Fiscal Manual

Councils on Developmental Disabilities

2010-2011

Updated July, 2011

Introduction

This manual is intended to serve as a reference tool and guide for fiscal managers, executive directors and others responsible for the administration and financial management of federal allotments to State Councils on Developmental Disabilities.

The purpose of this fiscal manual is to explain and clarify federal regulations and existing policies in a straight-forward manner.

The Technical Assistance contract for Councils on Developmental Disabilities convened a work group of dedicated Council staff to develop the content of this guide.

This fiscal manual will be updated periodically as regulations and program legislation changes.

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:

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iTACC
Information and Technical Assistance Center for Councils on Developmental Disabilities

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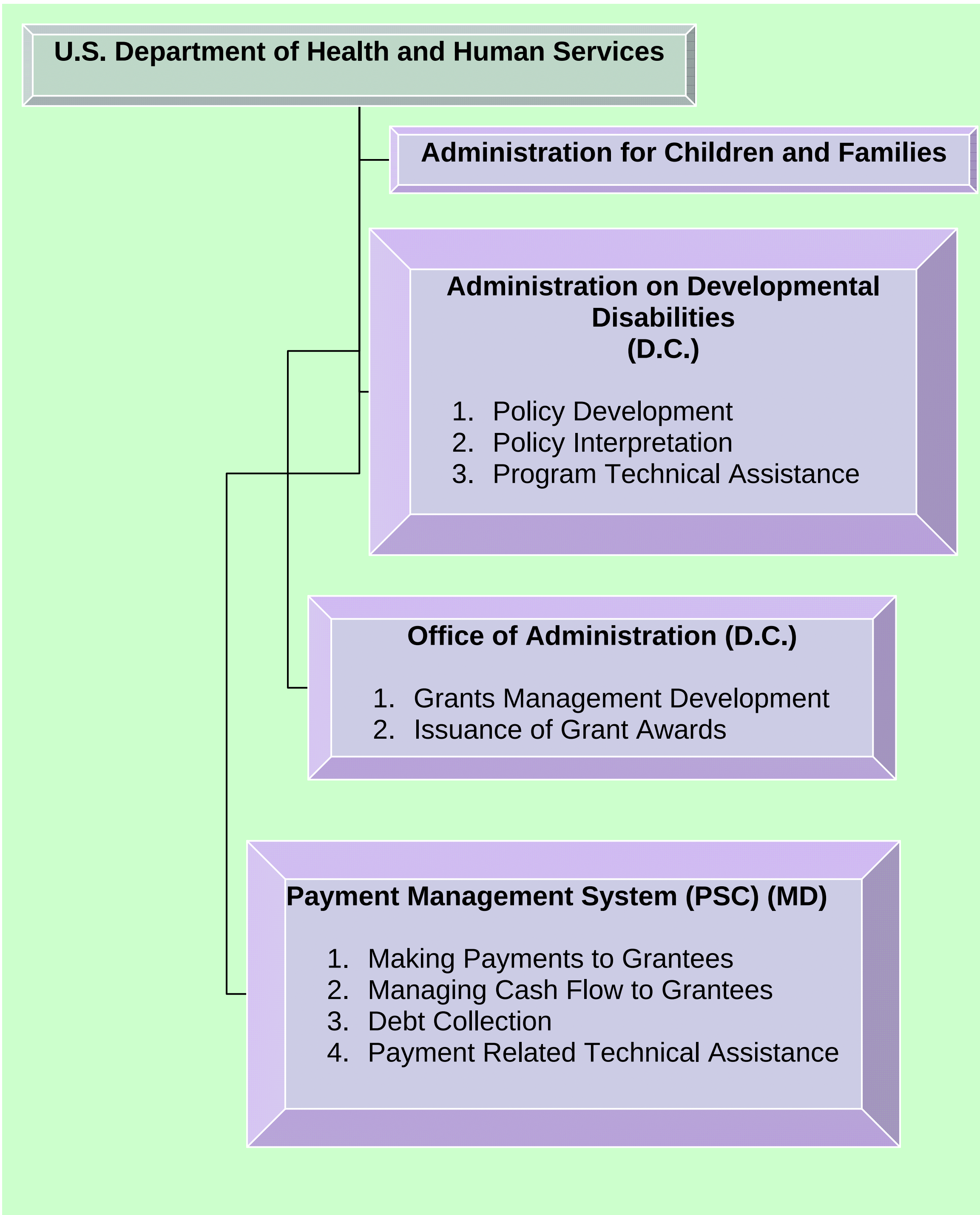


Grant Information

Grant Awards

Grant awards to Councils are issued by the Office of Administration, Office of Grants Management. HHS/ACF provides ONE grant award notice* to each state or territory, generally directed to the Council's Designated State Agency. Council staff should coordinate with the DSA to receive a copy in a timely manner.

