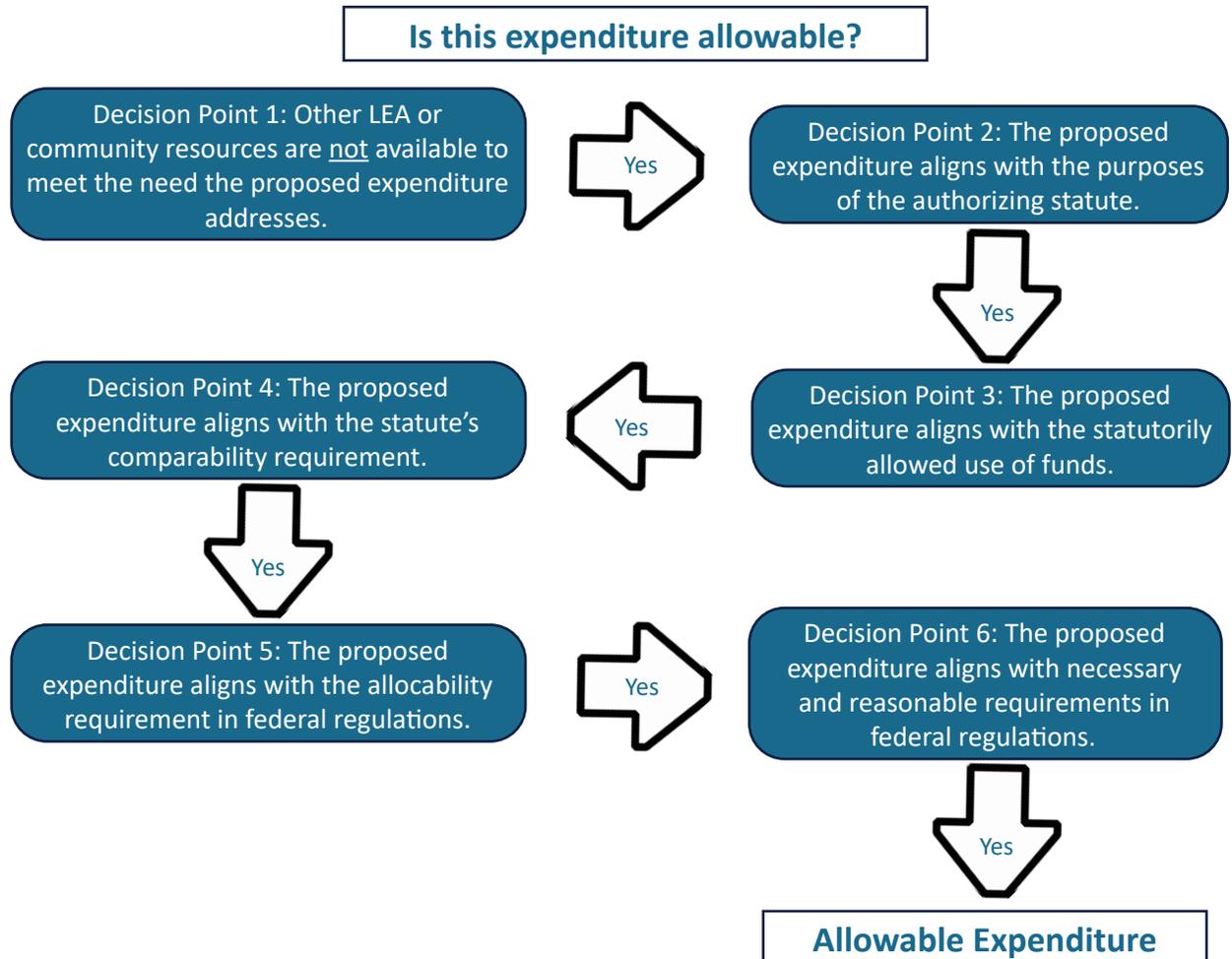




## Use of Funds Tip Sheet for Serving Children and Youth Experiencing Homelessness with McKinney-Vento and the American Rescue Plan

This NCHE tip sheet provides educational administrators in local educational agencies (LEAs) with information and guiding questions to assist them in determining how to spend subgrant funds in their Education for Homeless Children and Youth (EHCY) program authorized by Subtitle VII-B of the McKinney-Vento Homeless Assistance Act (McKinney-Vento Act). The tip sheet also applies to subgrants distributed from American Rescue Plan-Homeless Children and Youth (ARP-HCY) funds.<sup>1</sup> LEA subgrantees should consider the following six decision points in the order in which they are listed when making funding decisions. A proposed expenditure must meet the requirements in each of these decision points to be allowable.



