

**NACDD Teleconference
Financial Reporting Forms
Presented by: Administration on Developmental Disabilities (ADD)
September 28, 2004**

States represented: North Dakota, Indiana, Texas, Georgia, Kentucky, North Carolina, Virginia, Maryland, New York, West Virginia, Missouri, California, Montana, Oregon, Tennessee, Kansas, Minnesota, Connecticut, Minnesota, Nebraska, Wisconsin, Arizona, Arkansas, Iowa, Massachusetts, South Dakota, Washington State, Alaska, Delaware, Alaska, Candace with ACF Region 10, Ohio, Catherine Wade with ADD, Jocelin Gridley with ADD (speaker) and Janice Davis (speaker) with Sharon Butler in Dallas Regional ACF Office, Mary Beth Greene-ADD, Karen Flippo, Sheryl Matney and Susan Madison - NACDD.

Welcome from Susan Madison - NACDD: As you heard, Karen Flippo, Sheryl Matney and myself are here from NACDD. We're pleased that we could offer this through our Technical Assistance contract which is funded by the Administration on Developmental Disabilities. We will be taping the call, transcribing and editing the notes to send to all Council Executive Directors. The Directors can forward the notes to whoever is appropriate and we will also post the notes on the NACDD website. During the question and answer time, please identify yourself and your state before you speak to allow everyone the opportunity to know what Council is speaking.

The agenda begins with Janice Davis discussing the SF 269; Jocelin Gridley will discuss the ADD 02 form; we will end with Q&A. Janice Davis sent a PowerPoint presentation that was emailed to everyone who signed up for the call. Please bring it up on your computer or if you printed it out as reference, use it to follow along. Janice, thank you for being with us.

SF 269 Form: My name is Janice Davis. I'm with the Dallas Regional Office and Sharon Butler is here with me. We work Arkansas, Texas, New Mexico, Oklahoma and Ohio and Indiana. It is our pleasure to be a part of this teleconference. Hopefully you received the Powerpoint presentation (attached). I'm going to refer to the presentation itself.

- Let me start off by saying that the requirements starting with Federal Fiscal Year 2005 will be that Councils are to submit the short form instead of the long form.
- I believe you received a link that would take you to the short form.
(http://www.whitehouse.gov/omb/grants/grants_forms.html) The short form is only for the Councils, the P&A systems will continue to use the long form because they have program income.

I'm going to go fairly quickly through the first part of the presentation or the PowerPoint presentation because I know the draw for the call is on the actual 269 or the ADD 02 form. But building up to that I thought it was important to talk about a few of the other things that of course are important to the Councils.

- The first one being the obligation of funds and I put the reference here but as I'm sure you all know the federal funds must be obligated within 2 years of

the federal award and I provided information on what is an obligation. And again, if you have questions at the end we can certainly spend a little more time on that - but information is there for you to have and to refer to on what is an obligation. The funds must be liquidated within three years and all this information is also spelled out in your terms and conditions of your grant award.

- The Commissioner can waive the requirements for the liquidation of funds when State law impedes implementation for the amount of obligated funds to be liquidated is in dispute. Many times Councils are not aware of this waiver, but it does exist and at this point it is only for the liquidation not for the obligation of the funds.

And then I've prepared some slides with information on the match requirement. I always think about it as a three different categories of matching requirements.

- The first category is any expenditure for project or activities carried out directly by the Council or Council staff. This does not require any match at all. 100% of federal funds can be used for expenditures.
- Category 2 for expenditures for products, goods, activities or products targeted for urban or rural poverty areas not carried out directly by Council or Council staff requires 10% match. 90% of the expenditure can be federal funds.
- And the last category is all other activities not directly carried out by the Council or Council staff requires a 25% match. 75% of those expenditures can be federal funds.
- Non Federal match - it must not be other federal funds; must not be used to match any other Federal grant; and it must be used for costs which would otherwise be allowable.
- Third party match may be cash or in-kind for the Council. Reference: 45 CFR 92.24(b) Third party in-kind contributions count toward satisfying a cost sharing or matching requirement ONLY where, if the party receiving the contributions were to pay for them, the payments would be allowable.

