



Good afternoon,

ISBA has received the following questions regarding employees paid with federal funds.

Question:

We receive millions in federal funds to pay the salaries of several employees. Will we be penalized at the federal or state level because these federal employees (who are on level pay) are not working their 30-40 hours each week? Will we have to pay these individuals out of our general funds? We could not afford to pay them out of our general funds.

Answer:

You will not have to pay federally funded staff out of general funds. Based on communications from the Office of Management and Budget (see attached March 19, 2020 letter, number 6), schools and districts are encouraged to update their policy on school closures **to include unexpected and extraordinary closures**. When you update the policy, indicate consistent application in how similarly situated employees paid with state funds and federal funds are compensated during the closure. For example, State funds are used to pay state-funded staff during a closure and Federal funds are used to pay federally funded staff during a closure. You may find additional verbiage in the attached documents helpful in writing your updated policy. **For convenience, ISBA has included model policy language (7236).**

As outlined in the attachments, employees paid with federal funds should be paid during the closure (or not) in the same way as other district/charter school employees, they should perform their grant funded duties as much as possible during the closure, and they should return to work on these duties as soon as possible.

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ISBA recommends you review the following items to ensure they do not conflict with the numbered items in this recent guidance. Policy numbering below is for those who use ISBA's Model Policies:

#7: may conflict with 7320, its procedures, and 7430;

#9: may allow Districts/Schools to waive parts of 7400P.

#10 and **#12:** may allow the waiver of some parts of any policy on EDGAR-related reporting deadlines, which may include 7218, 7235, 7235P, and 7450P1.

#11: 7218 discusses indirect cost rates, but we do not believe this changes anything in the policy.

For all of these, a district/charter school must keep appropriate documents for any exceptions.

Resources:

- [Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus \(COVID-19\) due to Loss of Operations](#)
- [7236 - Employees Paid With Federal Funds and Unexpected or Extraordinary Closures](#)
- [Employee Compensation During COVID-19 Prompted Closures](#)