<sup>1</sup> View the full statute of the American Rescue Plan Act of 2021: <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf>. For additional information on the ARP-HCY program, view the ED ARP-HCY program web page: <https://oese.ed.gov/offices/american-rescue-plan/american-rescue-plan-elementary-secondary-school-emergency-relief-homeless-children-youth-arp-hcy/>. Also, view the ARP-HCY resources page of the National Center for Homeless Education: <https://nche.ed.gov/legislation/arp/>.

 **Decision Point 1.** Explore the availability of other school district and community resources.

LEAs should familiarize themselves with all existing LEA programs that could assist children and youth experiencing homelessness. EHCY and ARP-HCY subgrants should not be used for activities or services that students experiencing homelessness can receive through other LEA programs. In addition, schools and LEAs should make referrals to service agencies and community partners who are tasked with providing services that are beyond the scope and/or capacity of the schools and LEAs.

Ask:

- *What existing state educational agency (SEA) and LEA services and programs are available to meet the needs of students experiencing homelessness?*
- *Are other resources in the community available and better equipped to meet the targeted needs or achieve the desired outcomes for these students?*

 **Decision Point 2.** Familiarize yourself with the purposes of the authorizing statute.

The purposes of the EHCY program are to (1) ensure children and youth experiencing homelessness have equal access to the same free, appropriate public education as provided to other children and youth; (2) remove barriers to the identification of, or the enrollment, attendance, or success in school of children and youth experiencing homelessness; (3) ensure students experiencing homelessness are not separated from the mainstream school environment; and (4) enable them to have access to the education and other services that they need to meet the same challenging state standards to which all students are held (42 U.S.C. § 11431 of the McKinney-Vento Act). All program expenditures must align with these purposes.

ARP-HCY subgrants are to be utilized for the same purposes as the McKinney-Vento Act, including providing wraparound services to students experiencing homelessness.<sup>2</sup>

Ask:

- *Is the proposed use of funds aligned with the purposes of the McKinney-Vento Act?*

 **Decision Point 3.** Familiarize yourself with the statutorily allowed uses of funds in the McKinney-Vento Act.

EHCY and ARP-HCY subgrant funds may be used for activities that carry out the purpose of the McKinney-Vento Act (see Decision Point 2), including the list of activities in 42 U.S.C. § 11433(d) of the McKinney-Vento Act. See the Appendix for a list of the activities.

Ask:

- *Does the proposed use of funds carry out the purposes of the McKinney-Vento Act?*

 **Decision Point 4.** Consider the comparability requirements in the McKinney-Vento Act.

The McKinney-Vento Act requires that each child or youth experiencing homelessness must be provided services comparable to those offered to other students in the school, such as services provided under Title I, Part A of the Elementary and Secondary Education Act of 1965 or similar programs; educational programs for children with disabilities and English learners; programs in career and technical education; programs for gifted and talented students; and school nutrition programs (42 U.S.C. § 11432(g)(4)). Accordingly, if a service or resource is provided for all students, the cost of providing that service or resource to students experiencing homelessness cannot be paid with EHCY or ARP-HCY subgrant funds.

Ask:

- *Does the school or LEA already provide the proposed service or resource through a program or through services available to nonhomeless students?*

<sup>2</sup> Cardona, M.A., Dear Colleague Letter, April 23, 2021. <https://oese.ed.gov/files/2021/04/ARP-Homeless-DCL-4.23.pdf>

 **Decision Point 5.** Ensure the cost of the proposed activity is allocable to the program.

According to the Uniform Guidance (2 C.F.R. § 200.405), a cost is allocable if the goods or services in question are chargeable or assignable to that award in accordance with relative benefits received. For example, an LEA may use EHCY program funds to purchase school supplies for students who are experiencing homelessness, as defined in 42 U.S.C. § 11434a(2) of the McKinney-Vento Act, to carry out the purposes of the EHCY program.

Please note that, in order to be allocable to the EHCY or ARP-HCY program, services provided with EHCY or ARP-HCY program funds must be focused on serving eligible recipients under the program (i.e., students who meet the McKinney-Vento Act’s definition of homeless); these funds may not be used for services that benefit only parents or other household members. Parents and other family members may, however, incidentally benefit from EHCY-funded services for eligible students (e.g., the provision of wireless internet services to the student’s home to enable the student to complete school assignments), provided that the incidental benefits do not increase the cost of services.

Ask:

- *Is the cost chargeable or assignable to the award relative to the benefits received?*
- *If the cost is supporting a program or service that serves students in addition to those experiencing homelessness, can this cost be determined relative to the proportion of students experiencing homelessness served by the program? If the proposed use of funds will benefit students experiencing homelessness as well as students ineligible for EHCY or ARP-HCY program services, will program funds only support activities benefitting students experiencing homelessness?*

 **Decision Point 6.** Determine if all costs are necessary and reasonable.

To be allowable under the Uniform Guidance, the cost of a proposed use of funds must be necessary and reasonable for the performance of the federal award (2 C.F.R. § 200.403(a)). A cost is *necessary* if it is essential to achieve the goals of the program. For example, the service being provided is necessary to enable a student or group of students who are experiencing homelessness to attend school and participate fully in school activities. A cost is *reasonable* “if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.” (2 C.F.R. § 200.404).