If you have questions on the match we can certainly talk about that during the question period but I want to spend the majority of the time on the financial reporting section.

The financial status report SF 269A is due semi-annually; due 30 days after the close of each reporting period.

- The reports for the period ending March 31 are due by April 30 (that would be for the period of October 1 through March 31).
- The next report for the period ending September 30 (which would be from April 1 through September 30) are due by October 30).

- Final reports are due 90 days after the expiration or termination of grant which is usually by December 31 of the third year. There's a little bit of additional time that is allowed for the final report.

There are two reports due each fiscal year that are still as I call "open".

Regional Office Activities with the SF 269A

- We review it for accuracy and timeliness

Your regional offices know that sometimes things come up or there are situations that happen that make it difficult to have the report in absolutely on time. We're flexible with the time frame as long as we know there is some delay and you communicate directly with the regional office

- At the end of the second year we're looking to make sure all the funds are obligated
- By the end of third year we're making sure that all the money has been liquidated
- Of course we're looking to ensure that you are compliant with the match requirement.

After we complete our review of the financial status reports, we make a recommendation to our Central Office including the recovery of any unliquidated obligations on the final report.

When we review your final report, we're looking to make sure that everything is in line and then we actually forward the information to Central Office with our recommendation if there are any funds that are remaining.

I took a copy of the standard form 269A and placed it on the slides. Some of them are self-explanatory; some of them may be need a little more detail.

The primary difference between a short form and a long form is in the long form you had expanded sections for recipient share which we call the match section. You had about five lines in the long form where now you just have one. And again, that's necessary for the P&A but not for the Council because the majority of Council's don't have program income (program income is not a part of your program) The P&As will still use the long form, Councils will not.

Look at boxes one through nine

- Box one is asking for the funding source which, of course, would be the Administration for Children and Families.
- Box two is asking for your federal grant number, the unique identifying number which, in this case, is your grant award number and it is on your grant award and it changes every year. The only thing that really changes is the number that corresponds to the federal fiscal year. (I give the example of G-9901ARBS04, which would correspond with the 99 grant. In 2000 it would have read G0001 ARBS04.)
- Box three is the recipient organization that, of course, is your address and zip.
- Box four is your employee identification number or what we call your EIN number. Again, that's on your grant award. That number doesn't change. It's

going to be the same unless your DSA changes. Then in that case the EIN number would change.

- Box five asks for your recipient account number. That's just going to be your information, whatever information that's helpful for you to identify the particular report or that particular grant.
- Box six asks whether this is the final report or not. If it is, you would just check that box.
- Box seven asks what basis you're using, whether it's cash, or accrual basis of accounting.
- Box 8 asks for your funding or grant period and that again is going to be found on your grant award. This box is your entire grant period which would be the entire three years for your grant (that differs from box nine which is just the box we'll put the information for the period of time that's being covered by that particular report).
- Box 9 asks for the period covered by the report you are submitting.

Sometimes I notice that the reports come in a little confused with that. Box 8 should be your entire three year grant period - that information will NOT change from report to report for that particular grant year. Box nine should only cover the period that's covered by the report.

There are some Councils or Designated State Agencies that prefer to complete the reports on a quarterly basis. We, at the regional office, accept those reports however, the requirement is semi-annually.

- Box 10 should show items "A" through "I" and has three columns. The first column is previously reported column; the second column is the current period and the third is cumulative (which of course is column one plus column two).

10a: The total outlays would be the amount of funds that would be expended for the project. Obviously, if it was column one, it would be what you had reported previously for this particular fiscal year. With column two it would be what you're reporting for this particular reporting period and then column three would be the cumulative outlays

10b: Recipient share of outlays is where you would put your third party in-kind contributions or cash if you have cash which is contributed by non-federal parties without charge to the federal grant. This would be where you would put your actual match information.

10c: And then C is going to be ...A minus ...B. Which will tell us how much of those fiscal outlays were federal dollars.

10d: is going to be total unliquidated obligations which is all the money, (obligations) that have not been liquidated.

