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**Transcript of Webinar**

**YouthBuild Webinar Series**

**YouthBuild Match Requirements and Review of Changes in the 9130**

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*Transcript by*

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LAURA CASERTANO: – in the bottom left-hand corner of your screen. I'm actually going to turn things right over to today's moderator, Mark Smith. He's a workforce analyst and national liaison for the U.S. Department of Labor. Mark?

MARK SMITH: Well, good afternoon, everyone. Again, my name is Mark Smith, and I serve as the national liaison for region five for the YouthBuild office. So today we're going to talk a little bit about – a lot about match and the 9130 form and its requirements. So today we have our guest presentation – excuse me – guest presenter, Chanel Castaneda. She's a grants management specialist over at the Office of Grants Management in the Chicago region. Chanel?

CHANEL CASTANEDA: Thank you, Mark. Hi, everyone. Like Mark said, my name is Chanel Castaneda. I am a grants management specialist. Actually, I work for the national office, but I'm physically located in Chicago. I am currently in the Division of Policy Review and Resolution. I deal mostly with fiscal policy, but I've been asked today to present on some fiscal topics that the YouthBuild grantees are interested in.

My hope for today is that the presentation will be two-fold. The first part will be on discussing match and leveraged resources and talking about the recording of match expenditures and leveraged resources. And the second part is talking about allowable costs and reporting on the new 9130 form and discussing some across-the-board changes as well. So my hope is today we can meet all those objectives.

So match and cost-sharing will be the first subject we'll be talking about. First, let's just discuss the term leveraged resources. Leveraged resources is just the generic term that refers to all types of financial or other support provided to an ETA grant that is not funded directly by that grant. They are added resources that benefit the grant even though they come from a source outside the grant. They may be provided by the recipient itself or a third party.

Leveraged resources have two basic components. One is match, and that's probably something all YouthBuild grantees are familiar with. And the other is other leveraged resources. Match or cost sharing, which is what it's called in the Uniform Guidance, is sometimes required by statute or the Funding Opportunity Announcement, the FOA, or grant agreement. Match is clearly the most important type of leveraged resources that we'll be discussing today since there are severe financial penalties for not meeting the match requirement. But there are other types of leveraged resources as well, and we'll be discussing them later in this session and how they're reported.

So what is match? Match or cost-sharing is defined as any additional non-federal funds expended to support grant objectives when required either by statute or the FOA as a condition of funding. When match is required, it becomes a condition attached to your grant agreement that must be met. If you fail to meet the match requirement, you may be subject to disallowed costs. All matching funds must be spent on allowable grant activities in accordance with the OMB cost principles contained in the Uniform Guidance. The section in the Uniform Guidance addressing the match guidelines is found at 2 CFR 200.306.

The Uniform Guidance at 2 CFR 306(b) contains seven basic criteria that must be met in order for the expense to be qualified as match. First, the contributions had to be verifiable in the recipient's records. So there is this stress in the Uniform Guidance for documentation. The expenditure match must be able to be tracked in the grantee's accounting system and reported quarterly through the ETA-9130 report. When you do report match on the ETA-9130 report, there needs to be source documentations for these items, and that must be maintained at the grantee's facility.

A second criteria is the funds cannot be counted as match if they are used to support another federally funded program, meaning you cannot double count. For example, donated tutoring services that are reported as match for YouthBuild cannot be reported as match for a Department of Education grant or an HHS funded program.

A third criteria is the contributions must be necessary and reasonable for accomplishing program objectives. For example, if textbooks were donated by a local business, however they were never necessary for the grant since they're not being used by the grant participants, the use of these textbooks would not be considered match, as it is not necessary and reasonable for accomplishing program objectives.

Another criteria is the contribution must be allowable under the OMB cost principles in the Uniform Guidance. So the allowability standard for grant expenditures also extend beyond to match expenditures. Five, the contribution cannot be paid for with federal funds. You cannot match federal funds with other federal funds. The sixth criteria is these funds are provided for in the approved budget when required by the federal ordering agency and must be allowable under the grant. And lastly, the last criteria is the funds authorize – or the funds otherwise conform to other applicable provisions of the Uniform Guidance.

We also have one exception identified in DOL's exceptions to the Uniform Guidance. So the Uniform Guidance is the basic overall guidance for all federal grant-making agencies. However, the COFAR allowed many of the grant agencies to have a set of exceptions to be included as part of the Uniform Guidance. So DOL's exceptions are found at 2 CFR 2900, and there is an exception for match contained in 2900.8.

A DOL exception to the Uniform Guidance states that it intended to make clear that the non-federal entity must account for funds used for cost-sharing or match within their accounting system as the funds are expended. So even though the grantee received funds or an in-kind contribution, they must be either expended or used for the grant objectives before they can be counted as match. So not necessarily the receiving of dollars or the receipt of in-kind contributions meets the criteria to be recorded as match. They must be used and expended on grant objectives.

So that kind of leads us to this slide. There are two types of match contributions. There are cash expenditures, cash, or there's in-kind contributions. Cash match includes all of the additional non-federal funds that the recipient or a subrecipient expends for allowable goods and services needed for the grant program. It also includes any cash contributions that the recipient receives from an outside or third party and then spends for allowable grant activities. And like I said before, note the receipt of such contributions does not – is not allowable grant costs, but their expenditure for allowable grant costs is what is counted as match. And the value of a cash match is the actual expenditure incurred, as reflected in the grantee's accounting system.

So in-kind contributions are the products, space, or services that are provided by a third-party organization that are not paid for by the recipient or subrecipient but that would represent allowable costs if they were paid for with grant funds. Again, these contributions must support allowable grant activity and outcomes. And we'll talk about other examples of in-kind contributions later on.