*Note: When a continuing resolution is enacted, there may be more than one award notice provided

The Award Letter

The award letter includes information about the following:

- Availability of funds (obligation and liquidation timeframes)
- Common Accounting Number (CAN)
- **Allotment** - amount of funds to be awarded for the entire federal fiscal year.
- **This Action** – indicates the amount of funds released by this award notice.
- **Cumulative** – the amount of funds released for the federal fiscal year to date. (Partial awards are provided for Continuing Resolutions)
- **EIN** - Electronic Identification Number
- **Fiscal Year** – notes the federal fiscal year from which funds from this award are provided.
- **Document Number -** Unique number identifying the fiscal year, program and the grantee.
- **CFDA -** Catalog of Federal Domestic Assistance number

Grant Terms and Conditions

Grant award terms and conditions are issued annually with the first grant award. The terms and conditions provide important information on the grant requirements for the specific project period/fiscal year grant award.

The terms and conditions include:

- Program standards
- Administrative requirements
- Sub-recipients and vendors under grants
- Financial status and program performance reporting
- Payment arrangements

> Note: ACF/ADD Terms and Conditions are located in Appendix 1.
>
> OMB Circular Information is located in Appendix 1 or can be found by accessing the following web-site link:
> http://www.whitehouse.gov/omb/circulars/

Definitions:

Obligations
Liquidations

Obligation - Definition

45 CFR 1386.2

–A state incurs an obligation for…

•Acquisition of personal property or performance of work

–On the date when…

•It makes a **binding, legally enforceable written commitment**, or the
•Council enters into an Interagency Agreement with an agency of State government for the acquisition of personal property or for the performance of work.

Obligation – Definition Continued

45 CFR 1386.2

–A state incurs an obligation for…

•Personal services,
•Services performed by public utilities,

•Travel, or
•Rental of real or personal property

–On the date when…
•it receives the services, or
•its personnel takes the travel, or
•it uses the rented property

Liquidations
45 CFR 92.3
–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***.

Liquidations
45 CFR 92.3
•Accrual Basis*
–Amount of obligations incurred by the grantee for which an outlay has been 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***.

Liquidation Waiver Authority
45 CFR 1386,3(c)
–The Commissioner 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.

Fiscal Responsibilities of the Council

Introduction:

As a Council, you are provided federal funds through Congressional allocation supported in Public Law 106-402. As a result of accepting federal funds, your State/Territory has accepted responsibility to ensure compliance with applicable federal requirements.

The responsibility can be vested in the Council, the Designated State Agency, and at times are vested with another State agency. It is important for the Council to be clear which entity has responsibilities for compliance with the applicable federal requirements.

What does PL 106-402 say?

Public Law 106-402 [§125(c)(8)]

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 necessary to carry out its duties.

As determined by Council policy:

- Reimbursing members of the Council for reasonable and necessary expenses (including expenses for child care 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-house 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.

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.

Public Law 106-402 [§125(c)(9)]

Council policies

Additional policies regarding fiscal responsibilities are often created, adopted and utilized by individual Council's to further define the responsibilities of the Council, Executive Director and designated State agency.

Common policies specific to Council member responsibilities include:

- Prepare, approve, and implement an operating budget for the Council;
- Approve funding activities to be initiated with grant funds;
- Approve new and continuation grant awards

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

- Establish the operating budget for the Council and allocate funds among strategies, programs, and projects;
- Approve expenditures of funds within the budget approved by the Council;
- Report in a timely manner all relevant information;
- Recommend budgetary activities.

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

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

It is important to note that any policies and procedures related to Council fiscal operations should reflect the policies and procedures of the State/Territory of your Council.

Budget development process

A budget is:

- 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 stated in financial terms that is reflective of the Council State Plan.

The budget is the plan of how a Council will fund their State Plan goals and objectives.

