RSA: Period of Performance for Formula Grant Awards FAQs (3.21.2017)

1. What is the "period of performance" for grant awards?

The Uniform Guidance in 2 CFR 200.77 defines "period of performance" as the time during which the non-Federal entity (grantee) may incur new obligations to carry out the work authorized under the Federal award. The Federal awarding agency must include start and end dates of the period of performance in the Federal award. For purposes of the Department's Grant Award Notifications (GANs), the period of performance is referred to as the Federal Funding Period, Box 6.

2. What is the "Federal fiscal year (FFY) of appropriation"?

The FFY of appropriation is the FFY in which Congress appropriated funds to the Department to award program grants, which covers the period from October 1 through September 30. For example, the FFY 2016 Vocational Rehabilitation (VR) grants were made from the 2016 FFY of appropriation, which included October 1, 2015, through September 30, 2016.

3. What is the period of performance for RSA formula awards?

During the FFY of appropriation, the period of performance listed in Box 6 of the GAN will be from October 1 to September 30 of that FFY. This represents the one-year period for which the award was made and in which the grantee may incur new obligations against the award.

Section 19(a)(1) of the Rehabilitation Act of 1973, as amended (Act), permits grantees to carry over Federal funds for obligation and expenditure in the subsequent FFY provided certain conditions are met, identified further below. This means that grantees may carry over the unobligated balance of Federal funds for one FFY beyond the FFY of appropriation. For example, the FFY of appropriation for FFY 2016 awards began on October 1, 2015 and ended on September 30, 2016. The carryover year for FFY 2016 awards started on October 1, 2016, and will end on September 30, 2017. In order to carry over Federal funds, grantees must:

Have an unobligated balance of Federal funds at the end of the FFY of appropriation; and

Have satisfied the applicable non-Federal share requirement for:

the Federal funds obligated or liquidated during the FFY of appropriation; and

the unobligated balance of Federal funds to be carried over to the subsequent FFY (see FAQ 5 for additional information).

For RSA formula awards that do not have a non-Federal share requirement, the determination regarding a carryover year will be based only on item A above, namely that the grantee has unobligated Federal funds remaining at the end of the FFY of appropriation. The table below lists all of RSA's formula award programs and whether there is a non-Federal share requirement applicable to the program.

Program Name - Non-Federal Share Requirement

State Vocational Rehabilitation Services - Yes

State Supported Employment Services - Yes – for 50% of award

Independent Living Services for Older Individuals who are Blind - Yes

Client Assistance Program - No

Protection and Advocacy of Individual Rights - No

Upon receipt of the grantee’s fourth quarter financial report, which is the reporting period ending on September 30 of the FFY of appropriation, an RSA financial management specialist will review the grantee’s report to determine whether the grantee met the requirements necessary to carry over funds. If the grantee met the requirements, RSA will process an administrative change to the current grant award extending the period of performance to include the carryover year. RSA will provide the grantee a revised GAN with a new Action Number and a revised period of performance that will include the carryover year. Therefore, if the conditions discussed above are met, a grantee’s period of performance for a formula award will be revised to include both the FFY of appropriation and the carryover year.

4. What are obligations?

When used in connection with a non-Federal entity’s use of funds under a Federal award, the term "obligations" "means orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period" (2 CFR 200.71). The future period in which obligations may be paid is limited by Federal requirements and the terms and conditions applicable to the award. As a reminder, subawards are only permissible, for purposes of the program grants awarded by RSA under the Act, in the Independent Living Services for Older Individuals Who are Blind program because that program is specifically authorized by statute to make grants to public and nonprofit private agencies or organizations.

5. When are obligations considered made by a grantee?

The Education Department General Administrative Regulations (EDGAR) at 34 CFR 76.707 provide a chart, listed below, that specifies when obligations are considered made. In determining when an obligation is made, agencies must also follow their State laws, regulations, and policies and procedures, as applicable.

If the obligation is for - The obligation is made -

(a) Acquisition of real or personal property

On the date the State or subgrantee makes a binding written commitment to acquire the property.

(b) Personal services by an employee of the State or subgrantee

When the services are performed.