10e: is going to be the **recipient share** of un-liquidated obligations, which is how much of 10d are non federal obligations.

10f: should be the **federal share** of unliquidated obligations so of course that's going to be how much of 10d are federal unliquidated obligations (lines 10e and 10f should equal 10d if you add them together).

10g: total federal share is simply 10c plus 10f. You will add what would be the federal share of outlays plus the federal share of un-liquidated obligations together.

10h: total funds authorized for this funding period is going to be your grant award, your federal fiscal year grant award allotment - it can be found on your grant award.

10i: is the un-obligated balance of federal funds (10h minus 10g). So of the amount of money that has been spent and the amount of money that remains unliquidated but it has been obligated – how much of that remains, that’s going to be your unobligated balance.

- Box 11: This is relevant if you have an indirect cost rate.
Box 11a; you would mark what type of rate you have and then in B,C,D, supply that information, the rate, the base amount, the total amount of indirect expenditures and then the federal amount of those expenditures.
- And boxes 12 and 13 are self explanatory. If you have any remarks that you want to include on the report and then of course it needs to be signed and dated.
- The link for the SF-269A is :
http://www.whitehouse.gov/omb/grants/grants_forms.html The Councils will be required to use the Short Form of the 269 beginning in FFY 2005. Janice's PowerPoint presentation is attached.

Susan – Thanks Janice. I think that was extremely efficient. And again, I’m sure that people have questions. If you can jot down your questions, we will move ahead with the agenda and take them at the end of the call. Jocelin Gridley is going to discuss ADD 02.

Jocelin Gridley: The ADD 02 can be found at:

<http://www.acf.dhhs.gov/programs/add/im0302.htm> (bottom of page) The ADD 02 is, of course, the successor to the ADD 01. Some people have indicated they have data systems for generating numbers for the ADD 01 and have asked “How does the ADD 01 map into the ADD 02?” The answer is that it does not. There have been significant changes in the DD Access since the 1990’s when the ADD 01 was used - data we were collecting is now irrelevant – it no longer exists. For example, there’s no such thing as a priority area. We were collecting data on priority areas and there are no priority areas anymore. So I guess for people who have such systems collecting data for the outdated ADD 01, you may have to go back to the drawing board and redesign something new. However, let me tell you what the relationship is. I want to go over briefly the relationship between the ADD 02 and the financial status report form, the SF269.

A designated state agency submits form SF 269A generally for each reporting period, each reporting period is a 6-month period, so the DSA will send in three of these 269s. Is that correct Janice?

Yes.

Correct. One for the current year, one for the year before, and one for two years ago. The ADD 02 incorporates the reporting for all three of those years so where you would be sending us three of the SF 269A short forms – you will send us one ADD 02.

- Column four of the ADD 02 is for reporting of federal funds that were awarded in the current federal fiscal year.

- The financial status report form and the funding grant period is where you will want to focus. That will tell you which year the funds are that you are reporting.
- Box 8 of the SF 269A short form (the funding grant period) If that funding grant period is the same as the fiscal year – the current fiscal year, that number would be reported in **column 5 in the ADD 02**. If the funding grant period is for last fiscal year, then it would go in the current fiscal year minus 1 column which is column 5 in the ADD 02.
- And then finally column 6 in the ADD 02 is for current fiscal year minus 2. That's where if Box 8 on the SF 269A short form is from fiscal year two years ago, then that money would be reported in column 6. Now, in each of these columns you'll see three sub columns. One column is called expended, one column is unliquidated obligations and the third column is unobligated estimates. And you'll note that there are no un-obligated estimates in column six because for money that's two years old you no longer have obligation authority. Only old obligations can be liquidated after two years. For the ADD 02, there will be in effect three 269 short forms hanging off of it. One for each of these major columns in the ADD 02. Looking at the current federal fiscal year column in the ADD 02, as an example, the three I told you about the three sub columns – the expended column – looking at line F – total federal – which is the sum of lines A through E, total federal is the total amount of federal money that you're working with that was awarded for that fiscal year and as you're working with that reporting period.

Janice, I want to get clarification from you about line H in the short form? Does that not equal line C, F, and G.