What should be included in a budget?

An annual "operating" budget typically includes items such as:

- Salaries and Benefits
- Council Member Travel Expenses
- Staff Travel Expenses
- Other Expense Items that Support Staff Operations (ex. Supplies, equipment)
- Professional Service Contracts
- Grants or Funds Available for Grants
- Administrative Reimbursement to DSA

What is the Council member's role?

A Council member has two primary responsibilities regarding financial activities:

1) Approve the annual budget

2) Monitor the Council's financial status on a regular basis (example: quarterly or during a regularly scheduled Council meeting).

What information do Council members need?

- Annual "Operating" Budget
  - Salaries and Benefits
  - 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??

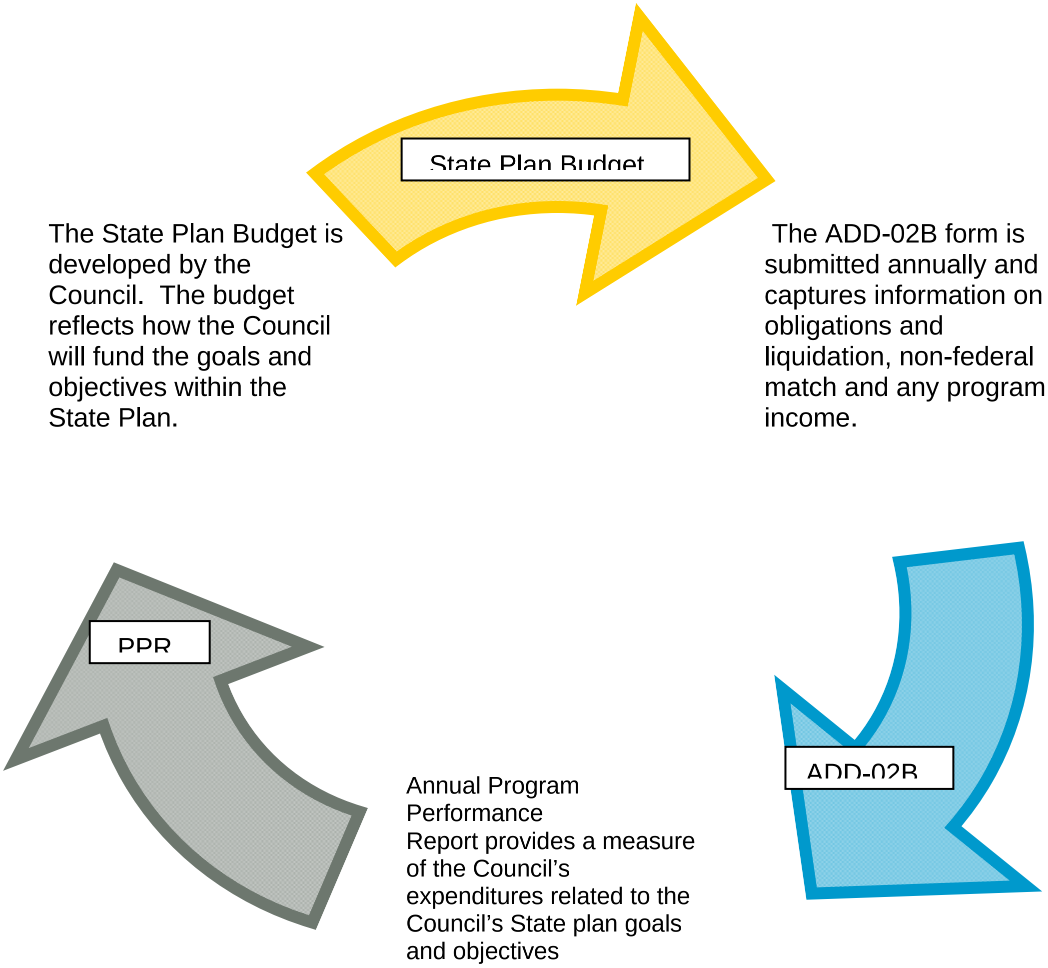
Note: Sample Basic Budget is located in Appendix 2

Common questions asked by 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 spending pattern of grantees?
- Do we have un-obligated funds for the current year or prior year?
- Do we have funds from prior years that must be liquidated?
- What is the Council planning for these funds?

