:** To achieve the purposes of its grant, a grantee may find that it is necessary to host day-long meetings or training sessions so that involved individuals can collaborate. If the grantee has evidence that providing light snacks (e.g., granola bars and water) at the meeting will result in improved participation, such as more time spent on grant activities and less time needed for breaks during the sessions, the grantee may be able to justify that is reasonable and necessary to provide light snacks to participants. Breakfast costs are not allowed.

Grantees are required to maintain adequate and sufficient documentation to show that meals for situations such as the above are justified as reasonable and necessary. A grant-specific activity must take place during the meal period for it to be considered a working session. Documentation that may support food cost justification include, as examples: an agenda outlining specific topics or activities taking place during the meal period; a representative sample of the work product, if any, that was generated as a result of the working session; or an appropriate map or other resource indicating it was impractical for participants to obtain a meal on their own because of an isolated location or distance to eateries.

Note: General food and beverages for refreshments, breaks, or snacks, are not permitted except for situations as described above. For food costs for necessary and reasonable working sessions, TEA will not reimburse a grantee for more than the approved GSA rate for the meal being provided, per person. Any amount over the approved GSA rate per person must be paid from other allowable funding sources and must not include mandatory service fees or set-up fees as are often charged by event facilities. Anything termed a “gratuity” or “tip” is not reimbursable by TEA per state travel guidelines.

Situations When Costs for Food Are Not Considered Reasonable and Necessary:

There are some situations when food costs would not be considered reasonable and necessary for a grant or would otherwise be unallowable under the UGG, 2 CFR part 200.

- **Food costs at networking sessions:** In nearly all cases, using grant funds to pay for food and beverages for networking sessions with a purely social focus is not justified because participation in such activities is rarely necessary to achieve the purpose of the grant.
- **Food costs at regular staff meetings:** Food costs for recurring business meetings, staff meetings, or other day-to-day activities are generally not reasonable because participation in such activities is rarely necessary to achieve the purpose of the grant.
- **Food costs for remote meetings:** Food costs for meetings conducted remotely, such as sending food to individual meeting participants' locations, are generally not justified since participants' participation is less impacted by them attending the meeting remotely.
- **Entertainment:** Federal grant funds may not be used to pay for entertainment, which includes costs for amusement, diversion, and social activities, unless they have a specific and direct programmatic purpose and are included in the federal award (2 CFR 200.438). Celebrations, receptions, banquets, and other social events generally are not events where purchasing food with grant funds is appropriate.
- **Alcohol:** In all cases, use of grant funds for alcoholic beverages is unallowable. (2 CFR 200.423)
- **Breakfast costs:** Breakfast costs for meetings or trainings are unallowable.

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, grantees may only pay for allowable costs. 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 grantee. Therefore, if the food and beverage cost is not an allowable cost, and a hotel vendor embeds food and beverage costs into a hotel contract for meeting space, the grantee should work with the hotel to have the food and beverage costs identified and removed from the contract and have the price for the meeting space appropriately adjusted.

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 grantee hosting the meeting, the grantee 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 grantee purchases. As noted above, it would not be acceptable for a vendor to embed the cost of beverages in other costs, such as meeting space, without those costs being separately allowable.

Using Indirect Cost Funds to Pay for Food and Beverages

The cost of food and beverages, which are related to meetings that are easily associated with a specific cost and grant objectives, are more appropriately 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 State or Local Resources to Pay for Food and Beverages at a Federal Grant-Related Meeting or Conference

The grantee should follow its own policies and procedures and state and local law for using non-federal resources to pay for food or beverages, including its policies and procedures for accepting gifts or in-kind contributions from third parties. The grantee should be sure that any food and beverages provided with non-federal funds are appropriate for the grantee's event and do not detract from the event's purpose. Please note that, in general, any funds that a grantee contributes to a project as part of the program's matching or cost-sharing requirement would be subject to the same rules that govern the federal funds; therefore, the non-federal funds used to pay for food and beverages for a meeting or conference could only be eligible for use in meeting cost-share or match obligations if federal funds would also be allowable to pay for the food and beverages.

If non-federal funds are used to pay for food at a grantee-sponsored meeting or conference, the grantee should make clear through a written disclaimer or announcement (e.g., a note on the agenda for the meeting) that federal grant funds were not used to pay for the cost of the food or beverages.

Option for Participants to Purchase Food (Such as Boxed Lunches) and Beverages

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

Using Federal Grant Funds to Pay for Costs of Attending a Meeting or Conference Sponsored by USDE or a Third Party

If attending a meeting or conference is necessary to achieve the goals and objectives of the grant, and if the expenses are reasonable (based on the grantee's own policies and procedures, and state and local laws), federal grant funds may be used to pay for travel expenses of grantee employees, consultants, or experts to attend a meeting or conference. To determine whether a meeting or conference is "necessary," grantees should consider whether the goals and objectives of the grant

can be achieved without the meeting or conference and whether there is an equally effective and more efficient way (in terms of time and money) to achieve the goals and objectives of the grant. To determine whether the expenses are “reasonable,” grantees should consider how the costs (e.g., lodging, travel, registration fees) compare with other similar events and whether the public would view the expenses as a worthwhile use of federal funds.

Considerations

Among other considerations, grantees should consider how many people should attend a meeting or conference on its behalf. The number of attendees should be reasonable and necessary to accomplish the goals and objectives of the grant. The grantee also should determine whether it is necessary to attend the entire meeting or conference, or whether attending only a portion of the meeting or conference is reasonable and necessary.

Travel Expenses for Conferences

Grantees may use federal grant funds for travel expenses only to the extent such costs are reasonable and necessary and do not exceed charges normally allowed by the grantee in its regular operations consistent with its written travel policies (see 2 CFR 200.475).

Federal grant funds may be used to pay expenses for transportation, per diem, and lodging if the costs are reasonable and necessary. Grantees should follow their own travel and per diem rules and costs when charging travel expenses to their federal grant. All grantees are required to have written travel procedures. **Note:** Reimbursement for travel costs may not exceed State of Texas mileage allowance, General Services Administration (GSA) hotel rate, and per diem rate existing in the current Texas State Appropriations Act. The state travel guidelines require only reimbursement of actual costs paid and, therefore, prohibit per diem payments to travelers without reconciliation to actual costs expended.

See Travel in [Appendix A: Specific Items of Cost](#) for additional information.