No. It stands on its own. It's just going to be the grant award amount. Period. What they get off their grant award. The amount of grant award that they have, if you subtract out the outlays and you subtract out the unliquidated obligations doesn't that equal what's left?

10 H is just their grant award amount. I don't think we can say absolute because we don't know whether or not the account will be spending all of their money. I mean until it's taken back from them they have to pull it out. That's what is unexpended. That's ... authorized.

Right. Authorized.

Okay. Then in the expended column in the ADD 02 that would correspond to line C in the A 269 short form. The unliquidated obligations correspond with line F in the short form. And the unobligated estimates in the ADD 02 correspond with what they have left remaining that is available for either expending or obligating in a future period. Is that clear?

No.

Question (Nan Pemberton with the Virginia Board)

Could you start again with goal activities line C on the ADD 02? I think I heard you say that expended funds were the same as the line B

I wasn't talking about goal activities. I was talking about total federal. I hadn't yet broken it down. I'm only looking now at total federal and a total federal – Letter F. That's right. Line F that's correct. Total lines F for the expended column, the total federal is lines C in the 269 short form.

Total share of outlay.

That's right.

By the way, this is all cumulative. This is not just how much was expended in this reporting period. It's how much they have expended of the total award. Its line C, column Roman numeral III. And then line F, total federal, for unliquidated obligations, the unliquidated obligations column – that is line F in the 269 short form. Again in the third column, cumulative. This is all the obligations that have not yet been liquidated, only the obligations that exist when the money was first awarded. And then the third column, unobligated estimates, if you look at all the money that was awarded and you subtract out the expended amount and you subtract out the unliquidated obligations that's what you have left, then you have to either expend or obligate in some future period.

[Question \(Jane in Kansas\)](#)

[The second column on ADD 02, is un-liquidated obligations in line F equal to on the 269 10 F. Is that correct?](#)

That's correct.

Only in the cumulative field. That's all they have. The expended column is line C in the 269, in the cumulative. And then the unobligated estimate is what is left. And so if you add those three together – expended plus un-liquidated obligations plus unobligated estimates. That should add up to your total authorization, the total amount of money you've been awarded. Total award. Is it clear what the relationship is between the ADD 02 and the 269 short form?

I'd like to talk a little bit about how we use this form. The money that's in column 5, as Janice was saying also the 269, is submitted every six months and column 5 which is for the money that is in its second year. In the ADD 02 it's called current federal fiscal year minus 1. The money at the end of the second year, you lose the ability to obligate that money any further. So when you get out to the third year, the current federal fiscal year minus 2, you will see that there are no un-liquidated obligations or no un-obligated estimates column. The reason for this is a Council can no longer obligate that money. You can only liquidate obligations that have been made in the past.

I'd like to talk a little bit about match. Janice touched on it earlier saying that there were kind of three classes of match.

Looking at goal activities that are undertaken by Council and staff, that's line A in the ADD 02. Goal activities that are in poverty areas are on line B and then there's all the other ways that federal money can be spent - other goal activities, general management, functions of designated state agency. For instance if you have a sub grant with some organization in your state it would have a 25% match requirement, however, there's no requirement for that particular activity to return a particular match because the match

requirement is aggregate over the entire DD Council program for money that's awarded in a particular year. For instance, if you are under match in one area that is okay as long as you have over match in another area.

The way you figure it out is you have to calculate what your minimum match requirement is. That minimum match requirement is equal to (first you have to take the total federal) line F and subtract out lines A and B. Basically what you'll have is your three pods lines A, lines B and then the sum of lines C, D, and E. F is total. Your three pods are line A, line B, and the sum of C, D and E. And the total match requirement is $\frac{1}{3}$ of C, D and E plus $\frac{1}{9}$ of B and zero of A because that is zero match requirements. So it doesn't matter where your match comes from as long as the total match that's reported on line G comes up to $\frac{1}{3}$ of C + D + E plus $\frac{1}{9}$ of B. Again, the match requirement is – you look at the federal funds extended, it's $\frac{1}{3}$ of the federal funds extended, lines C, D, and E plus $\frac{1}{9}$ of line B. And that will be your aggregate match requirement. The particular Council program activity that comes out of it doesn't matter because the match requirement is aggregate.

