**SIG 1003(g) Allowable Uses of Funds**

**Budgeted items must:**

 Align with the approved SIG application

 Be reasonable and necessary

 Meet program intents and purposes

 Be obligated and liquidated in accordance with the approved SIG plan within the approved grant period

 Supplement and not supplant state and local funds

**Non-Allowable Uses of Funds for SIG:**

 Incentives of non-educational value (non-educational gift cards when you can’t guarantee that it will be used for education, cash, etc.);

 Recreational field trips (end-of-the-year,

 Food purchases

 Technology for student and teacher personal use (iPad, iPod Touch, laptop, etc. giveaways)

 Any expenditure that occurred prior to the approval and funding of the project;

 Any expenditure that is not clearly identifiable as directly related to grant activities or functions.

In addition, The Office of School Turnaround uses Section I-30 of the *Guidance on Fiscal Year 2010 School Improvement Grants Under Section 1003(g) of the Elementary and Secondary Education Act of 1965 (March 1, 2012)* to guide its approval of budgets:

All of the SIG funds an LEA uses must be used to support the LEA’s implementation of one of the 6 school intervention models, each of which represents a comprehensive approach to addressing the particular needs of the students in a school as identified through the LEA’s needs assessment. Accordingly, in determining whether a particular proposed use of SIG funds is allowable, an SEA should consider whether the proposed use is directly related to the full and effective implementation of the model selected by the LEA, whether it will address the needs identified by the LEA, and whether it will advance the overall goal of the SIG program of improving student academic achievement.

In addition, an SEA must ensure that a proposed use of funds is reasonable and necessary and “supplement not supplant” (the school must receive all of the non-Federal funds it would have received if it were not receiving SIG funding, including all non-Federal funds necessary for the operation of the school’s basic educational program.

For example, if an LEA proposes to use SIG funds to reduce class size should consider the factors discussed above. One way an SEA might do this would be to ask the following questions:

* whether class-size reduction is directly related to, as well as reasonable and necessary for, the full and effective implementation of the selected model, including whether it is directly related to, and reasonable and necessary for, implementing activities required or permitted under the model;
* whether, through its needs assessment, the LEA identified a specific need or needs that can be addressed through class-size reduction;
* whether class-size reduction represents a meaningful change that could help improve student academic achievement from prior years (and is not, for example, just intended to reverse increases in class size made by the LEA because of recent budget cuts);
* whether the specific class-size reduction proposed is supported by research indicating that, in fact, it will help improve academic achievement; and
* whether the proposed class-size reduction represents a significant reform that goes beyond the basic educational program of the school, including whether the class-size reduction would exceed minimal requirements set by state or local law or policy. If the answer to any of these questions is no, then an SEA using this process to review the proposed use of SIG funds to support class-size reduction would determine that the proposed use is not permissible.

When considering the purchasing of incentives for students, be sure that the expenditures can pass the following three tests:

* **Reasonability Test**

All expenditures using Title I funds must be reasonable. It helps to determine if the expenditure is reasonable by picturing yourself having to justify an expenditure to an auditor.

* **Nominal Test**

Title I SIG funds are meant to be used for staff and programs aimed at helping students achieve. A small portion of the funds can be used for other expenditures such as supplies, equipment, incentives, etc. to support the SIG intervention model. Expenditures for incentives should be nominal rewards that reflect a small portion of the total SIG allocation available.

* **Educationally-Related Test**

Incentives purchased with SIG funds should be educationally-related, such as books or educational games. If food certificates for pizza or ice cream are distributed, it should be for meeting educational goals such as regularly attending school or finishing a project. Please note that gift cards are not allowable as there is no guarantee they are educationally-related. The only exception to this would be a gift card that is to a bookstore that is also reasonable and nominal.

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| *Examples of Allowable Incentives*  *Using SIG Funds* | *Examples of Non-Allowable Incentives*  *Using SIG Funds* |
| Providing a couple of randomly distributed nominal door prizes as an incentive for parents to attend a Title I meeting. | Giving away bikes, CD players or other high priced items as an incentive for increased attendance. |
| Distributing ice cream or pizza certificates as an incentive for increased attendance. | Giving cash to students who read a specific number of books or complete a project. It is never allowable to distribute cash to students or parents using Title I funds |
| Distributing gift certificates to a book store as an incentive to students who read a specific number of books or complete a project. If a book certificate is provided, it must be reasonable and nominal. While a $5-$10 gift card is reasonable, a $50-$75 gift card is not reasonable. | Using multiple incentives for many different activities. |
| Using a few incentives to support an academic goal. |  |