



Financial Information
for
Councils on Developmental Disabilities

Revised June 2023

Introduction

This resource is intended to serve as a reference tool and guide for fiscal managers, executive directors, and others responsible for the administration and fiscal management of federal allotments to State Councils on Developmental Disabilities (DD Councils). DD Councils are authorized through PL 106-402, The Developmental Disabilities Assistance and Bill of Rights Act of 2000 (DD Act).

[DD Act in English](#)

[DD Act in Spanish](#)

The purpose of this resource is to explain and clarify federal regulations and existing policies in a straightforward manner.

We recognize that some things may have been left out or need to be further explained. If you feel we have made a mistake in the explanation of the material, we invite and welcome your comments on the information contained in this manual.

Please send your comments to:

Sheryl Matney, EdD
Director, ITACC
1825 K Street, NW
Suite 1250
Washington, DC 20006
smatney@nacdd.org



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Contents

Administration for Community Living	5
Organization	5
Grant Information.....	6
Grant Terms and Conditions	9
Obligations and Liquidations.....	10
<i>What are the Consequences of Unliquidated Funds?</i>	11
What is the difference between a direct cost and an indirect cost?	13
Fiscal Responsibilities of the DD Council.....	14
What Does the DD Act say?	15
Reference: Public Law 106-402 §125(c) (8-9).....	15
DD Council Policies	15
Budget Development Process.....	16
Food and Beverage	19
Federal Financial Forms	20
Financial Reporting	21
Federal Financial Reports.....	21
Additional Financial Reporting Information	22
<i>PPR Item: Dollars Leveraged</i>	23
Grant Match Requirements	24
Introduction.....	25
Match Requirements	25
The Basic Rule	25
Exceptions to the Basic Rule	25
<i>Exception 1</i>	25
<i>Exception 2</i>	26
Types of Match	26
<i>Resource: Independent Sector’s Value of Volunteer Time</i>	28
<i>Match Documentation</i>	29
<i>Program Income</i>	30
State Plan Activities Conducted by the DD Council and DD Council Staff	31
Position Review Sample	32
Time Study Information	33
Functions of the Designated State Agency	34

Reimbursement of expenses for functions of the Designated State Agency (DSA).....	38
Appendix 1: Urban and Rural Poverty Areas.....	40
* <i>The Official Federal Statistical Definition of Poverty</i>	42
Appendix 2: THE BASIC RULE FORMULA	43
Project: Basic	43
Step 2: Calculate Subrecipient Match	43
<i>Subrecipient Match</i>	43
Step 3: Verify	43
<i>Subrecipient Match</i>	43

Administration for Community Living

Organization

The Administration for Community Living (ACL) is an operating division of the U.S. Department of Health and Human Services (HHS). It is headed by the Administrator, who reports directly to the Secretary of HHS. ACL's Principal Deputy Administrator serves as Senior Advisor to the HHS Secretary for Disability Policy.

ACL is structured to provide general policy coordination while retaining unique programmatic operations specific to the needs of each population it serves. ACL is composed of the following units:

- Office of the Administrator
- [Administration on Aging \(AoA\)](#)
- Administration on Disabilities (AoD)
- [National Institute on Disability, Independent Living, and Rehabilitation Research \(NIDILRR\)](#)
- Center for Innovation and Partnership (CIP)
- [Center for Management and Budget \(CMB\)](#)
- [Center for Policy and Evaluation \(CPE\)](#)
- [Center for Regional Operations](#)

For more information about ACL's organizational structure, please see our [organizational chart](#) with accompanying description of the responsibilities of each unit and office.

On May 9, 2019, ACL published an update to the agency's [Statement of Organization, Functions, and Delegations of Authority](#) in the Federal Register to reflect a reorganization of ACL.

On June 2, 2015, the Federal Register published [ACL's updated Statement of Organization, Functions, and Delegations of Authority \(PDF\)](#). An [online version of the published statement](#) is also available.

The statement reflects ACL's expanded mission and details the organizational structure and roles and responsibilities of its centers and offices.

Grant Information



Introduction:

A DD Council is provided federal funds through Congressional allocation supported in Public Law 106-402.

Council funding is based on a formula grant. A formula grant means the allocation of federal funds to states, territories, or local units of government are determined by distribution formulas in authorizing legislation and regulations. To receive a formula grant, the entity must meet all the eligibility criteria for the program, which are pre-determined and not open to discretionary funding decisions.

Basic State Grant Award Formula Information

The Developmental Disabilities Assistance and Bill of Rights Act of 2000 ([P.L. 106-402](#)) (DD Act) provides, among other things, formula grants to States for the purpose of operating State Councils on Developmental Disabilities and Protection & Advocacy Systems for People with Developmental Disabilities.

The DD Act provides authority and flexibility in Section 122 to AIDD to determine the formula for allocating annual grant awards using three statutory factors for determining each state's funding amount. These factors are:

- ✓ Total population of the state/territory.
- ✓ Need for services for people with DD in the state/territory.
- ✓ Financial need of the state/territory.

Formula (revised for use beginning FY 2017)

1. *State/Territory Population (30%)*: Based on July Census figures released in August of each year.
2. *Need for services (30%)*: Based on a 1.58 percent prevalence rate for developmental disabilities in each State and Territory from the HHS National Health Interview Survey on Disability (NHIS-D).
3. *Financial need (40%)*: Use a combination of poverty (20%) and unemployment rates (20%) from July of each calendar year.

In addition to the formula, the DD Act prescribes minimum allotments for states with small populations and territories (Puerto Rico is not considered a territory under the DD Act). About half of the states receive a minimum allotment. The DD Act also requires adjusting (increasing) the minimum allotment amounts if certain criteria are met. After minimum allotments are met, the remaining appropriations are allocated using the formula.

