Definition of Obligation - An obligation is not necessarily a liability in accordance with generally accepted accounting principles. When an obligation occurs (is made) depends on the type of property or services that the obligation is for:

| IF AN OBLIGATION IS FOR | THE OBLIGATION IS MADE |
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| Acquisition of real or personal property. | On the date on which the State or subgrantee makes a binding written commitment to acquire the property. |
| Personal services by an employee of the State or subgrantee. | When the services are performed. |
| 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. |
| 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. |
| Public utility services. | When the State or subgrantee receives the services. |
| Travel. | When the travel is taken. |
| Rental of real or personal property. | When the State or subgrantee uses the property. |
| A pre-agreement cost that was properly approved by the State under the applicable cost principles. | On the first day of the subgrant period. |

The act of an SEA or other grantee awarding Federal funds to an LEA or other eligible entity within a State does not constitute a final obligation. An SEA or other grantee may not reallocate grant funds from one subrecipient to another after the period of availability (Section 421(b) of GEPA (20 USC 1225(b)); 34 CFR sections 76.704 through 76.707).