So here are some match examples. Some examples are the hours of service provided to the grant program by staff, other recipient, and/or any subrecipient that are not paid for with any grant funds or other federal funds. So individuals could actually donate their time or staff of the grantee's organization, if they're not being paid for by federal funds – other federal funds or grant funds, may use their time towards grant activities, and that would be included as match.

Services provided by the recipient or the subrecipient that are not performed by staff of the organization and are not paid for with grant dollars, equipment and supplies expended by the grant program but not paid for with grant funds can be included as match. And unrecovered or unclaimed indirect costs that otherwise would have been charged to the grant. If your organization is incurring indirect costs as a result of our grant but you are not recovering those costs through your ETA YouthBuild grant, that unrecovered portion, that portion that you're not charging to the ETA grant can be considered match to the program. However, you have to ensure that counting these indirect costs as match requires prior grant officer approval, and the resulting costs would not exceed cost limitations such as administrative cost limits.

Another example is donated space. The space used for the operation of any part of a program or project which is not paid for with grant funds may be counted as match. And then any other resources by the recipient or subrecipient used for the grant but not charged to the grant may be included as match. Just remember that all expenditures and costs incurred that are counted as match are subject to the same documentation requirements as those paid for with grant funds.

So what are some exclusions? Like I said before, if it's paid for with other federal funds, it cannot be counted as match. These items include any goods or services paid for with federal funds and those that would have already been counted as match for another grant program. The YouthBuild program allows certain construction and building purchase costs, and therefore, expenditures for these purposes paid for with non-federal funds can count as match for the YouthBuild program.

So construction or purchases of facilities are allowable under the YouthBuild program. And also program income earned under DOL funded grants must be treated as grant funds, which means that all program income earned must be used to provide additional grant services or activities. And therefore, the use of program income cannot be counted as match. So program income is just considered an addition to the grant award and not be counted as match.

So here are some in-kind contribution examples. Earlier we had talked about products, space, or services provided by a third party and not paid by the recipient or subrecipient. But some examples include of in-kind contributions, personnel services performed by the grant program by volunteers or paid non-recipient staff. So non-staff, grant staff that are donating their time may be included as in-kind contribution.

Services provided to the grant program by a third-party organization. For example, if a tax attorney or a CPA would like to donate their services to help with any – maybe some financial literacy class for the YouthBuild participants, that may be – their time that they use to provide that class may be included as in-kind contribution. Equipment and supplies donated by outside entity and used for grant purposes is another in-kind contribution, and also space provided by an outside organization to be used for grant activities can be counted as in-kind contribution.

Just ensure that the documentation – and we'll talk about valuation for in-kind, but the documentation surrounding the valuation is maintained at the grantee's location, and you'll also want to ensure that, if you do receive goods or services or donated time, that it's actually being used for grant program activities rather than if you – for example, if you do receive textbooks from a third-party organization. However, if those textbooks were never used by the grant participants, then it wouldn't be included as in-kind contribution since it was never used for the grant objective or purpose.

So valuation standards for match also is a – excuse me. Valuation standards for match. In sections 200.306 and 200.424 of the Uniform Guidance laid out the standards for match and cost-sharing and for contributions and donations. The Uniform Guidance has significantly narrowed and strengthened the standards for valuating match contributions and donations. For example, donated real and personal property, supplies must be valued at fair market value at the time of the donation. Non-federal entities must obtain independent appraisal to determine the value of donated buildings.

When the use of a space is donated, not the building itself, the value for use of donated space must not exceed the fair rental value of comparable space as established by independent appraisal of comparable space and facilities in the same locality. So you want to ensure that, if you do receive any donated space or buildings for grant use, there is a third-party evaluation and that you're using comparable or comparable buildings in the area to evaluate the space or the building that's being used.

In-kind contributions. The valuation of personnel services depend upon the nature on which the individual is doing for the grant program. When an individual is providing for the grant the same job activity which the individual performs for his employer, then donated services are valued at the individual's regular rate of pay plus any allocable fringe benefits and allocable indirect costs. A good example is a lawyer. Let's say a lawyer is donating their time to your YouthBuild grant in providing some sort of service, maybe license recovery or any kind of law work that they're performing.

As a valuation you would use that person's rate of pay as a capacity of a lawyer in order to evaluate the service that they're providing for your grant. However, when an individual is performing services other than his or her normal job activity, the time is valued at rates consistent with what the recipient would paid for for like work or rates that others in the same local area would pay for such work.

If we continue with the example of the lawyer, if the lawyer – if the individual was to provide donated services but not in the capacity of a lawyer but as a capacity as maybe they were driving the van back and forth to the location of the YouthBuild location, then you would use that rate, the rate of a van driver versus the rate of a lawyer in order to value that person's service to the grant.

Here are more examples of the valuation of in-kind contributions. If you received loaned equipment, you want to use fair rental value at the time of donation. Equipment that is loaned, once again, fair market rental rates for the like equipment. Donated supplies, fair market value at the time of donation. Equipment also is fair market value at the time of donation or the organization can use depreciation if the item has a long-term value. Donated space use; fair rental value of comparable space or depreciation. And donated buildings, the grantee organization can use depreciation as a valuation for that in-kind contribution.

You just want to make sure that whatever method is used, you – the grantee organization has sufficient documentation to support the computed valuation. The contribution must benefit the grant, and the costs must be allowable. But also note that the Uniform Guidance established new standards for charging depreciation to federal funds or using depreciation costs as match.

Before the Uniform Guidance, the use of use allowance provision in prior circulars was allowable, but under the Uniform Guidance they have eliminated the use of use allowance provision. So it is only the use – using of depreciation as a form of charging expense to the grant – either expense to the grant or as a match valuation. So if you are under the Uniform Guidance, you want to ensure that you use depreciation and not use allowance when valuating grant expenditures or match costs in relation to equipment or space.