Additional criteria for increasing the minimum allotment amounts include an adjustment when the appropriation increase percentage for a fiscal year is greater than the Consumer Price Index (CPI) increase percentage comparing the prior fiscal year with the immediately preceding fiscal

year. However, DD Act is silent when appropriation increase percentage for a fiscal year is less than the Consumer Price Index (CPI) increase percentage comparing the same two fiscal years as described before. See DD Act, Section 122(a)(6)(A-B).

Finally, the Act requires a hold-harmless for the State DD Councils that was passed as an amendment to the DD Act in 2003, [P.L. 108-154](#). Through this hold-harmless clause, SCDD awards are based on the award amount from the previous year, FY 2000, FY 2001, or FY 2002, whichever is highest. If there are not enough funds available to fully fund all the awards, the SCDDs then receive an equal percent reduction.

Reference: <https://www.federalregister.gov/d/2016-11108>

Notice of Award (NOA)

A notice of award is the official, legally binding issuance of the basic state grant award. When your organization accepts the grant (i.e., drawing down funds on the award), you become legally obligated to carry out the full terms and conditions of the grant. As an award recipient, you are also subject to federal statutory and regulatory requirements and policies.

The ACL Office of Fiscal Operations is responsible for formula grant program award issuance, fiscal review, and closeout.

Notice of Awards (NOA) are sent to grantees. Sometimes this is the DD Council's Designated State Agency, or the Council itself. If you do not receive the NOA, please contact your ACL assigned program contact.

If you have a change in key personnel, such as a new Executive Director, or a new Designated State Agency staff person that oversees receipt of federal funding, you must request a Change in Key Personnel to your assigned ACL Program Specialist. To request this change you must submit the following:

- A dated cover letter signed by the Authorizing Official or designee that includes:
 - Grant Award Number and Grantee Organization Name
 - Justification for the change in key personnel
 - New personnel contact information (name, title, business phone number and business email address)
- A resume, biographical sketch, or curriculum vitae of the proposed individual.

The new key personnel will be included in email correspondence the next time a Notice of Award (NOA) is issued.

Notice of Award information

The notice of award (NOA) contains standard information about the DD Council Basic Grant award and includes the following information:

- Title of Program: (SCDD) DD Act State Councils on Developmental Disabilities
- Award Authority (PL 106-402)
- Grantee; State or Territory name; DSA name, address or DD Council name, address.
- Date of award
- Grant Number (Unique number identifying the fiscal year, program, and the grantee; use this number any time you are communicating about the award) Award Instrument (Formula Grant for DD Councils)
- Project Period (period of time to conduct activities and incur allowable expenditures)
- Budget Period (for DD Council formula program the budget period and project period are the same thing)
- EIN (Electronic Identification Number)
- DUNS Number (a unique nine-digit identifier for businesses)
- CFDA Program Title (Catalog of Federal Domestic Assistance number; 93.630 State DD Councils)
- Unique Entity Identifier number (a unique number assigned to entities who do business with the federal government)
- Object Class Code
- Award amount for this notice (indicates the amount of funds released by this award notice)
- Cumulative Grant award to date
- Appropriation information

*Note: When a continuing resolution is enacted, there may be more than one award notice provided. The grant number ends with a dash and two numerical digits “-XX”. These two digits are the document numbers. The original NOA is document number “00” and subsequent NOAs increase by one digit (01, 02, 03, etc.).

Grant Terms and Conditions

Grant award terms and conditions are issued annually with the first grant award notice (Document number “00”). The terms and conditions provide valuable information on the grant requirements for the specific fiscal year grant award and associated project period. Additional information on grant terms and conditions is provided on ACL’s [“Managing a Grant”](#) webpage.

The terms and conditions include:

- Program standards
- Administrative requirements
- Financial status and program performance reporting

- Payment arrangements

Each Council is assigned an [ACL programmatic and fiscal contact](#).

Tip: Read and review **each** Notice of Award. If applicable, discuss the information in the Notice of Award with Designated State Agency personnel. This will help foster open and direct communication about the federal funding amounts, terms and conditions applied, and additional remarks.

Obligations and Liquidations

45 CFR 1326 Subpart A – Basic Requirements

1326.2(a) Funds which the Federal Government allots under this part during a Federal fiscal year are available for obligation by States for a two-year period beginning with the first day of the Federal fiscal year in which the grant is awarded.

1326.3(a) All obligations incurred pursuant to a grant made under the Act for a specific Federal fiscal year, must be liquidated within two years of the close of the Federal fiscal year in which the grant was awarded.

Obligations - Reference: 45 CFR 1326.2

Liquidations - Reference: 45 CFR 1326.3

EXAMPLE - FY 2023 DD Council Formula Grant Obligation and Liquidation Timelines (included as Term and Condition in paragraph 4 of the original NOA)

- *Obligation Period – 10/1/2022 – 9/30/2024*
- *Liquidation Period End Date – 9/30/2025*

**If the award receives a no-cost extension, the obligation period and liquidation end date will not change. A no-cost extension only impacts the project period, which is the time available to implement activities and incur allowable expenses.*

Liquidation Waiver Authority

Reference: 45 CFR 1326.3(b)

—The Secretary (or designee) may waive the liquidation requirements when State law impedes implementation or the amount of obligated funds to be liquidated is in dispute.

—See terms and conditions for specific language and timeframes regarding liquidations and obligations.

—See the [Program Instruction](#) issued 2/4/2019 for information about the waiver process, eligibility, and instructions.

What are the Consequences of Unliquidated Funds?

- Any Unliquidated Funds Reported on the Final SF-425 will revert to the Treasury (45 CFR 1326.3 (c)).

Essential information:

For each grant award –

Councils are given two (2) years to budget (obligate) the federal funds **and** perform the work.

Councils are given one (1) additional year to liquidate federal funds of work performed. No work should be performed during this period.

- *Obligate – A legal ‘promise’ to pay money that has been set aside for a specific activity or purpose within the project period identified on the notice of award.*
- *Liquidate – spending obligated money for work performed within the project period identified on the notice of award, reimbursing grantees, and other invoices.*
- *Revert – available funds not liquidated “revert” (stay with) the general treasury.*

See the [Information Memorandum](#) issued 2/4/2019 on the topic of Administrative Requirements of Federal Grant Funds pertaining to Obligation, Liquidation, and Date of Completion.

