



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

April 28, 2020

The Office of Special Education and Rehabilitative Services' Rehabilitation Services Administration (RSA) issues these Questions and Answers in response to inquiries from State Vocational Rehabilitation (VR) agencies concerning the fiscal management of the VR program as they seek to provide continuity of operations for individuals with disabilities in the current COVID-19 environment.

In the near future, RSA plans to issue additional Questions and Answers related to the VR program, State Supported Employment Services program, and discretionary grant programs, including the American Indian Vocational Rehabilitation Services program, to respond to other questions that they have recently asked. State VR agencies and other grantees should contact their [RSA State Liaison](#) or project officer with additional questions. Additional information specific to the COVID-19 pandemic may be found online at <https://www.ed.gov/coronavirus>.

Personnel Costs

Q1. May a State VR agency continue to pay the compensation of an employee paid with grant funds from the U.S. Department of Education (Department) during the period the employee is unable to work because his or her organization is closed due to novel Coronavirus Disease 2019 (COVID-19)?

Yes. Generally, a State VR agency may continue to charge the compensation (including but not necessarily limited to salaries, wages, and fringe benefits) of its employees who are paid by a currently active grant funded by the Department to that grant, consistent with the organization's policies and procedures for paying compensation from all funding sources, Federal and non-Federal, under unexpected or extraordinary circumstances, such as a public health emergency like COVID-19.¹ Thus, if the organization pays, consistent with its policies and procedures, similarly situated employees whose compensation is paid with non-Federal funds during an extended closure, those paid with grant funds from the Department may also continue to be paid.² However, an employee who is being paid with Department grant funds while the program grant activities are closed in whole or in part due to the COVID-19 pandemic may not also be paid for the time during which the program is closed by the organization or another organization for working on other activities that are not closed down.

If a State VR agency does not currently have in place a policy that addresses extraordinary circumstances such as those caused by COVID-19, the grantee or subgrantee may amend or create a policy in order to put emergency contingencies in place for Federal and non-Federal

¹ See Office of Management and Budget (OMB) Memorandum M-20-17, <https://www.whitehouse.gov/wp-content/uploads/2020/03/M-20-17.pdf>

² 2 CFR §§ 200.403(c) (allowability of costs), 200.404 (reasonable costs), 200.405 (allocable costs), 200.430(b) (compensation for personal services), and 200.431(a)-(b) (fringe benefits)

similarly situated employees. If the conditions exist for charges to be made to the Federal grant, charges may also be made to any non-Federal sources that are used by a grantee in order to meet a matching requirement.

A State VR agency must maintain appropriate records and cost documentation as required by [2 CFR § 200.302](#) (financial management), [2 CFR § 200.430\(i\)](#) (standards for documenting personnel expenses), and [2 CFR § 200.333](#) (retention requirements for records) to substantiate the charging of any compensation costs related to interruption of operations or services.

At the same time, recipients should consider ways that employees paid with grant funds can support continuing activities, including remote learning opportunities for students served by the grant.

Allowable Use of Program Funds

Q2. If a conference, training, or other activity related to a grant from the Department is cancelled due to COVID-19, may grant funds be used to reimburse nonrefundable travel (e.g., conveyance or lodging) or registration costs that were properly chargeable to the grant at the time of booking?

Yes, provided that the State VR agency first seeks to recover nonrefundable costs (e.g., travel, registration fees) associated with a grant from the Department from the relevant entity that charged the fee (e.g., airline, hotel, conference organizer). Some businesses are offering flexibility with regard to refunds, credits, and other remedies for losses due to the COVID-19 outbreak. Moreover, many agreements or contracts for conferences, training, or other activities related to a grant contain an emergency or “act of God” provision, and the grantee must seek to exercise those clauses to the extent possible in light of the COVID-19 outbreak.