Documentation is heavily emphasized in the Uniform Guidance. The source documentation for all match and leveraged resources provided by the recipient or any subrecipients must include the recording of the actual cost incurred and the funding source paying for in the organization's book of accounts. So you want to make sure that, if your FPO goes out on site and reviews your match documentation, you want to ensure that your costs are in your official book of accounts, you've identified the item or the cash amount that was received as match. You also want to identify what the funding source is because, if the ultimate funding source of that particular in-kind or cash contribution was federally related, it wouldn't be allowable as match.

You want to ensure that the supporting documentation for match expenditures or match contributions should be of the same type and nature that is maintained for all costs charged to the grant program. You want to ensure that the recipient or the subrecipient which received the contribution maintained those records, and I think it's just best practice that, if you do have subrecipients, that as the primary recipient of the grant, you also maintain the subrecipient's records at your location as well. And like I said before, if funds were either not expended or not used in the financial records, they should not be included or should not qualify as match. You want to ensure that there is documentation surrounding the use or the – the use of an in-kind contribution or the expenditure of a cash contribution.

Here's just a summary, some key take-aways for the Uniform Guidance provisions in regards to match or cost-sharing.

Now, we'll briefly talk about leveraged resources. So what are leveraged resources? Leveraged resource is a term used to identify other funds being used in coordination with a grant to support the grant's outcomes. Just note that leveraged resource is not actually defined in regulation or any other related administrative requirements. It is defined in the Uniform Guidance, though.

For ETA programs the term has been defined to mean all resources used by the recipient to support grant activity and outcomes, whether or not those resources meet the standards required for match. So for ETA programs, leveraged resource means both allowable match as well as any other costs that do not rise to the requirements of the match regulations but still support the outcomes of the grant activities. All leveraged resources, once again, must be expended costs that are allowable under the cost principles under the new Uniform Guidance.

So here are some examples of leveraged resources. Sources provided; the cost of services provided to a grant participant that are funded by another federal program such as WIOA formula grant program is an example. So leveraged resources could include federally funded services or goods. You just would report it, and I'll show you in the ETA-9130 report where would you report federally funded leveraged resources.

The purchase or construction of a structure paid for by the organization using non-federal resources that will house grant activity, training curriculum donated for use by the recipient. For example, if the intent of the grant is training participants, then grant funds cannot be used for the development and writing of the training curriculum because those activities are not directly related to the cost of training. Therefore, the cost of developing the training curriculum cannot be considered match but would be considered as a leveraged resources. So even though it's not allowable as a match resource, it may still be considered a leveraged resources. Just note that the valuation of leveraged resources follows the same requirements as match.

I just wanted to quickly talk about some allowable costs, some provisions under the YouthBuild program. Each Funding Opportunity Announcement may contain specific provisions related to match and leveraged resources that are addition to the standard Uniform Guidance requirements. The example I have is the 2016 YouthBuild FOA. It says that it must provide new cash or in-kind resources as match during the grant period equivalent to exactly 25 percent of the total federal share of cost. So you could see that the FOA has clearly delineated what would be the required portion match.

It's identified as 25 percent of the total federal cost. And the FOA continues to say neither prior investments nor federal sources may be counted towards the matching funds threshold, including funds that were originally provided through federal funding. You could also see that the 2016 FOA clearly delineates what is not included as match and that DOL encourages additional cost-sharing above 25 percent to be committed as leveraged resources. So that's just an encouragement by DOL.

So just keep in mind that matching funds and leveraged resources can come from a variety of sources but not included to the public sector, the non-profit sector, either community organizations, faith-based organizations, or educational and training institutes. They may come from the private sector, the investor community, and the philanthropic community.

So what are the reporting standards? You've already – you've received it. Your organization has received match funds or in-kind contributions. You've used it towards grant activity and outcome and you've valuated correctly and you have the supporting documentation. What are the reporting standards for match and leveraged resources?

So here are the lines that you would report match and non-federal leveraged resources. They would be reported in the recipient share section of the ETA-9130 form. The ETA-9130 form, for those that are not familiar, is the financial quarterly form that is required from all ETA grantees to provide on a quarterly basis. And we'll go over it further but there are multiple sections and there is one section identified as the recipient share section, which includes lines 10j through 10l. That's where you would report match and non-federal leveraged resources. If you have federal leveraged resources, meaning they are leveraged resources but they are federally funded, then you would report that on line item 11a, which is other federal funds expended.

I think it's important to keep in mind all these costs that are associated with your particular YouthBuild grant just because the 9130 paints the entire picture of how much does it cost in totality to fund that YouthBuild grant. So there – we all know that ETA funds are not enough to fund our YouthBuild grants. There's a lot of other resources coming in, either non-federal or federal, to assist in the grant's outcomes and activities. So we would like to know big picture how much does it really cost to run a particular YouthBuild grant.

And then here are just the lines. Line 10j is – in the recipient share section is the total recipient share required. This is the total match requirement, and it will be listed on the Standard Form 424a. That's your budget, and this should agree to Section A, Column F of the non-federal. If there is no match requirement, you would just report zero, but for YouthBuild grantees it would be the amount listed on the SF-424a.

Line 10k of the 9130 report is the recipient share of expenditures. This is where you report any non-federal funds expended by the grantee for grant related expenditures, and once again, it must be allowable costs and would have otherwise been paid out using grant funds. And this line item would include both match and non-federal leveraged resources.