A corresponding document to the Information Memorandum is available. This resource answers the most [frequently asked questions](#) about obligation, period of work, and liquidation.

Other financial terms:

Allowable cost - Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements must be followed in determining the reasonableness, allowability, and allocability of costs. Grantees should review the factors discussed in 45 CFR 75.403 to further cost allowability. In addition, grantees can reference the guidance in 45 CFR 75.404 for cost reasonableness and 45 CFR 75.405 for cost allocability.

Source documentation - Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a federal award as a recipient or subrecipient.

Pass-through entity means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a federal program. The expectations for pass-through entities are described in 45 CFR 75.352.

Project period (see *Period of performance*).

Period of performance means the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. The Federal awarding agency or pass-through entity must include start and end dates of the period of performance in the Federal award (see §§75.210(a)(5) and 75.352(a)(1)(v)).

Internal controls mean a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (1) Effectiveness and efficiency of operations
- (2) Reliability of reporting for internal and external use; and
- (3) Compliance with applicable laws and regulations.

Expectations for award management internal controls are outlined in 45 CFR 75.303.

What is the difference between Cash and Accrual basis of accounting?

Cash Basis*

Amount of obligations incurred by the grantee that have been paid.

- Actual cash disbursements for direct charges.
- Amount of indirect expense incurred.
- Value of in-kind contributions applied.
- Amount of cash advances and payments made to contractors and sub-grantees.

With the cash basis of accounting, revenues are recorded when they are received, and expenses are recorded when they are **paid.*

Common Fiscal Questions

Accrual Basis**

–Amount of obligations incurred by the grantee for which an outlay is recorded.

- Actual cash disbursements
- Amount of indirect expense incurred.
- Value of in-kind contributions applied.
- New increase (or decrease) in the amounts owed by the grantee for goods and other property received, for services performed by employees, contractors, sub-grantees, subcontractors.

***With the accrual basis of accounting, revenues are recorded when they are earned and expenses when they are **incurred**.*

What is the difference between a direct cost and an indirect cost?

45 CFR 75.2 defines indirect costs (sometimes referred to as *Facilities and Administration or F&A costs*) as costs "...incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect (F&A) costs. Indirect (F&A) cost pools must be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived."

Fiscal Responsibilities of the DD Council



What Does the DD Act say?

Reference: Public Law 106-402_§125(c) (8-9)

Each Council shall **prepare, approve, and implement a budget** using amounts paid to the State to fund and implement all programs, projects, and activities carried out on Subpart B, to include:

- Conducting hearings and forums as the Council determines it necessary to carry out its duties.

As determined by Council policy:

- Reimbursing members of the Council for reasonable and necessary expenses (including expenses for childcare and personal assistance services) for attending Council meetings and performing Council duties; Supporting Council member and staff travel to authorized training and technical assistance activities, including in-service training and leadership development activities.
- Carrying out appropriate subcontracting activities.
- Hiring and maintaining qualified staff, consistent with State law.
- Paying a stipend to a member of the Council, if such member is not employed or must forfeit wages from other employment, to attend Council meetings and perform other Council duties.
- Directing the expenditure of funds for grants, contracts, interagency agreements that are binding contracts, and other activities authorized by the approved State plan.

The State shall not apply hiring freezes, reductions in force, prohibitions on travel, or other policies to Council staff, to the extent that they impact the staff or functions funded with Federal funds or prevent the Council from carrying out its functions.

DD Council Policies

Additional policies regarding fiscal responsibilities are often created, adopted, and used by DD Councils to further define the responsibilities of the DD Council, Executive Director, and designated State agency.

Common policies specific to DD Council member responsibilities include:

- Prepare, approve, and implement an operating budget for the DD Council.
- Approve funding activities to be initiated with grant funds.

- Approve new and continuation grants awards.

Common policies specific to the Executive Director's responsibilities include:

- Establish the operating budget for the DD Council and allocate funds among strategies, programs, and projects.
- Timely and clear communication with designated state agency fiscal staff (as needed and appropriate).
- Approve expenditures of funds within the budget approved by the DD Council.
- Report in a timely manner all relevant information (e.g., Federal Financial Reports, Program Performance Reports, and projected budgets).
- Recommend budgetary activities.

Common policies specific to an Executive Committee's responsibilities include:

- Provide recommendations to the DD Council for annual budgets.
- Review and recommend approval for Professional Service Contracts.

Councils **must** have a travel policy that complies with Subpart E of the Uniform Guidance. Additionally, sub-recipients should have their own travel policy. DD Council staff should roll down the Federal award requirements in any sub-recipient agreements.

Valuable Information:

It is important to note that any policies and procedures related to DD Council fiscal operations should reflect the policies and procedures of the State/Territory, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards under 45 CFR Part 75. Additional terms and conditions can be found on the [ACL website](#).

Budget Development Process

A budget should include the following:

- an itemized summary of estimated or intended expenditures for a given period along with proposals for financing them.
- a systematic plan for the expenditure of a usually fixed resource, such as money or time, during a given period (fiscal year).

- A formalized statement of the goals of an organization outlined in financial terms that is reflective of the DD Council State Plan.

The budget is an annual plan of how a DD Council will fund their State Plan goals and objectives for a given fiscal year.

A budget should be developed using the allotment provided by the Administration for the fiscal year.

The DD Act requires a Council to develop an annual budget using not less than 70% of the grant award funds for activities related to the goals and objectives in the State plan.

What should be included in the annual budget for the basic State grant award?

Typically, a DD Council annual budget has a state plan implementation (or Program) category and an administrative (or operations) category.