Federal Fiscal Forms

The Financial Report Connection



The Developmental Disabilities Assistance and Bill of Rights Act of 2000 (PL 106-402) is the legal basis for Council requirements to report financial data.

The federal fiscal year is October 1 through September 30.
The financial management activities for Council allotments are continuously monitored and reviewed through the collection and assessment of information the Council gathers from financial status reports, Monitoring Technical Assistance Review System (MTARS) visits, and through other relevant correspondence, Council meeting minutes and other sources.

All Councils should employ sound financial and business management practices to ensure that program objectives are met.

Federal Financial Reports

In accordance with federal regulations, 45 CFR 74.52 "Financial Reporting," grantees (Councils) are required to submit financial information to HHS-ACF for each budget period on the following federal forms:

Important information:

For each grant award –

Councils are given a total of three (3) years to expend federal funds
Councils are given two (2) years to obligate the federal funds
Councils are given one (1) additional year to liquidate federal funds

- *Obligate – A legal 'promise' to pay money that has been set aside for a specific activity or purpose; also referred to as an encumbrance.*

- *Liquidate – spending money that has been obligated; reimbursing grantees and other invoices.*

Federal Financial Report (FFR) – Federal Cash Transaction Report (FCTR)
You may want to think of this report as simply reconciling your checkbook. The report is designed to reconcile spending to each federal year's allotment and is filed quarterly.

PLEASE NOTE: Effective January 04, 2010, the Electronic PSC 272 Report will no longer be used. It has been replaced by the Federal Financial Report (FFR)-Federal Cash Transaction Report (FCTR).

The Federal Financial Report (FFR or SF 425) replaces the Federal Cash Transaction Report (FCTR or SF-272/SF-272A). This federal-wide report standardizes financial reporting across the government. The due date for submitting expenditure data on the *annual* FFR is 90 days after the end of the calendar quarter in which the budget period ends.

http://www.whitehouse.gov/sites/default/files/omb/grants/standard_forms/SF-425_instructions.pdf

PPR Financial Form

The annual Program Performance Report (PPR) Financial Form is intended to provide a measure of Council expenditures related to the Council's State Plan Goals and Objectives and is submitted annually as part of the PPR. This report reflects actual expenditures during the most recent 12-month federal fiscal year regardless of whether these expenditures were drawn against the prior year award, or from funds available under either of the two previous year's awards. The PPR Financial Form total should equal combined totals of expenditures from each of those 3 grant years' ADD-02B during the reported federal fiscal year. Additionally, the PPR captures the amount of match funds actually received during the reported Federal fiscal year.

ADD-02B

This federal financial form was introduced in 2007 and is designed to capture information on obligation and liquidation of federal funds, non-federal matching funds and program income. This report captures financial information for three years of federal allotment and requires Councils' to report on cumulative federal dollars expended to date; amount of federal fiscal year dollars obligated, but not yet liquidated; and amount of federal fiscal year dollars that have not been obligated.

This report is due within 90 days after the end of the federal fiscal year. (The report is due no later than December 31 of each year).

State Plan Budget

A Council State Plan budget is a projection of planned spending on an annual basis and organized by goals and includes funds anticipated to be expended for staff activities implementing the State Plan as well as planning activities, general management and designated state agency functions. Additionally, 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.

Grant Match Requirements

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 may be supported by an allotment.

Exceptions to the Basic Rule

There are two categories of exception to the basic rule. Category 1: In-house Council Projects; and, Category 2: Projects/Activities in Urban or Rural Poverty areas.

Category 1

These activities are supported by Public Law 106-402 [§ 126(a)(1)]
- State Plan activities
  - In the case of projects undertaken by the Council or 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).

Category 2

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 is located in Appendix 3

Helpful Website:

http://factfinder.census.gov/home/saff/main.html?_lang=en

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 Council may vary (§ 126 (c) (3)).