And line 10l, which is the remaining recipient share to be provided, is just an auto-calculation by our system that subtracts 10j to 10k – less 10k, and it would identify what is the remaining amount of match share required that the grantee – the recipient must provide. You just want to ensure that, if there is a remaining balance at the end of the grant's period of performance, that there may be fiscal repercussions during the closeout phase of the grant, and we'll discuss later what that – what those repercussions may involve.

Reporting match and leveraged resources. Once again, I just wanted to point out the DOL exception is 2 CFR 2900.8, and the ETA-9130 instructions actually identified this as well, that grantees can only record match expenditures or leveraged resources when expended, not just when received. The reason that DOL made that an exception was because we had found in the field that many grantees were reporting match or leveraged resources when they received the cash and the – and/or the in-kind contribution, however, were not expending it on grant activities. They were just holding onto those items. So in order to be reported, they must be expended or used.

I also want to point out that the quarterly narrative progress report is a great opportunity for our grantees to report other leveraged resources that they necessarily could not report on the ETA-9130 report. For example, let's say a service or a good that was considered unallowable to an ETA grant, however was used for grant participants but because it was unallowable, either due to regulation or by statute, was not used – was used for the grant; however, the grantee was not able to report on the 9130.

The quarterly narrative progress report is a great opportunity for our grantees to report items just like that. You want to make sure you just highlight some great things in your quarterly narrative progress report for the FPO to read, and this also provides an opportunity to further report leveraged resources that come from non-federal funds. Dollar amounts on a line item only tell half the story. So putting a good narrative on the quarterly narrative progress report just paints a fuller picture to ETA on the expenditures of these grants.

So what are some common mistakes? Some common mistakes – and these are all real findings that were identified by FPOs in the field. Some common mistakes are not verifying third-party records to support claimed match. You want to ensure that, if you do get records from a third party, that you do monitor that information, research it and make sure that it's valid information from your third parties to support the match. Third parties do not retain match records.

You want to ensure that if you do have any subrecipients or all documents that are being used to support that match or that leveraged resources is being maintained at your facilities. A lot of our grantees rely on letters of intent or letters of support too much, meaning that letters of support and intent are great. However, they shouldn't be the only documents that are used to assess the value or assess the validity of a cash contribution or an in-kind contribution. You want to make sure that there's other documentation that's available. You keep that and maintain that as well.

Some other common mistakes are the grant application – or I'm sorry – the grantee omits information on the 9130 – match information on the 9130. The determination of the value of cash and in-kind contributions are incorrect. Not reporting stand-in costs. We have seen recipients fail to report all costs which should be considered stand-in costs. This is particularly true in grants where no match is required, including formula grants. You just want to make sure that you record all costs because there may be an opportunity to use those costs that weren't used – that weren't being used for – that weren't being funded by ETA funds. You report that because there is an opportunity to report stand-in costs.

Lack of source documentation, not looking for alternative sources of match, if original match either falls through or postponed. You want to make sure you have a plan A or besides plan A, you have a plan B or C. You may rely on letters of support and intent, but if there is no receipt of that support or that intent, you want to make sure there are other avenues you could use to supplement that shortfall in match. Not reporting match concurrently as it is being expended. You want to make sure you're reporting it in the quarter that you're expending it. You may receive it during quarter one, but the actual expenditure of that match or in-kind contribution may be later on the road. So you want to make sure you're reporting it in the time that is being expended.

Here are some do's and don'ts. Just make sure you read carefully your grant agreement, you report all allowable match and leveraged resource expenditures. Some don'ts is don't promise leveraged resources unless – do not over-promise. Excuse me. And do not include leveraged resources on the SF-424a. Those only should include match requirements – required match.

So what happens during closeout? When the grant's period of performance is concluded, the closeout specialists determine whether or not the match or leveraged resources requirements have been met. If match requirements are not met, the closeout specialist will determine whether or not the match required was required under statute or regulation. If required under statute or regulation and the match requirement is not met, the federal share will be reduced in proportion to the match shortfall.

This reduction will maintain the required share of match to funds expended. If the match is not required under statute or regulation, the closeout specialist will look for an explanation regarding the shortfall. If a reasonable explanation exists, along with FPO concurrence, or the recipient has requested a reduction in match that coincides with the actual match provided, the closeout specialist may execute a unilateral reduction in match. If the closeout specialist cannot find a request for reduction match when the recipient or an explanation for the shortfall is not received, the specialist will reach out to the FPO and then to the recipient. If it is a shortfall for leveraged resources, there is no formal penalty, but this may affect future funding.

So I just want to briefly talk about some allowable costs under the YouthBuild program before we talk about the ETA-9130 report and the updates. You also – just keep in mind the WIOA laws and regulations that govern the YouthBuild program. It is Section 171 of the WIOA law or – and 20 CFR Part 668 of the WIOA regulations.

So here are just some cost limitations to keep in mind under WIOA. WIOA for the YouthBuild program increased the maximum percentage for supervision and training on the rehab of community and other public use facilities. I think it went from 10 percent to 15 percent. Also keep in mind is the salary and bonus limitations that is still under effect in WIOA. I've listed the public law as well as the TEGL. And WIOA regulations at 20 CFR 688.520(a) decrease the administrative threshold for a YouthBuild grantee from 15 percent to 10 percent of the grant award.

Here I just want to briefly talk about real property costs under YouthBuild. WIOA regulations state that the following activities associated with real property are allowable solely for the purpose of training for YouthBuild participants. The rehab of existing structures, the construction of buildings must be use – for the use by homeless individuals and families or low-income families or the use as transitional housing. And the construction or rehabilitation of community or other public facilities. Once again, this has only 15 percent of the grant award is allowable for those activities.