An administrative or operations budget section typically includes items such as:

- Salaries and Benefits
- DD Council Member Travel Expenses
- DD Council Meeting space expenses
- Staff Travel Expenses
- Other Expense Items that Support Staff Operations (ex. Supplies, equipment, rent, utilities)
- Administrative Reimbursement to the DSA

A programmatic (state plan) budget section typically includes items such as:

- Sub-awards (grants for state plan projects and activities)
- Professional service contracts (for state plan projects and activities)
- Salaries, benefits, and related expenses (for staff conducting state plan projects and activities)

Additional notes about budgets

It is important to remember that the DD Act “caps” administrative costs for a fiscal year to no greater than 30% of the annual award. This means a Council cannot exceed that amount for each fiscal year.

Example: FY 2023 DD Council administrative and state plan use of funds (per the DD Act).

A minimum of 70% of the annual award must be used for State plan activities.

- Allotment amount: \$500,000

- 70% minimum to be used for state plan activities: \$350,000.
- 30% maximum to be used for administrative (general management) costs: \$150,000.

If you reimburse your Designated State Agency for allowable costs associated with the required activities to support the Council, the costs must be paid in the grant award year the services were provided and be budgeted as an administrative cost.

Additional awards (CDC Vaccine funds, Public Health Work Force Funding)

When multiple awards are made to a DD Council, the Council must include the funding in their annual budget or develop a separate budget for each award.

Check and Balance

DD Councils need to have a check and balance in place to obligate funds timely and ensure that not only are funds obligated but activities are completed by the end of the project period (24 months unless a no-cost extension is granted).

What is the DD Council member's role?

A DD Council member has two primary responsibilities regarding financial activities:

- 1) Approve the annual budget.
- 2) Monitor the DD Council's financial status on a regular basis (example: quarterly or during a regularly scheduled DD Council meeting).

What information do DD Council members need?

- Annual "Operating" Budget
 - Salaries and Benefits
 - DD Council Member Travel Expenses
 - Staff Travel Expenses
 - Other Expense Items that Support Staff Operations
 - Contracts
 - Grants or Funds Available for Grants
 - Administrative Reimbursement to DSA
- Funds Awarded for Grants and/or Contracts for Projects
 - Budgeted/Awarded
 - Expended/Liquidated
- Summary of Federal Year of Funds

- Total Federal Award
- Funds Planned or Obligated/Awarded
- Funds Expended or Liquidated
- Funds Available for Future Projects
 - Funds Available for Obligation or Re-obligation – Current Year or Prior Year
 - Funds Not “Committed” for Future Awards
 - Other?

Common questions asked by DD Council members:

- Are our expenses in line with our budget?
- Are current expenses within the overall budget by line item? If not, why?
- Are procedures in place for staff to advise of any concerns regarding the spending patterns of grantees?
- Do we have un-obligated funds for the current year or prior year?
- What is the DD Council planning for these funds?
- Have all award funds been obligated within 24 months?
- Will activities be completed by the end of the award project period?

Food and Beverage

Often, a Council and/or their grantees (subrecipients) want to pay for and/or provide food and beverages associated with activities. Council staff should exercise good judgment when determining the allowability of food and beverage costs. Justification of costs should be considered to determine if food and beverage costs are appropriate and determine if food and beverage is necessary for the implementation of the project. All costs must be managed in a way that minimizes costs to the federal award.

DD Council staff should establish clear controls and roll those controls down to their subrecipients.

[45 CFR 75.432](#) provides regulatory information.

Federal Financial Forms



Financial Reporting

The fiscal management activities for DD Council allotments are monitored and reviewed through the collection and assessment of information the DD Council gathers from financial status reports, ACL/AOD/OIDD monitoring, DD Council meeting minutes, and other relevant documentation and sources. The Developmental Disabilities Assistance and Bill of Rights Act of 2000 (PL 106-402) is the legal basis for DD Council requirements to report financial data.

The federal fiscal year is October 1 through September 30. Some state and territory Councils operate on a “state” fiscal year that varies from the federal fiscal year; however, the reporting must reflect the federal fiscal year.

Sound financial and business management practices are necessary to ensure programmatic objectives as well as financial requirements are met.

Federal Financial Reports

Annual Reports

Councils are required to submit the SF-425 financial status form for each federal fiscal year (1st year report for the FFY 23 award, the 2nd year report for the FFY 22 award, and a final report for the FFY 2021 award. Note: please check the grant flexibilities extension timelines due to COVID-19). The SF-425 reports (for each federal fiscal year) are due by the dates provided in your Notice of Award.

Information for this reporting requirement is included in the Notice of Award (NOA).

The SF-425 shall be submitted using the HHS Payment Management System (PMS). PMS website is located at: <https://pms.psc.gov>. HHS updated the guidance on completing FFRs in April 2022. Please review the PMS website for the details of these updates - [FFR Information | HHS PSC FMP Payment Management Services](#).

Note: For Councils with a Designated State Agency (DSA). Often these reports are completed and filed by the DSA staff person who manages the receipt and disbursement of funds for the Council. If this is the case, the Council ED or appropriate staff person should review the report prior to the DSA submitting the report. When reviewing the FFR, Council staff should confirm that the information in boxes 6, 8, and 9 aligns with the terms and conditions of the most recently issued NoA. Council staff should keep a copy of the submitted report on file. In addition, often the Council staff collects cost-sharing/match documentation from sub-recipients for the Council. The collected information must be shared with the appropriate person filling out the federal report forms to ensure accurate match is reported on the federal form. Detailed information on match requirements is covered in the next section.

Important note: If the Council or Council sub-recipient receives income from conducting a Council funded activity (charging registration fees, etc.) it must be reported as Program Income.

Additional Financial Reporting Information

Each year, DD Council staff must submit financial information as part of their Program Performance Report and the State Plan update or amendment. The financial information requested is for programmatic purposes related to state plan implementation and planning. However, the information should be accurate and consistent with federal financial reports.

The information requested for each report is described below. Detailed instructions for each section can be found in ITACC Guidance documents for each federal report.