If a State VR agency is unable to recover the costs, the grantee or subgrantee may charge the appropriate grant for the cancellation costs, provided the costs were reasonable and incurred in order to carry out an allowable activity under the grant, consistent with the Federal cost principles described in [2 CFR Part 200 Subpart E of the Uniform Administrative Requirements, Cost Principles, And Audit Requirements For Federal Awards](#) (Uniform Guidance).

State VR agencies should not assume additional funds will be available should the charging of cancellation or other fees result in a shortage of funds to eventually carry out the event or travel. Grantees must maintain appropriate records and cost documentation as required by 2 CFR § 200.302 (financial management) and 2 CFR § 200.333 (retention requirements for records) to substantiate the charging of any cancellation or other fees related to the interruption of operations or services.

Q3. If a State VR agency is planning future travel under a grant, may it purchase travel insurance with grant funds?

Due to health concerns related to COVID-19, grant-supported travel generally should not be occurring. However, if travel is permitted by Federal, State, and local directives and is the only means to carry out an essential grant function that must be undertaken on a time-sensitive basis during the COVID-19 pandemic, consistent with the grantee’s travel policy, travel insurance is

allowable provided the cost is reasonable and allocable to the grant consistent with the Federal cost principles described in 2 CFR Part 200 Subpart E of the Uniform Guidance.

Period of Performance

Q4. Can RSA extend the period of performance for the Federal Fiscal Year (FFY) 2019 VR program formula award for a State VR agency with funds currently in carryover status if it is not able to expend these funds, including those reserved for the provision of pre-employment transition services, by the end of the period of performance due to the unavailability of staff, the cancellation of VR services, or the inability to purchase VR services as a result of the COVID-19 pandemic?

No. Existing Federal law does not provide RSA with the authority to extend the period of performance for the FFY 2019 grant for formula programs (*i.e.*, VR, State Supported Employment Services, Independent Living Services for Older Individuals Who Are Blind, and Client Assistance Program) authorized under the Rehabilitation Act of 1973 (Rehabilitation Act). However, State VR agencies may make new obligations during the period of performance, which may include a carryover year for awards that meet the carryover requirements, as explained below.

The period of performance for a VR grant award includes the year of appropriation plus the carryover year to the extent funds remain available that were matched by September 30 of the year of appropriation.³ A State VR agency “may charge to the Federal award only allowable costs incurred during the period of performance” with only a few narrow exceptions generally not relevant to the VR program.⁴

For example, for a FFY 2019 VR grant award that qualified for carryover, all expenditures and obligations charged to the FFY 2019 VR grant award must be those that were incurred between October 1, 2018 and September 30, 2020 (*i.e.*, the start of the year of appropriation through the end of the carryover year). For purposes of the FFY 2020 VR grant award, awarded on October 1, 2019, a grantee could incur obligations with those funds through September 30, 2021, if the agency is able to provide sufficient match by September 30, 2020, to carry those funds over into the subsequent year.

The Education Department General Administrative Regulations in 34 CFR § 76.707 inform grantees as to when an obligation is deemed to have occurred based upon the relevant activity. For example, an obligation for travel is incurred when the travel is taken (34 CFR § 76.707(f)). On the other hand, an obligation for personal services by a contractor is incurred on the date that the agency makes a binding written commitment to obtain the services (34 CFR § 76.707(c)). If an allowable obligation is incurred within the period of performance for the grant award it needs to be liquidated within the 90-day liquidation period permitted by 2 CFR § 200.343(b). If a grantee needs additional time to liquidate Federal obligations incurred during the period of performance for an award after the 90-day liquidation period has ended, a grantee may request

³ Section 19 of the Rehabilitation Act, 29 U.S.C. § 716

⁴ 2 CFR § 200.309

approval from RSA. Please see [CFO Memorandum to Chief State School Officers on New Guidance](#) and information related to the extension of liquidation periods and related accounting adjustments for grantees under Department of Education State-Administered programs. Requests for late liquidation should be emailed to the State's RSA Financial Management Specialist. See also <https://www2.ed.gov/about/offices/list/osers/rsa/formula-period-of-performance-faqs.html>.