

ESSA Quick Reference Brief: Purchasing Store Cards with Federal Funds

What the Law Says

While some spending provisions for title grants are outlined in the Every Student Succeeds Act (ESSA), all federal funds are governed by a framework for grants management called The Uniform Grant Guidance (UGG). UGG obliges districts to implement and maintain financial management systems that comply with federal systems management requirements detailed in the [Code of Federal Regulations \(CFR\)](#).

There are a number of citations within the CFR that are relevant to the discussion of the purchase of store cards with federal funds:

§200.303 [Internal controls](#)

The non-Federal entity (district) must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

§200.445 [Goods or Services for Personal Use](#)

- (a) Costs of goods or services for personal use of the non-Federal entity's employees are unallowable regardless of whether the cost is reported as taxable income to the employees.

Additionally, several costs are specified as unallowable under UGG (§200.423 Alcoholic beverages, and §200.438 Entertainment costs) under which the use of store cards could inadvertently result in misuse of funds.

What It Means

While ESSA and UGG do not address this subject by name, **the purchase of store cards (gift cards) with federal funds is not allowable** because even if the card is intended to be used for allowable uses under the grant program, the recipient may not use it accordingly, either knowingly or unknowingly. There is one exception, however, related to supporting children and youth experiencing homelessness.

Homeless Children and Youth (HCY)

The McKinney-Vento (MV) Act defines “homeless children and youth “as individuals who lack a fixed, regular, and adequate nighttime residence.” The term includes children and youth, 21 and under, who are:

- Sharing housing due to economic struggles (doubled-up);
- Living in a shelter, hotel, motel or campground;
- Living in a public place not designed for sleeping (cars, parks);
- Migratory children who qualify as homeless because they are living in circumstances described above;
- Unaccompanied youth, not living with a parent or guardian, in a living situation described above.

The McKinney-Vento Act is designed to address the challenges that homeless children and youths face in enrolling, attending, and succeeding in school. To that end, **the purchase of store cards with federal funds for the benefit only of students who meet the definition above, is allowable under the following circumstances:**

- Items of clothing, particularly if necessary to meet a school’s dress or uniform requirement;
- Clothing and shoes necessary to participate in physical education classes;

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- Laundry services;
- Personal school supplies such as backpacks and notebooks; and
- Emergency food and bottled water.

Potential Funding Sources

Districts have a number of federal funding sources at their disposal to support children and youth experiencing homelessness:

- **Title I, Part A Homeless Set Aside**

Title I-A funds are available to districts based on census poverty. Two principles govern the use of Title I, Part A funds to provide such services to homeless students. First, the services must be reasonable and necessary to assist homeless students to take advantage of educational opportunities.¹ Second, Title I-A funds must be used only as a last resort when funds or services are not available from other public or private sources.² Because students experiencing homelessness are automatically eligible for Title I-A services, districts may use Title I-A set aside funds to purchase store cards for MV eligible students for the allowable uses described above.

- **McKinney-Vento Subgrants**

ODE awards McKinney-Vento subgrants to LEAs competitively on the basis of the need of the LEAs requesting assistance and the quality of their applications. LEAs must use McKinney-Vento funds to assist homeless children and youths in enrolling, attending, and succeeding in school.

- **American Rescue Plan: Homeless Children and Youth (ARP-HCY) Fund**

ARP-HCY funds supplement the McKinney-Vento Education for Homeless Children and Youth (EHCY) program. All allowable EHCY uses apply to these funds which includes **providing store cards/prepaid debit cards to purchase materials necessary for students to participate in school activities.**³

Tracking Usage

While the purchase of store cards to support students experiencing homelessness is allowable, districts are expected to implement systems to ensure that store cards are used in alignment with the requirements of the program.⁴ Examples of these controls could include:

- Developing an online form accessible on a phone or other device (such as Google Forms) that parents complete assuring consent as to how the cards will be used;
- Having the district McKinney-Vento Liaison meet families at the register to review items prior to purchase;
- Requiring submission of receipts to document purchases with store cards.

Resources

- [Education for Homeless Children and Youths Program Non-Regulatory Guidance](#) (USED)

¹ ESSA section 1113(c)(3)(A); 2 CFR § 200.403(a)

² ESSA section 1115(e)(2)

³ [ARP Dear Colleague Letter](#)

⁴ 2 CFR, Section §200.303

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- [ARP Dear Colleague Letter](#) (USED)
- [Electronic Code of Federal Regulations](#) (U.S. Government Publishing Office)