State Plan and/or State Plan Amendment/Update Projected Budget

A DD Council State Plan budget is a projection of planned spending on an annual basis, organized by goals. The projected budget includes funds anticipated to be spent for staff activities implementing the State Plan as well as planning activities, general management, and designated state agency functions. Additionally, DD Councils must indicate the amount of non-federal match funds they expect to receive directly or as offered by sub-grantees to meet overall requirements for non-federal share of project activities related to the Federal fiscal year’s expenditures.

The State plan budget is submitted each year (as determined by ACL/AoD/OIDD) with the State plan update. If a DD Council is making State plan amendments, the budget will be due with amendments.

Complete line-by-line information can be found in the ITACC resource [“Information for Completing a DD Council State Plan Update or Amendment”](#).

Goal	Subtitle B \$	Other(s) \$	TOTAL
1. Goal			
2. Goal			
3. Goal			
4. Goal			
5. Goal			
6. General management (Personnel, Budget, Finance, Reporting)			
7. Functions of the DSA			
8. TOTAL	\$	\$	\$

Program Performance Report – Council Financial Information

Council staff provide information on the obligation and liquidation status for three federal fiscal years of funds (federal fiscal year for current PPR and the two previous federal fiscal years). Detailed instructions about how to complete this section of the PPR is provided in the [Guidance for Completing the Program Performance Report](#) TA resource.

PPR Item: Dollars Leveraged

Dollars leveraged are reported in the PPR for the reporting year. The PPR is the only report that captures dollars leveraged.

Dollars leveraged refers to additional funds that result from an initial investment of Council funds during a reporting period. Funds can be either public or private. Dollars leveraged must not include match. Leveraged funds can be cash or in-kind and can be from any source including other federal dollars.

Collecting information about dollars leveraged is a way for DD Councils to show returns on investments that add value to the initial work of the Council.

Grant Match Requirements



Introduction

Section 126 of the DD Act indicates the Federal Share of the cost of all projects in a State (or Territory) supported by funds from the Council grant award must not be more than 75% of the aggregate (or total) cost of such projects. There are two exceptions. In the case of projects conducted in urban or rural poverty areas, the federal share must not be more than 90% of the total cost of the project. In the case of projects conducted by the Council or Council staff, the federal share must not be more than 100% of the total cost of the project.

See [Appendix 2](#) for the Basic Rule Formula to determine total cost of the project and subrecipient match.

Tip: Because DD Councils have three different federal share requirements that would potentially apply to their work, the Council should have a tracking and documentation system in place to look at the required match “project by project” to determine aggregate necessary cost (the total). Councils have until the end of each project period for each grant award to reach match and must generate and keep on file detailed documentation for each fiscal year.

Match Requirements

The Basic Rule

The basic rule of matching is there must be a 25% match for those necessary costs of all projects that are supported by the Federal award.

Exceptions to the Basic Rule

There are exceptions to the basic rule are: 1) State plan activities that target people with developmental disabilities living in urban or rural poverty areas and 2) activities conducted by the Council or Council staff.

Exception 1

These activities are supported by Public Law 106-402 [§126 (a) (2)]

- Urban and Rural Poverty Areas (e.g., 10% match)
 - In the case of projects whose activities or products target individuals with developmental disabilities who live in urban or rural poverty areas, as determined by the Secretary, the Federal share of the cost of all such projects may not be more than 90%.
 - If 20% or more of an urban or rural area is living below the poverty level, the area is designated as a poverty area.

**Note: Further instructions on Urban/Rural Poverty designation are in [Appendix 1](#).*

Exception 2

These activities are supported by Public Law 106-402 [§126(a) (1)]

- State Plan activities
 - In the case of projects undertaken by the DD Council or DD Council staff to implement State plan activities, the Federal share of the cost of all such projects may not be more than 100% of the aggregate necessary cost of such activities (e.g. no match requirement).

Types of Match

What does Public Law 106-402 say?

The non-federal share of the costs may be provided in cash or in-kind, fairly evaluated, including plant, equipment, or services [§126(c) (1)].

The non-federal share required of each recipient of a grant from a DD Council may vary [§126(c) (3)].

Definitions

45 CFR 92.3 Third Party In-Kind Contributions

Property or services which benefit a federally assisted project or program, and which are contributed by non-federal third parties without charge to the grantee or a cost-type contractor under the grant agreement.

45 CFR 75.2 Third-party in-kind contributions

The value of non-cash contributions (*i.e.*, property or services) that:

- (1) Benefit a federally assisted project or program; and
- (2) Are contributed by non-Federal third parties, without charge, to a non-Federal entity under a federal award.

45 CFR 92.3 Cost sharing or matching

The value of the third-party in-kind contributions and the portion of the costs of a federally assisted project or program not borne by the Federal Government.

45 CFR 75.2 Cost sharing or matching

The portion of project costs not paid by Federal funds (unless otherwise authorized by Federal statute). This may include the value of allowable third-party in-kind contributions, as well as expenditures by the recipient. See 45 CFR 75 §75.306 for more details.

Resource: [Independent Sector's Value of Volunteer Time](#).

The current estimated value of volunteer time is \$31.80 per hour (updated April 2023).

The estimate helps acknowledge the millions of individuals who dedicate their time, talents, and energy to making a difference. Charitable organizations can use this estimate to quantify the enormous value volunteers provide.

Value of a Volunteer Hour, by State: 2001-2021

2021 is the latest year for which state-by-state numbers are available. There is a lag of almost one year in the government's release of state level data, which explains why the state volunteering values are one year behind the national value.

To find your estimated value of volunteer time, please click the link above.

Common Examples of Match

- Volunteer Hours
- Donated space
- Donated materials, supplies, and equipment
- Donated professional services.