Match requirements guidelines

45 CFR 74
http://eclkc.ohs.acf.hhs.gov/hslc/Program%20Design%20and%20Management/Fiscal/Legislation%20&%20Regulations/Title%2045%20CFR%20Part%2074

- Institutions of Higher Education
- Hospitals
- Other Non-Profit and Commercial Organizations

45 CFR 92
http://eclkc.ohs.acf.hhs.gov/hslc/Program%20Design%20and%20Management/Fiscal/Legislation%20&%20Regulations/Title%2045%20CFR%20Part%2092

- State Governments
- Local Governments
- Tribal Governments

Match Requirements – In-Kind

45 CFR 92.3 Definition of Third Party In-Kind Contributions indicates

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 74.2 Definition of Third Party In-Kind Contribution indicates

Value of non-cash contributions provided by non-Federal third parties. They may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program

45 CFR 92.24 Matching or Cost Sharing

Cannot be used as match for another Federal program, procurement contract, or other award of Federal funds.

Allowable only where, if the grantee receiving the contributions were to pay for them, the payments would be allowable costs.

Match must be verifiable from the grantee's records. The records must show how the value placed on 3rd party in-kind contributions was derived.

45 CFR 92.24 Valuation of Donated Services

Unpaid services will be valued at rates consistent with those ordinarily paid for similar work in the grantee's or sub-grantee's organization or the labor market.

A reasonable amount for fringe may be included in the valuation.

Helpful websites:
http://www.independentsector.org/programs/research/volunteer_time.html
http://www.bls.gov/blswage.htm

45 CFR 92.24 Valuation of Donated Supplies or Loaned Equipment and Space

Supplies: Contribution will be valued at the market value of the supplies at the time of donation.

Use of Equipment/Space (Title Retained). Contribution will be valued at the fair rental rate of the equipment or space.

45 CFR 92.24 Valuation of Donated Equipment, Buildings and Land (Title Passes)

Review regulations and contact ADD

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	IRS rate or local organization policy
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 applicable OMB Circulars.
- Match not representing expenses associated with the Council funded project.
- Match that reflects a capital real estate acquisition.

Match Documentation

45 CFR 92.24 and 72.23

Match must be verifiable from the grantee's (Council's) records. The records must show how the value placed on 3rd party in-kind contributions was derived.

Suggestions for documenting match

Councils may want to consider asking sub-grantees to provide the following when documenting match:

- Full description of the item or service
- The area, expressed value per square foot
- Rationale for determination of match value
- Name of contributor
- Dates when donations were made
- In cases of discounts – an acknowledgement by the provider that the discount is based on the nature of the Program Activity and is not available to the general public.

Match versus Leveraged Funds

Match funds must meet specific requirements as previously outlined.

Leveraged funds are funds secured as a result of Council (sub-grantee) activities. These funds are not subject to the requirements of match (e.g., can be Federal funds; can be for items that would not be allowable for Federal funds).

Note: Leveraged funds are not reported on federal financial forms

State Plan Activities conducted by the Council and Council Staff

In the case of projects undertaken by the Council or 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 (DD Act, Sec. 126 (a) (3))

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

Why is this important?

- Reduces match required for total federal DD funds available to the Council.
- Non-federal Share is reduced
- This minimizes the need for State Appropriations for required match
- Generating extra match from grantees would require increasing overall match from 25% to 30%+.
- Significantly helps the Council comply with the requirement for only 30% general management costs

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

How does a 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 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:

> Strategy 1: The Council and its Committees receive staff and administrative support to effectively implement the Councils mission and goals.

An example of a position review is:

Position: Public Policy Director

15% Directs Council public policy and public information activities.

- Coordinates activities of the Public Policy Committee.
- Ensures completion of Council approved public policy and public information activities.
- Develops 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 Council and/or Committee.
- Monitors state and federal policy and legislative activities.
- Coordinates coverage of key public policy meetings.
- Coordinates tracking of legislative and public policy issues.
- Represents the Council positions on public policy issues.

30% Supervises implementation of Council public policy activities.

- Coordinates correspondence, testimony, comments on proposed rules.
- Recommends Council public policy actions or activities.
- Develops briefing material and information.
- Represents Council positions on an ad hoc basis at task forces.
- Represents Council on workgroups, task forces and committees.
- Coordinates with other consumer and advocate organizations.
- Coordinates Council public information activities.
- Conducts trainings and presentations on public policy issues.

5% Serves as staff liaison/consultant to selected Council grant projects.

5% Hires and supervises public policy staff

Total Percentage on State Plan Activities 95%

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 watch.
- Average (standard times) are 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 watch.

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

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

Functions of the DSA

What is a designated State agency?