The costs for acquisition of buildings are allowable with prior grant officer approval and only used for the following conditions – under the following conditions. Solely for training purposes and must be based on proportionate share, meaning that, if the acquisition of a building is being used for multiple programs, you want to ensure that that cost is allocable based on the use of that building between YouthBuild and another program or another funding stream.

The following costs are allowable to the extent allocable to the training YouthBuild participants. Tools and clothing for trainees, including personal protective equipment such as hard hats, boots, those are allowable. On-site training supervisors is allowable. Construction management, relocation of buildings, and architecture fees. Some costs that are not allowable that are outlined in WIOA is the cost of acquisition of land and brokerage fees.

So allowable participant costs under WIOA regulations include the cost of payments to participants to engage in eligible work-related YouthBuild activities. These could be needs-based payments, supportive services, incentive payments. You just want to ensure that, if you do have either needs-based payments or supportive services or incentive payments, there is policies and procedures in regards to that at your organization. You may provide additional benefits to exiters – participant exiters, and they are allowed to receive the following follow-up service, which may include tuition assistance, scholarship, or registered apprentice or employer or government-sponsored health programs.

Some other allowable costs or activities under YouthBuild. Counseling and related activities such as drug and alcohol abuse, referrals to mental health services, and referrals to victim services are allowable activities under YouthBuild. Mental toughness, I've outlined the TEGL number. It identified some costs that are unallowable and allowable. Generally, costs related to recruitment and eligibility determination are considered allowable for mental toughness programs. And then supportive services and needs-based payments that allow a participant to participate in our programs are allowable to the grant.

Wage, stipends, or benefits under YouthBuild. Provisions of wages or stipends or benefits to participants in the program are allowable. Just want to ensure that you have written policy/procedures. WIOA law 171(c)(2) allows grantees to provide wage or stipends. However, you want to understand the difference between these benefits under YouthBuild because one has an IRS stipulation in regards to taxes. Using a stipend or wage as a payment type has specific implications in relations to IRS deductions. Incentive payments are allowable as long as the recognition and achievement is directly tied to training activities and work experience.

So let's talk about the ETA-9130 form. For those that are not familiar with the form, this form has actually been recently updated for the reporting quarter 9/30/2016. There was an update to the form to – and we'll talk about why it was updated, but it was updated to include the passing of WIOA as well as the passing of the Uniform Guidance. The WIOA, there was numerous new statutory requirements that impacted the financial reporting, which included some revised line items or the elimination of some line items.

You just want to ensure that when you do review the 9130, you want to review the set of instructions because those have been updated as well, and they've been – if there were some changes, they may have affected not only the form itself but the instructions as well. The new form was made available in the e-reporting system beginning on October 1st of 2016, and it was expected that grantees were to use the new form for the September 30th, 2016 reporting quarter.

So here are the sections. I just wanted to highlight the sections of the ETA-9130 form. Just note that there are multiple lines contained in each of the sections, and we'll talk about specifically section 13, which is indirect expenditures, just because that section is entirely new for the ETA-9130 report.

So here are some across-the-board changes, meaning that, in fact, all our ETA-9130 forms, including the basic form, which is the form that our YouthBuild grantees use. The first change is the unique entity identifier. Previously, we had used the DUNS number. However, line item 4a was renamed the unique entity identifier as prescribed by the Uniform Guidance. Currently, we are still using the DUNS number to fill in that number. However, going forward we are – ETA is trying to get away from the use of the DUNS number and develop another system for the unique entity identifier. Once that system has been identified, we'll be using that going forward.

Basis of reporting, that line item on line item 7 was renamed. It was previously called basis of accounting. That was incorrectly stated. It should be basis of reporting because then the checkoff is accrual. The use of accrual reporting is required by our ETA grantees, but the use of accrual accounting is not necessarily required by ETA. ETA grantees may use cash accounting. However, they must have a system or a mechanism in place to convert when it comes time to reporting that they convert cash – their cash account – excuse me – their cash accounting to accrual accounting when it comes to reporting purposes.

The instructions for expenditures have been updated to reflect the new definition in the Uniform Guidance. So that's just a small change. Recipient share, which is the match and leveraged resources, once again, this – these instructions were updated to reflect the DOL exception at 2 CFR 2900.8. And the instructions for program income has been updated to reflect the guidance in the Uniform Guidance at 2 CFR 200.305(b)(5).

And lastly, another across-the-board change is the certification language. When a grantee signs off, when the certifier signs off on the certification, that language has been updated to reflect the Uniform Guidance as well as US Code Title 18. So that language has changed as well. So you want to – if you are the certifier, please review the certification language because once you sign it you adhere to that language.

So let's talk about the new indirect expenditure section. This, like I said before, is an entirely new section to the ETA-9130 report. If you've been previously filling out the SF-269 for your other federal grants, this section is actually contained in the SF-269 but was never previously in the ETA-9130 form. So the reporting in Section 13 is only on the final report only, the final quarterly report. This is on the final 9130 quarterly report and not on the closeout.

Closeout specialists will ask for this information separately, but on the final quarterly 9130 grantees, if they have a negotiated rate and are charging indirect costs to their ETA grant, will have to fill out this section on the final quarterly 9130. If you have an approved Cost Allocation Plan, a CAP, or if you have subrecipients, their data will not be reported in Section 13.

And there are multiple entries may be entered in each of the fields in Section 13, and you'll see that there are multiple line items just because some of our grantees, based on their negotiated improved – or approved – negotiated and approved indirect cost rate, may have multiple rates that they may have used during the grant's period of performance.

So let's go over line item by line item what's contained in Section 13. Line 13a is a dropdown box. This is the type of rate or rates that's being used by the grantee during the grant's period of performance. The grantee can select the type of rate or rates they were used. Includes provisional, predetermined, final, fixed, fixed with carry-forward, de minimis, or other. The selection of other is any other negotiated indirect cost rate that was used, however is not listed in the dropdown box.