(c) Personal services by a contractor who is not an employee of the State or subgrantee

On the date on which the State or subgrantee makes a binding written commitment to obtain the services.

(d) Performance of work other than personal services

On the date on which the State or subgrantee makes a binding written commitment to obtain the work.

(e) Public utility services

When the State or subgrantee receives the services.

(f) Travel

When the travel is taken.

(g) Rental of real or personal property

When the State or subgrantee uses the property.

(h) A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR part 200, Subpart E - Cost Principles

On the first day of the grant or subgrant performance period.

6. How does the period of performance affect the grantee's ability to obligate Federal funds?
If the grantee has not met the requirements to carry over Federal funds, obligations must be incurred by the end of the FFY of appropriation (fourth quarter). In this circumstance, the period of performance and the FFY of appropriation are the same (i.e., they end on September 30 of that FFY).

If the grantee has met the carryover requirements by the end of the FFY of appropriation, the period of performance will be extended to include the carryover year (the FFY subsequent to the FFY of appropriation). This will enable the grantee to incur new obligations against Federal award funds during the carryover year, in accordance with section 19 of the Act. When a State has provided sufficient match to carryover funds into the subsequent FFY, the period of performance will be revised on the GAN to reflect the carryover year as part of the period of performance for that particular grant award. In this circumstance, the period of performance covers two FFYs - the FFY of appropriation plus the carryover year.

7. How should States track and report the liquidation of obligations?
All expenditures incurred against an obligation must be tracked and reported by the States in terms of when the obligation was incurred, not when the liquidation occurs. For example, if a State enters into a contract in FFY 2016 for the provision of services under the VR program,

thereby constituting an obligation for purposes of 34 CFR 76.707 for FFY 2016, but many of the invoices submitted by the contractor for payment will be submitted to the State agency during FFY 2017, the State VR agency must report those expenditures (i.e., liquidation of the obligations) on its SF-425s for FFY 2016, not FFY 2017 when the payments were made.

8. Can the total cost of a contract be obligated to a grant award if some of the contract services will be performed after the period of performance ends?

Yes. If a contract is entered into during a period of performance, but some of the services will be performed after the period of performance ends (in other words, some services would be performed after the FFY of appropriation and the carryover year, if applicable, has ended), the contract would still constitute a valid obligation, as established by 34 CFR 76.707, for purposes of the period of performance in which it was incurred. Therefore, the entire contract could be charged to the period of performance in which it was made. The same would be true if the period of performance only encompassed the FFY of appropriation because the State did not satisfy the requirements to carry funds over into a subsequent FFY.

Example (assumes the State did not satisfy requirements to carry over FFY 2016 funds): In this example, the State enters into a contract on July 1, 2016, and assigns the contract to the FFY 2016 award. The contract binds the vendor to provide services from July 1, 2016, through June 30, 2017. Because the State did not satisfy the requirements to carry over FFY 2016 funds into a subsequent FFY in accordance with section 19 of the Act, the period of performance for this award ends on September 30, 2016. In this example, one-fourth of the services under the contract will be provided during the period of performance for FFY 2016, but three-fourths of the services will be provided during the 2017 FFY of appropriation, which falls outside the period of performance for the FFY 2016 award (because the State did not satisfy the requirements to carry over FFY 2016 funds into the subsequent FFY). Nevertheless, the entire contract constitutes an obligation pursuant to 34 CFR 76.707, and, as such, the entire contract can be charged to the FFY 2016 award because the obligation was incurred during the period of performance for that award.

The grantee would remain responsible for ensuring that any obligations assigned to the period of performance ending on September 30, 2016, were liquidated by December 30, 2016, (90 days after the end of the period of performance) in accordance with 2 CFR 200.343(a).

9. Can the total cost of a contract be obligated to a grant award if some of the contract services will be performed during the carryover year, but still within the grant's period of performance?

Yes. When a State satisfies the requirements of section 19 of the Act to carry over funds into a subsequent FFY, the State may use those funds to make new obligations as well as to liquidate obligations during the carryover year. Therefore, if all of the services to be performed under the contract will occur within the grant's period of performance, the entire obligation may be charged to the FFY of appropriation.