I want to talk a little bit about functions of the designated state agency and here I've abbreviated that FDSA (Functions of the Designated State Agency). In order for the designated state agency to have any federal participation in the costs of doing their function there are four requirements (the federal participation can not exceed \$50,000). One requirement is that it cannot be more than 5% - have I got the number right there? 5% of total federal.

Yes.

Mary Beth is that the correct number?

5% or \$50,000, whichever is less.

If you meet both of those, then you've met it. Additionally, it cannot exceed the state participation. The federal participation cannot be \$50,000 and then the state participation be \$40,000. The final requirement is that the state participation cannot go down from one year to the next. That's called maintenance of effort. The state participation in functions of the designated state agency can be included in state match. But I want it reported separately on line H.

In the current reporting period which is column four, you'll be reporting 6 months into it and won't know exactly what it may be but, some of it's expended, some of it may be in the form of obligations and then the rest of it's an estimated amount that's going to be expended. You should know exactly what happened last year and report that number. The sum of column H for the current fiscal year should not be less than the expended for column in H for current fiscal year minus one which should not be less than current federal fiscal year minus two for line H. Each year it has to be at least equal to what it was the year before.

Or more.

Or more right. Exactly. There was evidently an interest in Congress that sought the state's responsibility and administratively supporting the Council as being a state responsibility and they very severely restricted federal participation in that activity.

Finally, program income on line I, this is the one part of the report that is not cumulative. It is a status report. Line I is ONLY reported for the current federal fiscal year. And in the expended column you indicate how much was expended in that reporting period. In the unliquidated obligations you indicate how much is left over of the program at the end of that reporting period.

Program income is not cumulative. Everything else on this report is cumulative but line I “program income”, which every state may not have, but some states may, those that have it be advised it is not a cumulative number. The expended column for line I is the amount that is expended during the report (the 6 months reporting period). Un-liquidated obligations should be the amount of un-liquidated obligations at the end of the reporting period and for unobligated estimates. It’s any unobligated program income (your balance of unobligated program income at the end of the reporting period).

In summary, I’ve indicated the relationship between the 269 and the ADD 02. I’ve indicated how it’s used with regard to match and monitoring of functions to designated state agency costs and program income, and extended expenditures obligation. At this point we’ll be taking questions.

Questions (Sam from Oregon)

Our Council has a tiny bit of program income because we sell a few things like some videos and some manuals. Where does that go on the 269?

Answer: I don’t think it has a place on the short form. That’s why we have it on the ADD 02.

(Sam) In that one regard, the two documents won’t match?

Answer: That’s correct. There’s nothing about it on the short form. I believe and I will definitely double check but I believe it was bundled up under recipient share of outlay B because it is a form of match. Generally I’m not sure how you are using it but program income I think even on the terms and conditions of the Council, I’m not positive that you’ll use it in the cumulative method. With regard to program income I want to clarify that it can be either used as match or for additional costs whichever the Council chooses to use. And as an additional cost it would be included as match, yes.

Okay, it doesn’t amount to much.

(Jocelin) It’s only when you expend it that it becomes part of the share of outlay. It only becomes part of the short form when it becomes expended or when it becomes an unliquidated obligation which you obligate as program income but have not yet expended it then it shows up as part of line E on the short form.

Okay.

(Jocelin) When I’m saying E on the short form, that’s not quite true. E on the short form is cumulative and this program income reporting on the ADD 02 is not cumulative. The program income is only a status report as of the end of the reporting – 6 month reporting period.

Question (Jane in Kansas)

We have had some discussion among Councils regarding poverty areas. We think we know what we're doing, but to clarify is it 20% or more of the people in a county must be in poverty? Is that correct?

Jocelin: I don't believe that we have defined that. Mary Beth, can you address that issue.