13b is the actual rate. This is the actual rate or rates that's being applied to the base during the grant's period of performance, and this should actually agree to the NICRA, the Negotiated Indirect Cost Rate Agreement.

Line 13c is the rate approval date. This is the date the rate was approved by your cognizant agency. We ask that our grantees fill out that information. And if you have multiple rates, you would fill in the multiple dates for those particular – for that particular rate.

13d is separated by two fields. In the first field it's the period from field. The grantee must enter the date in which the approved indirect cost rate or rates became effective. This would be identified in the NICRA, the negotiated indirect cost rate, when the period of perfor- – sorry – the use of the rate becomes affected.

In the period two field the grantee must enter the last date in which the approved indirect cost rate or rates is going to be or is effective, meaning that if you have a rate that is approved for that goes beyond the grant's period of performance, you would include that date when it's going to be last effective. Just note that the indirect cost rate that is being filled out here must apply to the grant's period of performance. So if you have an approved negotiated indirect cost rate that the approval date or the effective date is after the grant's period of performance and you did not use it during the grant's period of performance, you don't want to include that in Section 13.

Line item 13e is the base. This – the non-federal entity would enter the amount of distribution based against which the rate was applied during the grant's period of performance. This is a rate that's outlined in the negotiated indirect cost rate, and this is what the grantees would apply the rate to.

13f is the amount charged, and this is just a manual calculation between the base and the rate. And this is the maximum potential amount that the grantee could potentially charge to the ETA grant as indirect cost to the grant.

There is a distinction between 13f, amount charged, and 13g, federal share. 13g is the amount that's being charged actually to the ETA grant. So this could potentially be the amount that's shown on 13f, amount charged, or it could be less.

Sometimes our grantees, maybe due to budgetary limitations or program limitations or terms and conditions of a specific program, may not be able to charge the entire amount of indirect cost that was calculated in 13f, amount charged. So here, if they charge as much or less than 13f, you would identify that in 13g, federal share.

And lastly, 13h is the totals. These are just the manual calculations. If you have multiple rates, you may have manual calculations. Excuse me. You may have multiple entries in 13e, the base, 13f, amount charged, and 13g, federal share. We just want to manual calculate – a total calculation of those three boxes. You just want to ensure that it's correct because currently there are no edit checks for this box. However, our FPOs will check its accuracy to make sure it is calculated correctly.

So here is just the Section 13. You could see that there is multiple line items for this section. If there was multiple rates used during the grant's period of performance, you would enter that in each of the line – any of the rates you used, you would enter that in each of the line items.

So I'm going to turn it over to Mark, and I think we're going to turn it over to you guys for questions.

MR. SMITH: Absolutely. Well, as we're going down the questions, we have – our first question is, "Can WIOA funds be utilized as match?" So this must be in regards to federal funds. So that one I can answer. No. Federal funds cannot be used as match.

Our second question is, "Do we have to show match throughout each reporting quarter, i.e. our match is related to the housing being built, which will not start until the second quarter, so there was no match the first quarter?" Chanel, do you want to take that one?

MS. CASTANEDA: Sure. So I just want to – I think I previously had said that, if you do have match, you want to make sure that it's reported in the quarter that it's expended. So, for example, if you have let's say the house that's being built and let's say it was either donated or it was purchased using other non-federal funds, as you're working on that house, you want to make sure any expenditures that are related on that particular house is being reported as it is being expended.

For example, one way to allocate that match expenditure is maybe a floorplan or square footage. So if there is 500 square feet in this home and for this particular quarter a certain number of square footage was being worked on by the program participants, that cost associated with that particular square footage can be – should be reported as match during that particular reporting quarter. So that's one way.

Just remember that match expenditures, it's held to the same standard as if it was grant funds. So in order for grant funds to be allowable to our grant, they have to be necessary, reasonable, as well as allocable. So if there is a way to allocate match expenditures to properly reflect when those costs were being incurred, it would be held to the same standard as if it was federal dollars.

MR. SMITH: Awesome. Great. Thank you so much.

Our next question is sort of in regards to in-kind donation in terms of hours. So this particular grantee has a pro bono attorney. Now, I'm assuming that they come at a high rate. So I believe the question is, do we charge the rate that the – the higher, the expensive lawyer would charge, or do you use the rate for any attorney that would charge for the same service? So it's basically the particular lawyer they have is more expensive, but a lawyer doing similar services would probably charge less. Which rate would you use for in-kind service in terms of donation?

MS. CASTANEDA: So this is – that we may have to sidebar. My first inclination is to say that we would just use the rate that this particular lawyer normally charges because that is their rate – that is their pay rate for these normal – for these particular services. But the question is, do you use their actual rate, or do you use comparable rates in regards as far as locality? This – can we sidebar this, Mark? I'll have to –

MR. SMITH: Yeah. Absolutely.

MS. CASTANEDA: OK.

MR. SMITH: Absolutely. This will be a question that we'll follow up on in the transcript that's going to be in the WorkforceGPS archive.

MS. CASTANEDA: OK.

MR. SMITH: The next question we have is, "Can the fair market value for in-kind work be increased by payroll taxes and a fringe rate?"

MS. CASTANEDA: You want to make sure that, if there is taxes, if you were to use grant expenditures to pay for this particular in-kind service – contribution of services, if it would normally have paid payroll taxes or fringe benefits, you want to include that as well as your valuation of these in-kind contributions.

MR. SMITH: Great. The next question we have is, "An allowable cost that is expended over the match of 25 percent would be considered leveraged funds; correct?"

