

FAQ on Allowable Uses of American Rescue Plan – Homeless Children and Youth (ARP-HCY) Funds

The U.S. Department of Education (USED) has provided guidance regarding allowable uses of ARP-HCY funds. These funds can be used more flexibly than McKinney-Vento funds.

Specifically, USED has stated that local educational agencies (LEAs) may use ARP-HCY funds for the following activities¹:

- To award contracts to community-based organizations that are well-positioned to identify historically underserved populations such as rural children and youth, Tribal children and youth, students of color, children and youth with disabilities, English learners, and LGBTQ+ youth, and connect them to educationally related support and wraparound services.
- For [any of the sixteen uses permitted by the McKinney-Vento Act \(see 42 U.S.C. §11433\(d\)\)](#).
- For “any expenses necessary to facilitate the identification, enrollment, retention, or educational success of homeless children and youth in order to enable homeless children and youth to attend school and participate fully in school activities, such as:
 - providing wraparound services (which could be provided in collaboration with and/or through contracts with community-based organizations, and could

¹ See [April 23, 2021 Letter](#) from USED to Chief State School Officers and July 2, 2021 [Application for Funding](#) under the American Rescue Plan Act Education for Homeless Children and Youth (ARP-HCY).

- include academic supports, trauma-informed care, social-emotional support, and mental health services);
- purchasing needed supplies (e.g., personal protective equipment, eyeglasses, school supplies, personal care items);
 - providing transportation to enable children and youth to attend school and participate fully in school activities;
 - purchasing cell phones or other technological devices for unaccompanied, homeless children and youth to enable such children and youth to attend school and fully participate in school activities;
 - providing access to reliable, high-speed internet for students through the purchase of internet-connected devices/equipment, mobile hotspots, wireless service plans, or installation of Community Wi-Fi Hotspots (e.g., at homeless shelters), especially in underserved communities;
 - paying for short-term, temporary housing (e.g., a few days in a motel) when such emergency housing is the only reasonable option for COVID-safe temporary housing and when necessary to enable the homeless children and youth to attend school and participate fully in school activities (including summer school);
 - and providing store cards/prepaid debit cards to purchase materials necessary for students to participate fully in school activities.”

USED also emphasized that LEAs should analyze the needs of students experiencing homelessness and use funds for “other extraordinary or emergency assistance needed to enable homeless children and youths to attend school and participate fully in school activities.”

All ARP-HCY expenditures must align with USED's guidance.

In addition, all expenditures must:

- Be reasonable and necessary (i.e., that the cost 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 cost²;
- Align with the purpose of, and other requirements in, the McKinney-Vento Act; and
- Not supplant services provided to housed students through other funding sources (i.e. if an LEA is providing an item or service to housed students through Title I, local funds, or other sources, it must pay for that item or service for students experiencing homelessness as well, using that same funding source).³

This FAQ addresses some common questions school districts confront regarding allowable uses of ARP-HCY funds at the local level.

Transportation

Can ARP-HCY funds be used for transportation to the school of origin or other required transportation?

Yes. ARP-HCY funds can be used for required transportation costs, as long as ARP-HCY funds only cover the **excess** costs of transportation not otherwise provided through Federal, State, or local funding. Excess costs are calculated by subtracting the typical, per-pupil transportation expenditure in the school district from the cost of transportation for each McKinney-Vento student.

² See 2 CFR §200.404.

³ See 42 U.S.C. §11432(g)(4).

Can ARP-HCY funds pay for optional transportation, such as transportation to a preschool program that is not a school of origin?

Yes. ARP-HCY funds can be used for transportation that is needed to enable children and youth experiencing homelessness to attend school and participate fully in school activities. Again, ARP-HCY funds can cover only the **excess** costs of transportation not otherwise provided through Federal, State, or local funding. For example, if the school district provides preschool transportation for all students, ARP-HCY funds could cover only transportation that goes above and beyond what would be provided for housed students.

Can ARP-HCY funds be used to purchase a vehicle to transport McKinney-Vento students?

Yes. However, the school district must be able to demonstrate that the purchase of the vehicle or vehicles would be more efficient and cost less overall than other means of transportation available. For example, if the district already has a vehicle that it could use to transport students to their school of origin, or the district has access to a less expensive means to transport the students (e.g., leasing a vehicle or using a private vehicle and reimbursing for the cost of transportation), it would not be reasonable and necessary to use ARP-HCY funds to purchase a vehicle. However, if the district determines that the cost of a particular vehicle, including related expenses such as fuel and insurance, is less than the cost of alternative means of transportation, the purchase may be considered reasonable and necessary given the circumstances. This determination is fact-specific. Therefore, this kind of purchase would need to be considered on a case-by-case basis.