Common Sources of Non-Cash Match

Type of Non-Cash Match	Value
Donated Time for bookkeeping, accounting, audit	Standard Rate
Donated Time for Project Advisory Committee Members	Various
Conference/Training registration fees (Program Income)	
Discounted Fees from Presenters, Consultants, Volunteers/Volunteer	Rate Schedule
Donated Time from Local Coordinators	Current Salary and Benefit Rates
Donated local mileage policy.	IRS rate or local organization
Donated supplies, materials	Market Value
Office space	Rent vs. Lease
Occupancy costs	Actual pro-rated
Previously purchased equipment	Market value depreciated.
Indirect Cost Rate	Per approved rate

Unallowable Match

Unallowable match cannot be used as match for the Federal allotment. Examples of unallowable match are as follows:

- Matching funds that come from federal funds, unless specifically allowable by Federal statute; most of the time, federal funds cannot be matched with federal funds.
- Match that is claimed as match for another Federal matching program; match can only be used once; duplicating match is not allowed.
- Match that represents expenses not allowed under the OMB Super Circular.
- Match not representing expenses associated with the DD Council funded project.
- Match that reflects a capital real estate acquisition.

Match Documentation

Reference: 45 CFR 92.24 (6) Records

(6) Records. Costs and third-party in-kind contributions counting towards satisfying a cost sharing or matching requirement must be verifiable from the records of grantees and subgrantee or cost-type contractors. These records must show how the value placed on third party in-kind contributions was derived. To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocability of regular personnel costs.

Documenting Match

DD Councils should have a system in place to document match provided by a sub-recipient. Beginning with the funding application or proposal submitted by a sub-recipient, Council staff will need to determine if the identified match for a project is allowable under subpart E of 45 CFR 75, necessary and reasonable for the accomplishment of the project or program objectives and are not Federal funds.

Many Councils require match documentation with each invoice or request for reimbursement from the sub-recipient. This allows the Council staff to determine if cost-sharing/match requirements are being met and can inform Council staff of sub-recipients who are at risk of not meeting their cost-sharing/match requirements. Regardless of the specific processes used at the state/territory level, documented match should support the DD Act requirements for the maximum amount of federal funding that can be used for projects and activities (taking the exceptions into account).

Program Income

(Reference: 45 CFR 75.307)

- ✓ Program income is gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance except as provided in § 75.307(f).
- ✓ Program income includes, but is not limited to, income from fees for services performed; charges for the use or rental of real property, equipment, or supplies acquired under the grant; the sale of commodities or items fabricated under an award; charges for research resources; and license fees and royalties on patents and copyrights.
- ✓ Program income must be used for current costs unless ACL authorizes otherwise.

Plain language: Program income is funds earned by a grant recipient from activities which are supported by the direct costs of an award.

Example:

Funds generated from the sale of commodities (book sales); fees received to attend conferences or workshops.

There is a [TA Brief on Program Income](#) available.

State Plan Activities Conducted by the DD Council and DD Council Staff

In the case of projects undertaken by the DD Council or DD Council staff to implement State Plan Activities, the Federal share of the cost of all such projects may be not more than 100 percent of the aggregate necessary costs of such activities (§126(a)(3)).

There is no match requirement for those activities undertaken by the DD Council (or staff) to implement the State plan.

Why is this important?

- ◆ Reduces match required for total federal DD funds available to the DD Council.
- ◆ Reduces the non-federal share.

The DD Act requires at least 70% of a DD Council's annual allotment be spent on State plan goals, objectives and activities that infer the balance would be used for general management operations.

How does a DD Council determine how much of a staff members' time can be applied to State plan goals and objectives? There are two primary methods currently used by DD Councils:

- 1) Position review
- 2) Time study

*Note: Whatever method a Council chooses should be used consistently and should be defensible.

An example of a state plan strategy for the use of Council staff on State plan objectives/goal is provided below and reflects the position review method:

Sample State Plan Objective: The Council and its Committees receive staff and administrative support to effectively implement the Councils mission and goals.

Position Review Sample

Position: Public Policy Director

- 20% Directs DD Council public policy and public information activities.
- Coordinate activities of the Public Policy Committee.
 - Ensure completion of Council approved public policy and public information activities.
 - Develop Public Policy Priorities, Position Statements, and reports for approval by Council.
- 40% Directs and supervises review and analysis of governmental affairs and public policy issues, development of briefing materials, and public policy issues, development of briefing materials, and develops recommendations for Council and/or Committee action.
- Identifies public policy issues for review by DD Council and/or Committee.
 - Monitor state and federal policy and legislative activities.
 - Coordinate coverage of key public policy meetings.
 - Coordinate tracking of legislative and public policy issues.
 - Represent the Council positions on public policy issues.
- 30% Supervises implementation of DD Council public policy activities.
- Coordinate correspondence, testimony, comments on proposed rules.
 - Recommend DD Council public policy actions or activities.
 - Develop briefing material and information.
 - Represent DD Council positions on an ad hoc basis at task forces.
 - Represent DD Council on workgroups, task forces and committees.
 - Coordinate with other consumer and advocate organizations.
 - Coordinate DD Council public information activities.
 - Conduct training and presentations on public policy issues.
- 5% Perform general administrative staff required as a supervisor and employee.
- 5% Hire and supervise public policy staff.

Total Percentage on State Plan Activities 90%

Time Study Information

The **purpose** of **Time Study** is to:

- Establish Standard Times.
- Gain information to calculate overall time spent on State plan activities and administrative activities.

The **benefits** from a **Time Study**:

- Knowledge about Standard Times to be expected.
- Ability to estimate total Work content.

The **procedure** for a **Time Study** will be:

- A job is selected.
- The method description derived from a method study of the specific job is used to break up the job into units that can be measured more easily.
- The total job including time spent on State plan activities and purely administrative tasks are rated and measured several times with a watch.
- Average (standard times) is established.

The **inputs** required for a **Time Study** are:

- Documented results of a method study for the job to be measured.
- Observations of the job to be studied.
- Time readings for the job to be measured from a watch.

The **outputs** from a **Time Study** will be:

- Standard times for the Job that have been measured.
- Completed Time Study Sheet with ratings and times.
- Knowledge about the work content for specific Products and processes.