MS. CASTANEDA: Generally, yeah. Once you meet your match requirement, anything in excess of that would not fall under the requirement because you've met the requirement. But let's say on your SF-424a you had put in a dollar amount that's more than the match required per the FOA that was more than 25 percent, let's say 25 percent of the grant award would have been $255,000 but you had put in $300,000 in your SF-424a, the grant officer and the closeout officer is going to hold you to that standard that you had outlined in your budget on the SF-424a.

So that is now considered your new – that is your new match requirement, but if your match requirement on your SF-424a was held at the 25 percent of total federal funds, then anything in excess of that would be considered leveraged resources.

MR. SMITH: So another thing is, if you do have more match stated in your SF-424, you should probably go to your FPO and discuss the matter and find out if it would be possible to get a modification to reduce it to 25 percent just in case there may be something that happens and you don't want to be accountable for the extra funds that you listed.

MS. CASTANEDA: And that would just go through an approval by the grant officer, and they would have to make that assessment whether that reduction in match is allowed – is allowable just because the competitive nature of our grants. So it would be an assessment made by the grant officer. OK.

MR. SMITH: The next question we have is, "Is there a form available to record source documentation?"

MS. CASTANEDA: So currently, ETA does not have an example of a form that could be used to record source documentation just because our grantees have many different kinds of accounting systems. Some may be really sophisticated accounting systems where they may set up separate accounting codes for their match requirements, or sometimes some of our grantees are more grassroots, meaning they may have a simple Quicken accounting system and they may use Excel as a form of recording match.

So whatever your organization uses, whether it's something as sophisticated as Maximus Accounting System or something as simple as Excel worksheets, you just want to make sure that whatever documentation you use, it's as if it was the same documentation as if it was grant funds. So you want to record the sourcing of the funding, the valuation, how you came up with that, all the good stuff I talked about as far as recording match. But ETA does not have a – currently does not have any form or example of forms for match reporting.

MR. SMITH: Thank you. The next question is, "Do we have to incur 25 percent match simultaneously as we incur program expenditures? Example, incurred $100,000 for the first quarter. Are we required to report the $25,000 match?"

MS. CASTANEDA: No. So your match requirement is going to be assessed at the final quarter – quarterly report. So you want to make sure that all your match, even though you're reporting it contemporaneously, meaning as it is incurred, it really doesn't come down to the amount until the final – until the grant's period of performance has ended on the final quarterly report.

MR. SMITH: All right. And our next question is, "If we do not have the match received listed in our contract" – I'm assuming the SF-424 – "do we need to request a budget a modification for the change?"

MS. CASTANEDA: I think this is related to what you said earlier, Mark. Our grantees could potentially – you could discuss with your FPO about possibly reducing match, but like I said before, it is the grant officer's discretion whether they'll allow the reduction in match or not just because the competitive nature of our grants. If our grantees has – were awarded based on how much match they said they were going to provide, based on that, they were awarded this YouthBuild grant. So grantees are allowed to ask for a modification in regards to match reduction, but it's up to the grant officer if they'll approve it or not.

MR. SMITH: Absolutely. And I'd say if you think that you're falling below that 25 percent match requirement, you should contact your FPO immediately and inform them of the situation.

Next question is, would it be possible to provide as a link – oh – to provide a link with the IRS that we could – that we are required to issue the 1099 to our participants? So I'm sorry. It's do we have a link to the 1099 on the IRS?

MS. CASTANEDA: I'll provide something to you, Mark, and we could probably make it available through the community of practice. I have a separate resource that I could provide.

MR. SMITH: OK. No problem. So we'll definitely provide that on the follow up.

"Please clarify when you said final quarterly report. Will that be at the end of the program cycle or every quarterly reporting?"

MS. CASTANEDA: So the final quarterly report is going to be the final quarter or – I'm sorry – is going to be the final quarter that the grantee is required to report on. For example, you'll see on your grant agreement a grants period of performance. The grant performance is typically three years for our grants. So if your grant started, for example, on – or if it's 20 months, if it started on July 1st of 2015, it will identify when is the grant's period of performance ends. If it ends on 9/30/2017, the final quarterly 9130 report is the quarter you report for September 30th, 2017.

MR. SMITH: All right. Next question is regards to match, and it says, "Can match ever be modified?"

So I think we've gone over it, but of course I think if you went over your stated match in the SF-424, of course you can sort of go over that with your FPO. But if you feel like you're not going to be able to meet the stated match that you put in your application, you should address that immediately. Sort of going down is a little easier than saying that we're not going to be able to meet it. So in both situations I would definitely contact your FPO and alert them of the situation.

The next question is, "If a 9130 has an amount in cash on hand section for one quarter and the following quarter there is an increased amount from the previous quarter, the grantee is required to expend those funds immediately before drawing down grant funds?"

MS. CASTANEDA: So our expectation is that because there – our grantees have immediate access to payment management system, that when you draw down funds, it should be used immediately. There is that unwritten rule of three days or less. So the expectation, if there is cash on hand at the end of a reporting quarter, the expectation is that that amount will be immediately expended beginning the next quarter. And so you would have grant expenditures related to that draw down of monies.

MR. SMITH: All right. The next question we have is, "What type of source documentation should be on file for in-kind salary and space?"

MS. CASTANEDA: Some examples of some documentation for in-kind salary is if, for example, if you have an accountant on hand that is using – that is participating in the grant activities, however are not – their salary is being picked up by other non-federal funds, example could be payroll documentation like their payroll documents, which would include their rate of pay, any applicable taxes, tax, any fringe benefits, and we also probably want to include timesheet. So if that accountant – we know if they touch multiple programs and in their particular day they're touching the YouthBuild program, you want to make sure that those costs are allocable to the grant as in-kind contribution because, like I said before, if grants – I'm sorry.