USED also requires that LEAs seeking to purchase an item that exceeds \$5,000 in value and has a useful life of more than one year must receive prior written approval from the state. Grantees purchasing vehicles will be expected to report on the use of such vehicles.

If we purchase a vehicle to transport McKinney-Vento students, can we transport housed students in the vehicle as well?

No. A vehicle purchased with ARP-HCY funds can only be used to serve students eligible for ARP-HCY services. The only exception would be providing transportation for McKinney-Vento students after they move into permanent housing. Such students remain eligible for McKinney-Vento services, including transportation, for the remainder of the academic year. Therefore, they would be eligible to be transported in vehicles purchased with ARP-HCY funds.

Can ARP-HCY funds support driver's license fees and/or driver education classes for McKinney-Vento students?

Yes, but only in two specific circumstances.

1. First, since ARP-HCY funds can pay fees that are needed to enable youth experiencing homelessness to attend school and participate fully in school activities, the funds can pay for driver education classes that are part of a high school curriculum or a school activity.
2. Second, if the student will be able to provide their own transportation to school once a driver's license is obtained, and the school district determines that paying for driver's license fees and/or driver education classes is more efficient and will cost less overall than other means of transportation available, ARP-HCY funds could support those costs.

Can ARP-HCY funds support driver's license fees and/or driver education classes for parents or caregivers?

Yes, but only if the parents or caregivers will be able to transport their students to school once a license is obtained, and the school district determines that paying for driver's license fees and/or driver education classes is more efficient and will cost less overall than other means of transportation available.

Can ARP-HCY funds pay for car repairs for students, parents, or caregivers?

Yes, if paying for repairs will allow the student, parent, or caregiver to provide transportation to school, and the school district determines that paying for car repairs is more efficient and will cost less overall than other means of transportation available. The allowability of this expense would be highly fact-specific and would depend on the unique circumstances within the school district. Whether paying for car repairs is a reasonable and necessary cost could depend on, for example, how far the student lives from the school, whether there are school bus routes near where the student is residing, whether the student has access to public transportation, the cost of the car repairs, and/or the primary use of the vehicle. Thus, car repairs would be allowable provided the cost of the repair per student is reasonable and necessary based on the student's needs.

Can ARP-HCY funds be used to provide prepaid gas cards so parents, caregivers, or youth can purchase gas to drive themselves or their children to school?

Yes. Often, providing funding directly to parents, caregivers, or youth for gas so they can drive to school is more efficient and will cost less overall than other means of transportation available. In such cases, providing funding for gas is reasonable and necessary for students to get to school and school activities. Funds can be provided in multiple ways, including gas vouchers, mileage reimbursement, and prepaid gas cards.

Do the cards have to be valid for gas only?

LEAs should adopt policies and procedures to help prevent unauthorized use of store cards or prepaid debit cards, in order to prevent waste, fraud, and abuse. If there is a reasonably available vendor in the area who offers gas-only cards, the school district may choose that vendor as an additional safeguard. However, this is not a requirement of ARP-HCY or the McKinney-Vento Act. Parents, caregivers, and youth should be informed that the cards are being provided specifically to support transportation. The school district may wish to have parents, caregivers, and youth sign upon receipt of the cards, acknowledging both receipt of the cards and their intent to use the card only for gas to provide transportation to school and school activities.

The school district also may track attendance and calculate the value of gas cards based upon actual attendance at school and school activities. These safeguards can help ensure that prepaid cards or store cards are being used appropriately. However, it is important to note that when gas cards are being provided to pay for legally required transportation, such as to the school of origin, preschool, or school activities, the school district essentially is paying the parent, caregiver, or youth to provide a service the district legally is required to provide.

Food and Other Basic Needs

Can ARP-HCY be used to provide store cards or prepaid debit cards to parents, caregivers, or youth to purchase school supplies, clothing, hygiene supplies, and other items students need to attend school or participate fully in school activities?

Yes. Like McKinney-Vento funds, ARP-HCY funds can be used for “extraordinary or emergency assistance needed to enable homeless children and youths to attend school and participate fully in school activities.” This may include necessary clothing, shoes, coats, hygiene supplies, school supplies, equipment for extracurricular activities, and other items. Often, it is more efficient and less costly to provide students with prepaid cards or store cards for them to purchase items directly, rather than require school district staff to go shopping for particular sizes and items

and/or to find sufficient storage space in the school district to keep such items on hand. In such cases, providing store cards or prepaid debit cards is reasonable and necessary.

Do the cards have to be valid for needed items only?

