

October 27, 2020

**RE: Guidance related to Partnerships and grants are required to have a partnership or community-based organization and agency**

**ED response:** Yes, in some limited circumstances, grant funds may be used to cover the costs of contracted services that were cancelled or otherwise not performed due to the pandemic, if the contractor was ready and able to perform such services at the time. You should document the circumstances that led to the services not being performed.

If the partner organization was not able to perform the services required due to the pandemic, closure or inability to accept the services, due to the pandemic, the subgrantee may be eligible for a reasonable compromise amount. However, if no compromise can be negotiated, the subgrantee may not be reimbursed for the grant for the costs, provided the contract costs are reasonable and allowable under the Federal cost principles consistent with the Federal cost principles described in 2 CFR Part 200 Subpart 200.473 (Federal cost principles).

If the subgrantee was ready and able to accept the contracted services, but the contractor was unable to provide the contracted services due to the pandemic, the subgrantee must not be reimbursed for the costs because such costs would not satisfy the requirements of the Federal cost principles.

If there are State or local laws, regula