Match documentation should be held to the same standard as if it was grant document – as if it was grant expenditures. So if someone's salary is split up to multiple funding streams and you're using that part of their salary as in-kind contributions for the YouthBuild grant, you want to have some sort of timesheet or some sort of personnel activity record or anything that you use to document a person's time at your organization is going to be retained documents at your location.

For space, space could be depreciation. It could also be comparable rental space. If you're paying – for example, if you're paying rent at a – at your location and you're using a part of that location for the YouthBuild participants, however those rental costs are being picked up by a non-federal source, then you want to make sure that you identify the amount that you're paying as rent and that the space that is being allocated to the YouthBuild participants is – ensure that it's allocable and that you're recording that as match.

MR. SMITH: All right. The next question is, "Can a participant's job shadow or internship opportunity be used as match? The value of in-kind services can be documented, but the donor would be receiving some value as well. Is that an issue?"

MS. CASTANEDA: For the first part of the question, can a participant's job shadow or internship opportunity be considered as match, as long as it meets the grant objectives. If it was outlined in your grant agreement that there would be job shadowing and internship opportunities, then that could be included as match, as long as also it meets all the standards of valuation, non-federal dollars, all of that good stuff.

The second part I'm not really sure about the question because the value of the in-kind services can be documented, but the donor would be receiving some value as well. I'm not sure what that second part means, as in if the person would like to write it off as far as tax purposes. I'm not familiar with that portion. That may be something that a grantee organization, if they are a 501(c)(3) non-profit, if they do have a – would like to write these off for the donor as well, that's something that would have to be in their policies and procedures.

MR. SMITH: All right. The next question is, please – excuse me. "Please clarify if we change who we get the match from, not reduce our match. We need to submit a modification." So I'm guessing they want to change the person listed or the organization listed that they were going to get their match from but not reduce the match. Is that possible?

MS. CASTANEDA: I talked about having other avenues of match, if you have a shortfall, one donor is not able to meet – they had promised a certain amount but they're not able to meet it. If you're able to identify an alternative source, as long as it meets the criteria, that should be okay. You want to talk to your FPO if it needs to – a modification is needed. I'm not super familiar with that program part of it. Just make sure you talk to your FPO. They'll be able to tell you whether it needs a modification or not.

MR. SMITH: All right. So I believe this is a clarification. "My question about modifying match evolves from this situation. Since we wrote the grant our next cycle will be building a home for a non-profit. I did not identify this provider with a match because the construction was going to be provided by another agency, federal. The non-profit was identified and approved under the grant as a supplementary construction site. So I'm guessing that relates to the previous question.

MS. CASTANEDA: OK. Sorry. I'm trying to decipher the question. So if a particular construction site was provided by another federal agency, that cannot be counted as match to the YouthBuild grant, even though if it was approved in the grant. Just because things are approved in the grant agreement or the budget, DOL has an exception that states in the Uniform Guidance that there is no – just because it's approved in budget or grant agreement, there is no waiver to waive off anything that needs prior approval or anything that was essentially unallowable to now be allowable since it was approved by the grant – since it was approved through the grant agreement or through the budget.

So if that's the case, if this piece of construction site was provided by a federal agency, it may not be included as match but may be included in line item 11a, which is other federal funds expended, because we still want to recognize that there are costs that are being used to help the objective of the grant. However, if they're federally funded, they would not be included as a match requirement but would be included in line 11a of the 9130 report. I hopefully answered that question. If not, just please let me know.

MR. SMITH: All right. And I see one more so far. "Where do we report leveraged resources in the 9130?"

MS. CASTANEDA: So if it's non-federal leveraged resources, it would be reported in the recipient share section. So a line item 11 – sorry – 11k, recipient share of expenditures. That's where you include match and non-federal leveraged resources. If it's federally funded leveraged resources, it's going to be contained in the line item 11a, other federal funds expended.

MR. SMITH: All right. Do we have any other questions out?

MS. CASTANEDA: So it looks like the individual who asked that question says, "It is not a federal agency." So it is a non-profit that's donating the piece of construction site? I see the individual's name, if you could clarify that. The person's typing. Yes. OK. If that is the case, the building itself, the structure, if it's not – the source is non-federal and it's not being used as match for another federal program, then it could possibly potentially be used as match, and that's just the building.

However, the land itself cannot be included as match or leveraged resources because that is an allowable cost to our federal programs is land. OK.

MR. SMITH: Do we have any other questions?

MS. CASTANEDA: You're welcome.

MR. SMITH: Oh, sorry.

MS. CASTANEDA: Sorry. I was answering this individual. OK. Thanks.

MR. SMITH: No problem. All right. Well, I don't see any more questions. So I wanted to share – oh, let me see. I think we have one more coming in. Well, thank you, Kelly. So I don't see any other questions.

So I think we can move on, and I wanted to share a few resources. So this is the link to the WorkforceGPS, which is the YouthBuild Community of Practice. So there are lots of resources available to assist in sort of in guiding your grant and your award and your YouthBuild program. Here's another one on Uniform Guidance 2 CFR 200, which really deals with DOL's exceptions.

The next is TEGL 2-16, and it's in regards to the 9130 financial report, instructions, and additional guidance. The ETA-9130, this is the actual form. So you can have sort of a link to all of those, but they're actually in the file share if you look on the bottom right-hand side. So we wanted to make sure that you had those resources available.

And my contact information is listed here, and of course Chanel's contact information is listed here. Thank you so much. I hope you all enjoyed today's webinar. And if you, again, have any questions, feel free to write Chanel or myself, and we'll follow up and clarify anything that you need. You all have a great day. Thank you for joining us.

(END)