LEAs should adopt policies and procedures to help prevent unauthorized use of store cards or prepaid debit cards, in order to prevent waste, fraud, and abuse. If there is a reasonably available vendor in the area who offers store cards whose use is limited, such as cards that cannot be used for alcohol or cigarettes, the school district may choose that vendor as an additional safeguard. However, this is not a requirement of ARP-HCY or the McKinney-Vento Act. Parents, caregivers, and youth should be informed that the cards are being provided specifically to purchase items that are necessary for students to participate in school and school activities. The school district may wish to have parents, caregivers, and youth sign upon receipt of the cards, acknowledging both receipt of the cards and their intent to use the card only for needed items. The district may wish to let recipients know that additional cards will not be provided to purchase the same items. These safeguards can help ensure that prepaid cards or store cards are being used appropriately.

Can ARP-HCY funds be used to purchase food for children or youth?

Yes, if the food is needed to enable McKinney-Vento children and youth to attend school and participate fully in school activities, and food is not reasonably available from another source. For example, providing lunch for students at school would not be allowable if free lunch is available at school. However, it would be allowable to provide funding for a student to purchase snacks or a meal while on a field trip or participating in an extracurricular activity. Providing meals at an after-school tutoring or other enrichment activity also is allowable, as long as food is not being provided for other students through some other source. Food provided with ARP-HCY funds must be for a child or youth enrolled in the school district; it cannot be for the family or other household members.

Can ARP-HCY funds be used to pay for laundry tokens and supplies for families or students to use at a laundromat?

Yes, since clean clothes are necessary for students to attend school, and laundry tokens are likely to be the most cost-effective way to provide clean clothes. For example, it would be reasonable for a school district to determine that access to laundry services is necessary to enable students to attend and participate fully in school activities and that laundry tokens are the best way to provide this access. The tokens would be allowable, provided the cost of tokens per student is reasonable and necessary based on the needs.

Can a school district purchase laundry machines for students and families to use at a school or district office with ARP-HCY funds?

Yes. As always, to be allowable, a school district must ensure that the costs associated with a particular activity are reasonable and necessary and align with the purpose of, and other requirements in, the ARP-HCY and McKinney-Vento statutes. For example, it would be reasonable for an LEA to determine that access to laundry services is necessary to enable students to attend and participate fully in school activities and that providing access to laundry machines at school is the best way to provide the serve. As long as the cost per student is reasonable and necessary based on the needs over time, the expenditure would be allowable.

Can school districts use ARP-HCY funds to hire service navigators, social workers, or other staff to help students and families navigate community resources?

Yes. It is consistent with the ARP-HCY and McKinney-Vento programs to connect students and families to health care services, dental services, mental health and substance abuse services, housing services, and other appropriate services, as well as to provide assistance needed to enable children and youth to attend school and participate fully in school activities. Service navigators and social workers providing such services can be fully funded with ARP-HCY funds.

Can school districts use ARP-HCY funds to contract with community-based organizations to provide service navigators, social work services, or other types of student and family support?

Yes. It is consistent with the ARP-HCY and McKinney-Vento programs to connect students and families to health care services, dental services, mental health and substance abuse services, housing services, and other appropriate services, as well as to provide assistance needed to enable children and youth to attend school and participate fully in school activities. USED also specifically encouraged LEAs to award contracts to community-based organizations, particularly those that are well-positioned to connect historically underserved populations, such as rural children and youth, Tribal children and youth, students of color, children and youth with disabilities, English learners, and LGBTQ+ youth, to educationally related support and wraparound services.

Housing and Related Costs

Can ARP-HCY funds pay for security deposits or rent?

No. ARP-HCY funds cannot be used for security deposits or rent, even if necessary to avoid eviction.

Can ARP-HCY funds pay for motel stays?

Yes, but only for short-term stays of a few nights, and only when necessary to enable the student to attend and participate fully in school activities. As always, to be allowable, a school district must ensure that the costs are reasonable and necessary, and align with the purpose of, and other requirements in, the ARP-HCY and McKinney-Vento statutes. Regarding motel costs, ARP-HCY funds may be used for short-term, temporary housing (e.g., a few days in a hotel) when necessary to enable the student to attend and participate fully in school activities. However, ARP-HCY cannot be used to pay for long-term or permanent housing. Instead, the student should be referred to other agencies and organizations that provide housing assistance.

Can ARP-HCY funds be used to purchase bedding, mattresses, and camping gear?