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

Functions of the Designated State Agency (DSA)

The designated State agency (if other than the Council) has six core responsibilities:

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

Section 125(d)(3)(B-G)

Support Services

The DSA shall provide required assurances AND support services as requested by and negotiated with the 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 Council regarding the status of expenditures, obligations, and liquidation by the agency or the Council, and the use of Federal and non-Federal shares.

Non-federal share

Non federal shall can be provided in cash or in kind, fairly evaluated….

Section 126 (a)(1-3); (c)(1) (B) (3)

Assurances

The DD Act requires the DSA to assist the 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 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

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 Council.

Use of grant funds for designated State agency responsibilities What does the law say?

Public Law 106-402 [§124(c)(5)(B)(vi)]

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.

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 Designated State Agency should be kept aware of this and Council's will need to monitor.

Appendix 1

Overview of OMB Circulars

1. A-21, Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions

This circular establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. The principles deal with the subject of cost determination and make no attempt to identify the circumstances or dictate the extent of agency and institutional participation in the financing of a particular project. The principles are designed to provide that the Federal Government bear its fair share of total costs, determined in accordance with generally accepted accounting principles, except where restricted or prohibited by law. Agencies are not expected to place additional restrictions on individual items of costs.

2. A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations

This circular establishes uniform administrative requirements for Federal grants and agreements awarded to institutions of higher education, hospitals, and other non-profit organization. Federal awarding agencies shall not impose additional or inconsistent requirements, except as provided in Sections ---.4 and ----.14 or unless specifically required by Federal statute or executive order.

3. A-133, Audits of Institutions of Higher Education and Other Non-Profit Institutions

This circular establishes audit requirements and defines Federal responsibilities for implementing and monitoring such requirements for institutions of higher education and other non-profit institutions receiving Federal awards.

Appendix 2
Sample Basic Budget Report

Model Key
Numbers in black represent budget numbers or actuals for the current or prior years.
Numbers in blue represent forecast numbers.

Line Item	FY 2005	FY 2006	FY 2007
REVENUES			
Federal Allotment			
Budgeted	**$4,737,553**	**$4,684,275**	**$4,672,079**
Actual/Projected	**$4,737,553**	**$4,684,275**	**$4,672,079**
Budget variance (Budget - Actual)	*$0*	*$0*	*$0*
Prior year variance	*($38,224)*	*($53,278)*	*($12,196)*
EXPENDITURES			
Operating Expenses			
Budgeted	**$1,363,500**	**$1,402,335**	**$1,479,500**
Actual/Projected	**$1,263,467**	**$1,398,902**	**$1,419,500**
Balance Available for Grants (Budget - Actual)	*$100,033*	*$3,433*	*$60,000*
Grants and Projects Expenses			
Budgeted	**$3,374,053**	**$3,281,940**	**$3,192,579**
Actual/Projected	**$3,474,086**	**$3,079,880**	**$2,822,143**
Budget variance (Budget - Actual)	*($100,033)*	*$202,060*	*$370,436*
Total Expenditures	***$4,737,553***	***$4,478,782***	***$4,241,643***
BALANCE/DEFICIT	**$0**	**$205,493**	**$430,436**

Appendix 3

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 doesn't mean that everyone living in them is poor. In fact, the majority of 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 http://www.census.gov/sdc/www/

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 www.census.gov
2. In the PEOPLE section click on *'Poverty'*
3. Click on '*SMALL AREA INCOME AND POVERTY ESTIMATES'* under Poverty at the top of the page. This will take you to the *SAIPE Home Page*
4. Click on *'State and County data'*
5. Select a year (2002)
6. Select a state
7. Click '*Continue'*
8. In the category 'Select areas to display' click *'Select all'*
9. In the section 'Select variable(s) from the list below:' select *'All ages in poverty'*
10. Click *'Display Data'*

You will find a chart of each county in the state you selected. The column **Percent** shows the percentage of all people in poverty by county.

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). This is a compact disc containing detailed 1990 census data on persons living in poverty areas, extreme poverty areas, and outside poverty areas. It has a wealth of demographic and socioeconomic data of all three groups.

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 residents poor), which were extreme poverty areas (i.e. 40 percent or more poor), and which were neither. The SSTF17 CD-ROM is available for $150. Call Customer Services, Bureau of the Census, 301-763-4636 to order.

*** 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 at http://www.census.gov/hhes/poverty/povmeas/ombdir14.html