When determining if a cost is necessary and reasonable, consideration should be given to the relative impact of the expenditure given the amount of the grant and number of students who would benefit (e.g., weighing the costs and benefits of supporting one student experiencing homelessness to attend a debate competition out of state versus supporting a group of students in a shelter with a supplemental reading program). Such an analysis is necessarily context specific. For example, some expenditures are reasonable for a student a month before graduation that would not be considered so at the beginning of the school year, as in the case of an LEA paying the cost of childcare to help a parenting student experiencing homelessness to graduate versus committing to cover childcare costs for an entire school year.

Ultimately, it is important to document student needs overall and consider the effectiveness of activities and expenses on all students served by the program.

Ask:

- *Is the proposed use of funds necessary to achieve the goals of the EHCY program? For example, is this cost necessary to enable the student experiencing homelessness (or group of students experiencing homelessness) to attend school and participate fully in school activities?*
- *Is the expense reasonable, considering the expected impact and the cost in relation to what is spent on other students and activities?*

## References

- Subtitle VII-B of the McKinney-Vento Homeless Assistance Act, as amended by the Every Student Succeeds Act, 42 U.S.C. § 11431 *et seq.* (2015). <https://uscode.house.gov/view.xhtml?path=/prelim@title42/chapter119/subchapter6/partB&edition=prelim>
- Uniform Guidance: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. § 200.403-405. (2013). <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>
- U.S. Department of Education. (2017). *Education for Homeless Children and Youths program non-regulatory guidance*. <https://www2.ed.gov/policy/elsec/leg/essa/160240ehcyguidance072716updated0317.pdf>

## Appendix

### McKinney-Vento Subgrant Authorized Activities

The following is a list of allowable activities in the McKinney-Vento Act (42 U.S.C. § 11433(d)(1-16)). While this list is not inclusive of all activities, subgrant activities must carry out the purposes of the McKinney-Vento Act listed in section 11431 of the Act.

1. The provision of tutoring, supplemental instruction, and enriched educational services that are linked to the achievement of the same challenging State academic standards as the State establishes for other children and youths.
2. The provision of expedited evaluations of the strengths and needs of homeless children and youths, including needs and eligibility for programs and services (such as educational programs for gifted and talented students, children with disabilities, and English learners, services provided under title I of the Elementary and Secondary Education Act of 1965 [20 U.S.C. 6301 et seq.] or similar State or local programs, programs in career and technical education, and school nutrition programs).
3. Professional development and other activities for educators and specialized instructional support personnel that are designed to heighten the understanding and sensitivity of such personnel to the needs of homeless children and youths, the rights of such children and youths under this part, and the specific educational needs of runaway and homeless youths.
4. The provision of referral services to homeless children and youths for medical, dental, mental, and other health services.
5. The provision of assistance to defray the excess cost of transportation for students under section 11432(g)(4) (A) of this title, not otherwise provided through Federal, State, or local funding, where necessary to enable students to attend the school selected under section 11432(g)(3) of this title.
6. The provision of developmentally appropriate early childhood education programs, not otherwise provided through Federal, State, or local funding, for preschool-aged homeless children.
7. The provision of services and assistance to attract, engage, and retain homeless children and youths, particularly homeless children and youths who are not enrolled in school, in public school programs and services provided to nonhomeless children and youths.
8. The provision for homeless children and youths of before- and after-school, mentoring, and summer programs in which a teacher or other qualified individual provides tutoring, homework assistance, and supervision of educational activities.
9. If necessary, the payment of fees and other costs associated with tracking, obtaining, and transferring records necessary to enroll homeless children and youths in school, including birth certificates, immunization or other required health records, academic records, guardianship records, and evaluations for special programs or services.
10. The provision of education and training to the parents and guardians of homeless children and youths about the rights of, and resources available to, such children and youths, and other activities designed to increase the meaningful involvement of parents and guardians of homeless children or youths in the education of such children or youths.
11. The development of coordination between schools and agencies providing services to homeless children and youths, as described in section 11432(g)(5) of this title.
12. The provision of specialized instructional support services (including violence prevention counseling) and referrals for such services.
13. Activities to address the particular needs of homeless children and youths that may arise from domestic violence and parental mental health or substance abuse problems.
14. The adaptation of space and purchase of supplies for any nonschool facilities made available under subsection (a)(2) to provide services under this subsection.
15. The provision of school supplies, including those supplies to be distributed at shelters or temporary housing facilities, or other appropriate locations.
16. The provision of other extraordinary or emergency assistance needed to enable homeless children and youths to attend school and participate fully in school activities.

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