Functions of the Designated State Agency



What is a designated State agency?

A designated State agency is an agency or office within the State designated to support the DD Council in accordance with the DD Act.

Functions of the Designated State Agency (DSA)

The designated State agency (if other than the DD Council) has six core responsibilities, which can be found in Public Law 106-402 [§125(d)(3)(B-G)]:

1. Support Services
2. Fiscal Responsibilities
3. Records, Access, and Financial Reports
4. Non-federal Share
5. Assurances
6. Memorandum of Understanding

Support Services

The DSA shall provide required assurances AND support services as requested by and negotiated with the DD Council.

Common examples of support services provided by a designated State agency are:

- Personnel Services/Human Resource services
- Legal Services
- Contract Development Services
- IT Services
- Payroll Services

Fiscal Responsibilities

The Designated State Agency receives, accounts for, and disburses funds.

The DSA provides for such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursement of, and accounting for, funds.

Records, Access, and Financial Reports

The DSA shall provide timely financial reports at the request of the DD Council regarding the status of expenditures, obligations, and liquidation by the agency or the DD Council, and the use of Federal and non-Federal shares.

Non-federal Share

Non-federal share can be provided in cash or in kind, fairly evaluated... [§126(a) (1-3); (c)(1)(B)(3)].

Assurances

The DD Act requires the DSA to assist the DD Council in obtaining the appropriate State plan assurances, and in ensuring that the plan is consistent with State law. This process varies across the states and territories as to whether the DD Council, DSA, Governor, or other entity is authorized to provide the assurances. The assurances include:

- Use of funds
- State financial participation
- Conflict of interest
- Urban and rural poverty areas
- Program accessibility standards
- Individualized services
- Human rights
- Minority participation
- Employee protections
- Staff assignments
- Noninterference
- State quality assurance
- Other assurances

What does Public Law 106-402 say about the use of grant funds for DSA responsibilities?

At the request of any State, a portion of the funds provided to a Council shall be available to pay for expenditures that were necessary for the proper and efficient exercise of the functions of the designated State agency up to:

- ½ of the costs of the DSA limited to 5% of expended Federal funds or \$50,000 whichever is less [§124(c)(5)(B)(vi)].

The Act provides that to retain these funds, the non-federal share must be at least equal to the amount of non-federal funds provided for that purpose the preceding year. If the State share goes down, the DSA cannot receive funds that year. The DSA should be kept aware of this, and the DD Council will need to monitor.

Memorandum of Understanding

A memorandum of understanding (MOU) is a document that delineates the roles and responsibilities of the designated State agency and is initiated at the request of the DD Council. [TA Brief](#).

Click here for more information on the [Designated State Agency \(DSA\), Purpose, role, responsibilities, use of funds, and period review](#).



Reimbursement of expenses for functions of the Designated State Agency (DSA)

Guidance for DD Councils

The Developmental Disabilities Assistance and Bill of Rights Act of 2000 (PL 106-402) provides language that allows a DD Council to, at the request of a State/Territory, to pay for expenditures that were necessary for the proper and efficient exercise of the functions of the designated State agency. The DD Act limits the expenditures to:

- ½ of the costs of the DSA necessary for its functions as the DSA but limited to 5% of Federal funds available during the fiscal year or \$50,000 whichever is less [§124(c)(5)(B)(vi)].

Discussion:

For a Designated State Agency (DSA) to recoup expenses necessary for the “proper and efficient exercise of the functions of the designated state agency” (as related to the required functions necessary to support the DD Council, which include receive, account for, and disburse funds), the DSA should demonstrate the type of function with the cost of the function. Those expenses should only be for functions necessary to carry out the responsibilities of the DSA. Please note: The total costs claimed by the DSA for its responsibilities as DSA should be (at a minimum) twice the amount the DSA is requesting from the Council.

Example: A DSA is requesting \$50,000 from a DD Council to pay for expenses necessary to provide the required support services (receiving, accounting for, disbursing and reporting funds associated with the DD Council federal grant award). According to the restrictions set forth in the DD Act, the DSA would need to demonstrate that their total expenses for those functions were at least \$100,000 (and that the total amount meets the criteria of “necessary for the proper and efficient exercise of the functions of the DSA”).

Note: A DSA should not “bill” the Council for \$50,000.00 per grant award year (or 5% of the grant award, whichever is less) without providing justification of expenses or if using a negotiated indirect cost rate, documentation of such.

The Act also provides that to retain these funds, the non-federal share of those expenses must be at least equal to the amount of non-federal expenses provided for that purpose the preceding year, i.e., a “maintenance of effort” requirement. If the State share of those expenses goes down, the DSA may not be eligible to receive the federal share for those expenses for that year from DD funds. The DD Council should make sure the DSA is aware of this stipulation and the DD Council should monitor.

Appendix 1: Urban and Rural Poverty Areas

The Developmental Disabilities Assistance and Bill of Rights Act of 2000,

P.L. 106-402, includes two references to “urban and rural poverty areas” in SUBTITLE B--FEDERAL ASSISTANCE TO STATE DEVELOPMENTAL DISABILITIES COUNCILS. The references are:

42 USC 15024 SEC. 124(C)(5)(E) State Plan

(E) URBAN AND RURAL POVERTY AREAS. -The plan shall provide assurances that special financial and technical assistance will be given to organizations that provide community services, individualized supports, and other forms of assistance to individuals with developmental disabilities who live in areas designated as urban or rural poverty areas

42 USC 15026 SEC. 126. FEDERAL AND NON-FEDERAL SHARE

(a) AGGREGATE COST. -

(2) URBAN OR RURAL POVERTY AREAS. -In the case of projects whose activities or products target individuals with developmental disabilities who live in urban or rural poverty areas, as determined by the Secretary, the Federal share of the cost of all such projects may not be more than 90 percent of the aggregate necessary cost of such projects, as determined by the Secretary.