USED has stated that ARP-HCY funds can be used to provide students with bedding, such as pillows and blankets, but not to purchase mattresses. Mattresses and other furniture are not permissible expenditures. Sleeping bags and camping pads are allowable. As always, the cost of such items would need to be reasonable and necessary. School districts also should collaborate and coordinate the provision of bedding and camping gear with local agencies and organizations that provide services to families and youth who are low-income or experiencing homelessness, to determine if another, more appropriate funding source is available.

Can ARP-HCY funds be used to purchase appliances?

No. Appliances are analogous to furniture and are not allowable. However, USED has stated that ARP-HCY funds can be used to purchase utensils for students to use.

Can ARP-HCY funds be used for utilities?

ARP-HCY funds can be used for utilities in very limited cases. ARP-HCY funds cannot be used for regular utility payments. However, USED's Guidance specifically permits using ARP-HCY funds to provide access to reliable, high-speed internet for students through the purchase of wireless service plans. Therefore, paying for internet service is allowable when it is necessary for students to attend school and participate fully in school activities and the cost is more efficient and will cost less overall than other means of providing reliable, high-speed internet access. School districts also should collaborate and coordinate the provision of phones and phone plans with local agencies and organizations that provide services to families and youth who are low-income or experiencing homelessness, to determine if another, more appropriate funding source is available.

Can we pay phone bills for the families of students experiencing homelessness who have had their phones turned off?

Yes, if having the phone connected is necessary to enable the student to attend school and participate fully in school activities. For example, a family or student without a phone may be unable to access information about school closings, bus route changes, family engagement opportunities, or other necessary information that would enable the student to attend and participate fully in school. School districts also should collaborate and coordinate the payment of phone bills with local agencies and organizations that provide services to families and youth who are low-income or experiencing homelessness, to determine if another, more appropriate funding source is available.

Can ARP-HCY funds purchase phones and pay for data plans or minutes for students?

Yes. ARP-HCY funds can be used to purchase cell phones and pay for data plans or minutes for students, as long as the school district can demonstrate that the purchase is necessary to enable the student to attend school and participate fully in school activities. For example, a student without a phone may be unable to access information about school closings, bus route changes, the availability of online materials, or other necessary information that would enable that student to attend and participate fully in school. Similarly, a student may have access to a phone but not to cell phone minutes or data, and as a result, be unable to access important education-related information. In such cases, a school district might determine that the purchase of a prepaid phone card or data plan is necessary to fulfill the purpose of the ARP-HCY program.

As always, the cost of the item would need to be reasonable and necessary. School districts also should collaborate and coordinate the provision of phones and phone plans with local agencies and organizations that provide services to families and youth who are low-income or

experiencing homelessness, to determine if another, more appropriate funding source is available for the purchase of phones.

Can ARP-HCY funds purchase phones and pay for data plans or minutes for parents or caregivers?

In some instances, it may be appropriate to use ARP-HCY funds to purchase cell phones or minutes for the parent or caregiver of a child to use on the student’s behalf, to enable the child to attend and participate fully in school. School districts should collaborate and coordinate the provision of phones and phone plans for parents and caregivers with local agencies and organizations that provide services to families who are low-income or experiencing homelessness, to determine if another, more appropriate funding source is available. The school district also should take steps to ensure that the phone or minutes are used primarily for allowable purposes under the ARP-HCY program.

Construction

Can ARP-HCY funds pay for construction or remodeling of facilities (like remodeling a family resource center or creating a storage area for program supplies)?

ARP-HCY funds can be used only for very minor remodeling. Minor remodeling means minor alterations in a previously completed building. The term also includes the extension of utility lines, such as water and electricity, from points beyond the confines of the space in which the minor remodeling is undertaken but within the confines of the previously completed building. The term does not include building construction, structural alterations to buildings, building maintenance, or repairs.

Grantees and subgrantees of U.S. Department of Education programs are prohibited from using grant funds to purchase real property or to construct new property, unless these activities are “specifically permitted by the authorizing statute or implementing regulations for the program.”⁴

per y- ARP-HCY, or Title I, Part A set-asides to construct a permanent, fixed building. However, it would be permissible under this regulation to purchase pre-fabricated structures that are not permanently affixed to the ground. As such, it would be permissible to use ARP-HCY funds to purchase a moveable, pre-fabricated trailer that would serve as a resource center for students

⁴ See 34 CFR §76.533.

experiencing homelessness, provided that the purchase also would be deemed reasonable and necessary under the Uniform Guidance.

To be allowable, minor remodeling also must be reasonable and necessary, consistent with the purpose of the ARP-HCY program. Factors for consideration could include the number of students experiencing homelessness that will use the facilities, the number of years the district expects to serve students experiencing homelessness in similar numbers to the current year, and the cost of the project.