



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

December 8, 2022

Dear Chief State School Officer:

The U.S. Department of Education (Department) continually seeks opportunities to ease administrative burdens on State educational agencies (SEAs) while ensuring strong fiscal and programmatic accountability.

Accordingly, effective today, I am granting prior approval for your SEA, in certain cases, to approve pre-award costs (PACs) for subgrantees and to pay participant support costs (PSCs)¹ of \$5,000 or less per participant per event, when such costs are associated with formula grant programs in the SEA's approved consolidated State plan under the Elementary and Secondary Education Act of 1965 (ESEA consolidated State plan).

More specifically, this prior approval of PACs and PSCs applies to SEAs and their subgrantees under the following State-administered formula grant programs in an SEA's approved ESEA consolidated State plan and is effective for the duration of the plan:

- Title I, Part A – Improving Basic Programs Operated by Local Educational Agencies
- Title I, Part B – State Assessment Formula Grants
- Title I, Part C – Education of Migratory Children
- Title I, Part D – Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk
- Title II, Part A – Supporting Effective Instruction
- Title III, Part A – English Language Acquisition, Language Enhancement, and Academic Achievement
- Title IV, Part A – Student Support and Academic Enrichment Grants
- Title IV, Part B – 21st Century Community Learning Centers
- Title V, Part B, Subpart 2 – Rural and Low-Income School Program
- McKinney-Vento Education for Homeless Children and Youth Program

PACs are those “incurred prior to the effective date of the Federal award or subaward directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.” (2 CFR § 200.458.)

The Department is granting prior approval for any PAC incurred by a subgrantee on or after the date that the SEA received the Federal award. PACs must be in anticipation of the

¹ PACs and PSCs are governed under the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), codified in 2 CFR Part 200.

Federal subaward where such costs are necessary for efficient and timely performance of the program for which the subaward is received.

PSCs are “direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences,² or training projects.” (2 CFR § 200.1.) PSCs are allowable costs under an applicable formula grant program if they are necessary and reasonable for the performance of the award and prior approval has been granted by the Federal awarding agency. (2 CFR §§ 200.403 and 200.456.)

The Department is granting prior approval for any PSC that does not exceed a total cost of \$5,000 per individual participant or trainee per conference, training, or event. Please note that the rule regarding PSCs does not include employees of your State agency or the employees of your subgrantees. Rather, PSCs would typically apply if, for example, an SEA or subgrantee provides opportunities to parents to attend a program-related conference or training, or private school teachers as part of equitable services to attend a training or conference. PSCs would also apply if, for example, a subgrantee used Federal funds to pay for students’ expenses for travel to a program-related conference or training.

Prior Approval

As noted above, using the authority under 2 CFR Part 200, I am granting:

1. Approval for an SEA to permit a subgrantee to charge PACs, so long as they are necessary and reasonable for carrying out the program, consistent with all applicable statute and regulations, and are for obligations incurred during the period of availability of the SEA’s grant.
2. Prior approval for an SEA and its subgrantees of any PSC that does not exceed a total cost of \$5,000 per individual participant or trainee, per conference, training, or event.

With this approval, an SEA is no longer required to submit individual requests for prior approval of qualifying PACs or PSCs to the Department. This prior approval does not preclude the SEA, as the Department’s grantee, from requiring its subgrantees to request prior approval from the SEA for all PACs and PSCs or for any PSC that exceeds an SEA-determined threshold below the threshold granted in this prior approval. If an individual PSC exceeds \$5,000 for a conference, training, or event, your agency must request prior approval from the Department. This approval, however, does not apply to expenditures for “equipment” as defined in 2 CFR § 200.1.

Please note that this prior approval does not mean that a particular PAC or PSC is deemed an allowable cost under an applicable program. That determination must be made by the grantee or subgrantee in accordance with applicable statutory and regulatory requirements of the program. Nor does this prior approval in any way diminish the responsibilities of your agency to monitor and ensure that the expenditure of program funds, including expenditures for PACs or PSCs, meet all applicable requirements of a program (e.g., statutes and regulations and the requirements

² “Conference” means a “meeting, retreat, seminar, symposium, workshop, or event whose primary purpose is dissemination of technical information beyond the non-Federal entity and is necessary and reasonable for successful performance under the Federal award.” (2 CFR § 200.432.)

set out in Subpart E of 2 CFR Part 200 with regard to expenditures being reasonable, necessary, allocable, and properly documented).

Thank you for all you are doing to support your students and schools. I hope this additional flexibility is helpful given the critical challenges confronting SEAs. For further technical assistance regarding this flexibility, please contact the Office of School Support and Accountability at: oesse.titlei-a@ed.gov.

Sincerely,

/s/

James F. Lane, Ed.D.
Senior Advisor, Office of the Secretary
Delegated the Authority to Perform the Functions
and Duties of the Assistant Secretary
Office of Elementary and Secondary Education

cc: Title I, Part A Director
Title I, Part B Director
Title I, Part C Director
Title I, Part D Director
Title II, Part A Director
Title III, Part A Director
Title IV, Part A Director
Title IV, Part B Director
Title V, Part B, Subpart 2 Director
McKinney-Vento Director
Council of Chief State School Officers