Definition of Poverty

In August 1969, the U.S. Bureau of the Budget (the predecessor of the U.S. Office of Management and Budget) designated the Census Bureau poverty thresholds as the federal government’s official statistical definition of poverty. *

According to Bureau of the Census Statistical Brief/95-13, in 1990, more than 1 in 5 Americans – or 52 million – lived in a “poverty area.” Poverty areas are census tracts or block numbering areas (BNAs) where at least 20 percent of residents were poor in 1989. Census tracts are small, statistical subdivisions of a county (or statistically equivalent entity). They usually have between 2,500 and 8,000 residents and do not cross county boundaries. All metropolitan counties are subdivided into census tracts. Just over two-thirds of poverty area residents lived in a metropolitan area.

In many nonmetropolitan counties, however, local census committees have not established census tracts. Such counties are instead subdivided into block numbering areas (BNA's), which are comparable to census tracts in population.

Most residents of poverty areas are not poor. Poverty areas have high concentrations of poor persons. But that does not mean that everyone living in them is poor. In fact, most the Nation's poverty area residents (69 percent) were above the poverty line in 1989.

State Data Center Program

In addition, ADD Information Memorandum -93-6 issued 8/12/93 states, "For purposes of the Act, urban and rural poverty areas in a State are those that meet the definition of the United States Census Bureau for these areas. You may use the information provided by the data centers in your State to identify the location of these poverty areas. To assist you in contacting a data center, we have attached [linked to] the most current listing of the State Data Centers."

The SDCs are official sources of demographic, economic, and social statistics produced by the Census Bureau. These data are made available by the Census Bureau to the SDCs at no charge (fees may be charged for customized products). The SDCs make these data accessible to state, regional, local, and tribal governments, and non-governmental data users at no charge or on a cost-recovery or reimbursable basis as appropriate.

The SDCs also provide training and technical assistance in accessing and using Census Bureau data for research, administration, planning, and decision making by local governments, the business community, and other interested data users.

The link for the SDCs is: <https://www.census.gov/about/partners/sdc.html>

Census Bureau Information by County

The Census Bureau provides information on the percent of persons in poverty by county/state. Following is a step-by-step process to get that information.

1. Go to <https://www.census.gov/programs-surveys/saipe.html>
2. Click on "*State and County Estimates for 2020*".
3. Download the excel file "US and All States and Counties".

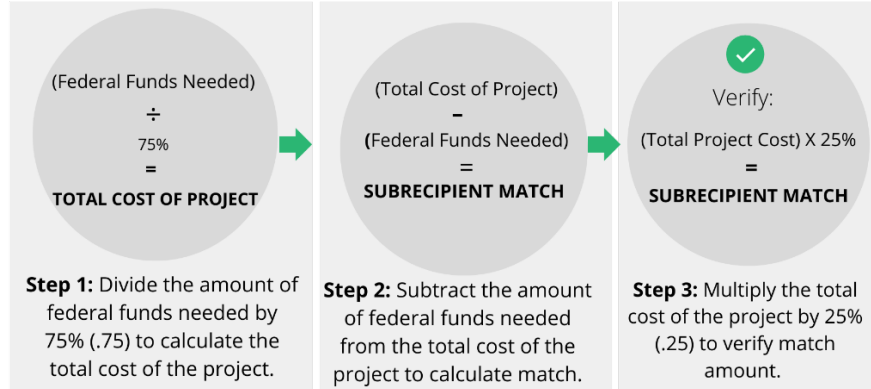
Column "H" **Percent** shows the percentage of all people in poverty by county. The Urban and Rural poverty threshold is 20% or greater to qualify as a urban or rural poverty area for reduced match purposes.

However, as stated earlier, please keep in mind that metropolitan counties are divided into census tracts – small, statistical subdivisions of a county; and many non-metropolitan counties, are subdivided into block numbering areas (BNA’s), which are comparable to census tracts in population. Specific information about these tracts can be obtained from the SDCs (see above), or from the Bureau of the Census publication, “The Poverty Areas in the United States, Subject Summary Tape File (SSTF 17).” SSTF 17 provides statistics for the entire Nation, as well as each region, division, state, county, metro area, and metro area central city. The file also allows one to identify which census tracts in each of these geographic entities were poverty areas (i.e., at least 20 percent of resident’s poor), which were extreme poverty areas (i.e., 40 percent or more poor), and which were neither.

**** The Official Federal Statistical Definition of Poverty***

In August 1969, the U.S. Bureau of the Budget (the predecessor of the U.S. Office of Management and Budget) designated the Census Bureau poverty thresholds as the federal government’s official statistical definition of poverty. The latest version of the document embodying this designation is Statistical Policy Directive No. 14 (“Definition of Poverty for Statistical Purposes”). The text of this directive may be found on p. 35 of the Commerce Department’s *Statistical Policy Handbook* (1978); in the *Federal Register*, Vol. 43, No. 87, May 4, 1978, p. 19269; and on the [Census Bureau’s Poverty Measurement Web site](#).

Appendix 2: THE BASIC RULE FORMULA



EXAMPLE: Project: Basic

Match required: 25%

Federal Funds Needed: \$1000.00

Step 1: Calculate Total Cost of Project Divide the amount of federal funds needed by 75% (.75) **Funds Needed (\$1000)**

$$\$1000 \div (.75) = \$1,333.33$$

Total cost of the project

$$= \$1,333.33$$

*Note: Substitute 90% (.90) for 75% (.75) for urban/ rural poverty projects.

Step 2: Calculate Subrecipient Match

Subtract the amount of federal funds needed from the total cost of the project.

$$\$1,333.33 - \$1,000.00 =$$

$$\$333.33$$

Subrecipient Match

$$= \$333.33$$

Step 3: Verify

Multiply the total project cost by 25% (.25).*

$$\$1,333.33 \times .25 = \$333.33$$

Subrecipient Match

$$= \$333.33$$

*Note: Substitute 10% for 25% for urban/ rural poverty projects.