Mary Beth: Yes, I've been looking into that because the question has been asked of me several times. I've contacted a person at the census bureau to help me figure out how you can 1) Find what areas in your state qualify as poverty areas but 2) also the language in the law specifically talks about poverty areas as designated by the Secretary. Here at ADD, we need to determine whether or not the Secretary's designation of poverty areas is indeed the same as the Census Bureau. I've got some calls in to try and figure that out. As soon as I get that, get an answer to that question, I will let people know but, the percentage given to me was 20% as determined by the Census Bureau but, still need to confirm whether or not the Secretary deems those poverty areas as the same thing.

And that would be in conformance with the most recent census, Mary Beth?

Yes. I was on the line with the person from the Census Bureau today and went through a step by step process of finding those charts on the Census Bureau website. Once we get all the information together I'll send that out and include information that will show you all the links and information to get to the charts.

I'm just curious because quite frankly we've never ever used that. I've always done the 20% regardless of where it was but in the event that we actually did have a county or two that showed up in that it might be beneficial to use it. So thanks, Mary Beth, we appreciate it.

No problem.

Jocelin: We'll probably be coming out with some guidance in the future when we figure this out.

Question (Nan and Gloria in Virginia)

We have a question on the 269. Line 11 on the indirect costs, can we put more than one rate because your indirect costs rate run two federal fiscal years? Put on that line?

Two indirect cost rates? Because they're spanning the state fiscal year?

The indirect cost rate that we negotiate with the Department of Education goes by state fiscal year. So on something like this it would span two –

You would put them both. You would put both rates in B, the base amount. The total amount of that indirect cost rate and then the federal share. You put both.

Okay. The 269s that we do online don't accept two rates. I don't know if these short forms are done online or not.

The short form – the link that we provided in the information does allow you to enter the information on the form and then print it. You're not able to submit it online but we are looking at moving toward that process. You do bring up an interesting question and how that would work then with two indirect cost rates. But we haven't gotten to that point yet so we could have those discussions.

Question (Janet in California)

I have a follow up question for Mary Beth and you probably don't know it today but it would be good to know. Are we to determine the poverty information based strictly on geography or on population served? On the links this morning, we have a huge difference between the number of counties that are eligible based on full population or if it's zero to seventeen population and if we are awarding grants that are serving children there's going to be a lot more grants that qualify for the poverty match versus the standard match. Can we get some clarification on that as well?

Yes. Are you asking that when you determine the poverty areas if you have a grant that specifically is oriented towards children whether or not you use the children's statistics or whether or not there is just some general poverty area statistic that you would go by. Is that what you're asking?

Correct. Because when I looked at the difference by counties in California we had some counties that qualify for total poverty but, if we are only looking at the zero to seventeen populations you get close to 20 counties that would qualify. And that would make a significant difference in calculating the match.

As far as I've been told so far it's based on the total population but I will try to get some clarification on that.

Question (Jane in Kansas)

Mary Beth, there is a US Department of Health and Human Service Poverty Guidelines site.

Yes, I've been on that. There were some questions still even after going on that.

Question (Cathy from Maryland)

My question is on the 269. Again to line 11 indirect expense. I understand the rate. Base amount of C our federal award. I'm not quite sure what a base means.

Base means the accumulated direct cost used to distribute the indirect cost to individual federal awards. The total amount that you are charging the rate against. For example, a copier or the telephone line or things like that, what is the total base amount? What are the total expenditures that you're charging the rate against? And then line D would be the federal share, what the federal share of that total amount is.

Okay.

Question (Boyd in Kansas).

Do I have to submit electronically or can I still mail in the report?

Janice: We don't have the option for you to send it electronically yet so you will still do hard copies.

Jocelin: We are currently in the process of working with ACF to develop an electronic submission of these forms. But that has not yet happened.

Question (Nan from Virginia)

I have another question on the ADD 02. At the top; number 4 where it says current federal fiscal year. I was a little confused with this last year when I did this. It said the award amount. Is that what the award letter states or is that the amount of money you have received thus far?

It's the amount the award letter states. You are correct like in some years in the past when we've been under continuing resolutions for instance maybe 6 months into the year you might not have the whole award that you were anticipating but Congress has given you continuing resolutions that add up to a certain amount. Then you would add – you are reporting only on the amount that you had been actually awarded.