Example (assumes the State satisfied the requirements of section 19 to carry FFY 2016 funds over to the subsequent FFY): A State enters into a contract requiring the contractor to provide services to beneficiaries of the program. The contract is awarded in FFY 2016 and the contractor provides services starting on July 1, 2016, and the services are to end June 30, 2017. The period of performance for the grant to which the contractual obligation is charged is the FFY of appropriation (FFY 2016) and the carryover year (FFY 2017) ending September 30, 2017. In this example, the obligation would be valid under 34 CFR 76.707, despite that most (three-fourths) of the services would be provided during the carryover year because all services would be performed during the period of performance of the FFY 2016 award, to which all costs are charged.

10. How does the obligation and liquidation of required non-Federal funds affect the period of performance?

To carry over unobligated Federal grant funds, the grantee must have fully met the applicable non-Federal share requirement for the Federal funds through the obligation or liquidation of non-Federal funds in the FFY of appropriation, as reflected in the grantee's fourth quarter financial report. Unless the Department authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance, as specified on the GAN (2 CFR 200.343).

If a grantee has not met the requirements to carry over Federal funds to a subsequent FFY, all non-Federal share expenditures must be liquidated by the end of the 90-day liquidation period following the end of the period of performance (September 30 of the FFY of appropriation).

If the grantee has met the requirements to carry over Federal funds, the obligated non-Federal share counted as match at the end of the FFY of appropriation must be liquidated by the end of the 90-day liquidation period following the end of the period of performance, which will be the end of the carryover year.

Non-Federal share can only be counted as match when obligated in the FFY of appropriation of an award. Grantees must report any non-Federal share obligated during the carryover year of an award as match for the succeeding FFY award.

Non-Federal obligations that are cancelled during the carryover year, or otherwise not liquidated after the FFY of appropriation, may not be used toward satisfying the match requirement. In such instances, the grantee must adjust its records either to show other allowable expenditures that can count as match or to reflect a lower match amount on their fourth quarter financial report submitted for the FFY of appropriation, which could affect the amount of Federal funds eligible to be carried over. Non-Federal funds that fail to liquidate may not be re-obligated for expenses incurred during the carryover year.

Failure to liquidate sufficient non-Federal obligations or make the necessary accounting adjustments could result in more Federal funds being carried over and expended than were authorized, which could result in RSA seeking recovery of those funds.

11. How does the period of performance affect the submission of a final financial report?
The final financial report must be submitted within 90 days after the end of the period of performance (2 CFR 200.343(a)). For RSA formula awards with a non-Federal share (match) requirement, if the amount of Federal funds matched by the grantee is obligated by September 30 of the FFY of appropriation, the grantee's final report for the grant period will be due within 90 days of the end of the FFY of appropriation. If matched unobligated Federal funds are carried over for obligation in the succeeding FFY, the grantee's final financial report will be due 90 days after the end of the carryover year.

For grant awards that do not have a match requirement, if all Federal funds are obligated by September 30 of the FFY of appropriation, the grantee's final report for the grant period will be due within 90 days of the end of the FFY of appropriation. If unobligated Federal funds are carried over for obligation in the succeeding FFY, the final financial report will be due within 90 days of the end of the carryover year.

12. What happens if an agency does not submit its fourth quarter financial report in a timely manner?
If an agency does not submit its required financial report for the reporting period ending on September 30, the end of the FFY of appropriation (fourth quarter), by the due date, the period of performance for the agency's grant award will not be extended to include a carryover year because there is no documentation to show that the grantee met the requisite match requirement to carry over funds into the subsequent FFY. In such a circumstance, the grant award will be treated as a one-year award, and the grantee will be unable to draw down additional Federal award funds through the Department's Grant Management System (G5) after the end of the liquidation period for that particular grant award. The State's grant award will remain in suspended status, meaning the State will not be able to draw down funds for new obligations in the subsequent FFY, until it submits the requisite fourth quarter financial report. Only by submitting the required financial report will the State be able to demonstrate that it met the match requirement and, thus, is eligible to carry funds over into the subsequent FFY for obligation and liquidation.