

Using Federal Education Funds for Student Incentives and Rewards

As a general rule, districts are encouraged to utilize donations from community partners as much as possible when purchasing student incentives and rewards. However, minimal-cost certificates, plaques, ribbons, small trophies, or instructionally-related items to be used in the classroom (e.g. pens, pencils, notebooks, flash drives, literature, etc.) are acceptable incentives for participation in program activities or awards for recognition. These items should be tied to instructional strategies and activities.

Incentives may be allowable if the expenditures can pass each of the following three tests:

- **Reasonable Test** – All expenditures using federal education funds must be reasonable. It helps to determine if the expenditure is reasonable by picturing the district having to justify the expenditure to an auditor.
- **Nominal Test** – Expenditures should be for small rewards that reflect a minimal portion of the total program funds available.
- **Educationally-Related Test** – Incentives purchased with Title I funds should be educationally related – books, educational games, pencils, etc. When distributing the incentives, the rationale for receiving an incentive must also be educationally-related – finishing a project, showing growth, etc.

Examples of Allowable Incentives Using Federal Education Funds	Examples of Non-Allowable Incentives Using Federal Education Funds*
<ul style="list-style-type: none"> • Providing a few educationally related incentives for parents to attend a Title I meeting • Using a few incentives to support an academic goal • Minimal-cost certificates, plaques, ribbons, and small trophies • Pens, pencils, notebooks, and other school-related supplies 	<ul style="list-style-type: none"> • Providing all parents who attend a Title I parent meeting a door prize • Gifts or items that appear to be gifts • Bikes, iPods, Kindles, or other high priced items • Giving cash to students for any reason • Souvenirs, memorabilia, or promotional items, such as T-shirts, caps, tote bags, imprinted pens, and key chains • Food • Gift cards • Entertainment costs, such as a D.J. or bounce house <p style="font-size: small;">*The above items may be donated by others, but not purchased with grant funds.</p>