Question (Sam from Oregon)

On line D of the ADD 02, general management, would that go under what we used to call planning activities or is that something like part of your payroll for your managers to do administrative duties and management duties or your supplies.

Yeah. It's kind of administrative stuff. It's not directly applicable to any of the areas of emphasis.

That's what I thought.

And it's not the functions of the state agency so it's everything else.

So it's the D and E combined where you only have 29% of your award you can spend there?

29? Oh, you are right. Thank you. I'm glad you brought that up Sam. You're right that A + B + C are your total goal activities. It's a 70/30 split - it has to be at least 70% of the activities. Lines A + B + C have to be at least 70% of the award amount.

Question (Craig from Massachusetts)

Can we get a better description of what would be included in general management?

If you make a grant to somebody to work in some areas of emphasis that's goal activities. If somebody on your state Council staff does work in relation to one of these areas of emphasis that would also be goal activities. If it's not that, then it's general management.

So then theoretically, if part of my time is working on a grant that would fall into 70% and if part of my time was working on a – it could be filling out the 269 – it might be 30%.

Administrative activity. Then that's general management. If you're actually filling out a 269 that's actually functions of the designated state agency and that would go under E or H. Maybe that's not a good example. How about filling out a PPR?

How about if I go back to my original question. Could ADD provide us some clear guidelines on what would be general management activities? We fight with this question every year.

Mary Beth: We've been talking about that at ADD and it's something that we're looking at in terms of developing a whole PPR guidelines type of thing. And I think we've talked about that specific question within those areas, so yes, it is being worked on.

Question:(Sam from Oregon) I think that stems from when you're looking at the budget boxes that you report in and it says planning and administration. And then it has everything else with your housing, recreation, your quality assurance and things and people think planning, well I'm not planning. I'm filling out a report or I'm ordering supplies or I'm doing a performance review of a staff member. But we just figured we would drop that into planning or general management. That's kind of how we've been doing it.

It sounds right to me.

Question (James from California)

You mentioned something about a state maintenance of effort?

That's correct. That's with regard to functions of the designated state agency. In line H, state participation in the functions of the designated state agency cannot go down from one year to the next and that's called maintenance of effort.

Can I go down from one year to the next?

State participation in those expenditures cannot go down from one year to the next.

What's included in line H?

Functions of the designated state agency are defined in the DD Act, they include receiving, accounting for and dispersing of federal funding for the Council program. They also include any administrative support that the state agency may provide to the Council. If the Council is its own designated state agency then the maintenance of effort requirement is not enforced. There's no maintenance of effort requirement if you're your own designated state agency.

Question (Candace from Region 10)

I have a question about the FSP for functions of designated state agency. Isn't it still 50% FSP.

You are speaking in terms of match and there is not a match requirement. There are four limitations on federal financial participation. One is \$50,000; one is 5%; another requirement is that federal participation cannot exceed state participation; and the fourth requirement is maintenance of effort but that is not the same as a match. See, with a match you can have all kinds of over match and nobody cares as long as you meet that

minimum. With functions of designated state agency, we want to know not just what the minimum is, we want to know what is the actual cost of those expenditures in order to figure out what the maximum federal participation is and to make sure that we're having maintenance of effort.

I think she's referring to the fact that the expenditures can't be half of the amount not to exceed 5% or \$50,000.

Right.

That's one of the requirements is that it cannot be more than half of the total.

So we still have the 50% at the ... requirement.

50% (of Council funds) is a maximum, it's not a minimum. It's not an exact. It can be something other than 50, it can 40% or 30% or whatever it happens to be. It's not a match requirement.

The difference is – if we didn't have maintenance of effort then we could just say oh, it's kind of a match. But we do have maintenance of effort which means that it actually; it may be less than one for one, less than 50%.

\$50,000 or 5%. Not 50%.

Right. The main thing you have to think about is there are four requirements - \$50,000, or 5% of your total award; cannot exceed state or 50/50; and maintenance of effort. If those four requirements are not met there cannot be any federal participation.

Question (Wilma from Arkansas)

I have a question about the basis of the reporting. It says cash or accrual. It can be either/or is that what you're saying?

This is Janice. It can be either/or but it would be unusual for it to be cash. What you find generally with Councils is a modified accrual basis of accounting and for Councils in particular it's going to be likely, depending upon what your DSA is utilizing for their accounting basis. And the way you can kind of know for sure is if you look at your audit report. That would tell you what basis is being used for your accounting. But generally it's going to be a modified accrual basis and so you would check accrual. It would be unusual for it to be cash. It could be but it would be unusual.

The main thing is how the state agency manages financing in the state. They're not going to handle Council financing differently from financing of other programs.

I have one other question that relates to the – I think this is my question. There is a requirement on the DSA activities and functions? a matching requirement?

No. Let me put it this way. You have this designated state agency that does things for the Council program. Those things are called the functions of the designated state agency. And you can calculate what the cost of doing those things is. The state participation in providing those activities it's all included as part of the aggregate match of the program. Now, again, there are four minimum requirements for federal

participation. One of which is sometimes, people think of it as match but it's not. Its federal participation cannot exceed state participation. For every federal dollar spent there has to be at least a state dollar spent also. But that's only a minimum. It's one of many – one of four requirements. And because of the other minimum requirements the federal participation may even be lower than 50/50. Did I answer your question?

No. I'm a little bit confused because I had always been under the impression that it had to be matched at 50%, anything that the DSA did or any of those functions had to be matched at 50%.

That is a max, which is one of four maximum that must be met. The other things may push it lower than 50%. Because the \$50,000 requirement, because of the 5%, and because of maintenance of effort. You may not even reach 50%. You may not even reach \$50,000 (of Council funds).

I think we're getting ready to wrap up but certainly want to allow another question, one or two more questions if there are any.

Question: (Cathy from Maryland)

You said this would start for FY05? So should we use the long 269s for the period April 1st 2004, the September 30th 2004 and then use the new form fiscal year October 1st 2004?

Yes, and that's only for the 269. The ADD 02 form is already of course in use. But as a part of your grant award for 2005 I understand that part of the conditions will have information about the use of 269A.

Question: (Roger in Texas)

On the long form versus the short form - I'm not trying to confuse it but I may. Are you saying that we start using the short form only for 05 funds and so on our let's call it the 6 month report, would be the first time we would use it and we would use it only on the 05 awarded funds but we would continue at that point to use the long form for 04 and 03 funds.

No. Starting with federal fiscal year, 2005, only the short form will be used.

And we would use it across all three years?

Right.

But we would not use it for the very next report that we're coming up in slightly over a month.

No. You would still use the long form for that.

Question: (Craig from Massachusetts)

Can I offer a suggestion? It was mentioned a couple of times that ADD and ACF were thinking of moving the form or forms online. I was thinking a lot of the questions today were the linkage between the ADD 02 and the short form FS 269 A. Would it be helpful for ADD to put together both those forms in an excel workbook and have the macros

linking the two forms together? That would probably save a lot of time and discussion even though I think this phone call is very helpful.

I believe that what we're going to be going into is some kind of online data entry. It will not be an excel worksheet. We would be very interesting if somebody had something that can like interact between an online data entry and some kind of PC format but at this time what we're talking about is an online data entry using Internet technology.

Susan : I want to thank everyone for participating. This has been extremely helpful and I appreciate everyone's time very, very much. So unless there is a burning issue – hearing none I think we'll let everyone move on through their day. But again, thank you very much Jocelin and Janice. And we will be getting notes out.

Jocelin: Susan, people can contact Janice and me if they come up with questions later. My phone number is 202-690-8776 and my e-mail is Jgridley@acf.hhs.gov.

Susan: Jocelin will be the lead on the ADD 02 form.

That's correct.

And Janice, can they contact you with questions on the 269?

I think so. I'll give out my information and I definitely welcome the calls. I have no problem with that but I wonder about the regional offices. But otherwise if they need to call me my number is 214-767-8075 and my email is the same as Jocelin's. It would just be Jdavis@acf.hhs.gov

Thank you again and thank you all for participating.