

**Social Services Block Grant (SSBG)  
Hurricane Sandy Supplemental  
Round 2 Q&A  
May 2014  
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**I. Use of Hurricane Sandy Funds**

Question:

**Can 2013 Supplemental SSBG Funds help with repairs to a school district?**

Answer:

Unfortunately, 2013 Supplemental SSBG Funds may not be used for repairs to school facilities. The law appropriating 2013 Supplemental SSBG Funds [P.L. 113-2] states that funds may be used for "costs of renovating, repairing, or rebuilding health care facilities, child care facilities, or other social service facilities." School district facilities repair, renovation and construction are not identified as an allowable use under this authority.

States should also note that SSBG Supplemental funds may be utilized for Education and Training Services to help meet the social service needs of affected individuals. The Uniform Definitions of Services established in Federal Regulations for the SSBG program at 45 CFR Subtitle A, 96.14(a) defines Education and Training Services as follows: "those services provided to improve knowledge or daily living skills and to enhance cultural opportunities. Services may include instruction or training in, but are not limited to, such issues as consumer education, health education, community protection and safety education, literacy education, English as a second language, and General Educational Development (G.E.D.). Component services or activities may include screening, assessment, and testing; individual or group instruction; tutoring; provision of books, supplies, and instructional material; counseling; transportation; and referral to community resources."

Question:

**Can 2013 Supplemental SSBG Funds be used to pay for insurance deductibles (home, vehicle or renters)?**

Answer:

Unfortunately 2013 Supplemental SSBG Funds cannot be used for the payment of insurance deductibles for homes or vehicles. States are advised to utilize 2013 Supplemental SSBG Funds for housing services, or services designed to assist families in locating, obtaining or retaining suitable housing, as defined in the regulations governing the SSBG program.

Question:

**Can the cost of medications or durable medical equipment for an individual be covered by 2013 Supplemental SSBG Funds?**

Answer:

Yes, these funds are intended to be available to address necessary expenses resulting from Hurricane Sandy, including health and mental health services for individuals.

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Question:

**Can home repairs, mold removal, repairs to septic systems and water lines, purchase of appliances, furniture, bedding, and debris removal be covered by SSBG Supplemental Emergency Funds?**

Answer:

If the State determines payments for home repairs, repairs to septic system and water lines, purchase of appliances and furniture, bedding, and debris removal are integral but subordinate to the services to help meet the health care needs of people affected by the Hurricane Sandy, these repairs could potentially be covered provided that they are not otherwise covered by FEMA disaster assistance or insurance and are determined by the State be a priority disaster recovery need.

Question:

**Is there any guidance on how to demonstrate valuable, portable items such as vehicles are only being used for Sandy purposes? (i.e., an awardee requests a vehicle for a Sandy program, but how do they demonstrate they are only using it for the Sandy program and not for other business purposes or personal use).**

Answer:

SSBG funds may be used to help the needs of people affected by Hurricane Sandy such as repair or replacement of vans and equipment in order to access services, or obtain medical care employment. The State should provide guidance to the claimants on how to document that these replacement items such as vehicles and equipment are being used to help meet the ongoing health care, mental health, and child care needs of people affected by Hurricane Sandy during October 2012. As state above, vehicles and equipment are subject to a Federal interest but Title remains with the Grantee. The vehicle should be included in a regularly maintained inventory. The Federal share must also be reflected in the Grantee's inventory (see [45 CFR 74.34](#) et seq. and [45 CFR 92.32](#) et seq.)

Question:

**Can Sandy SSBG funding be used to buy a new vehicle when needed to serve additional individuals, as in a food bank outreach program?**

Answer:

SSBG funds may be used to help the needs of people affected by Hurricane Sandy such as the purchase of a vehicle and equipment to provide SSBG approved services. The State should provide guidance to the claimants on how to document that the purchased items, such as vehicles and equipment, that are being used to help meet the ongoing health care, mental health, and child care needs of people affected during Hurricane Sandy. Vehicles and equipment are subject to a Federal interest, but the Title remains with the Grantee (or sub-recipient). The vehicle should be included in a regularly maintained inventory. The Federal share must also be reflected in the Grantee's inventory. Purchase of vehicles or equipment must be otherwise consistent with the State and sub-recipient acquisition and property management procedures.

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Question:

**What is the time frame for expenditure of funds that were released by the State after September 30, 2013?**

Answer:

States must obligate and expend 2013 SSBG Supplemental Funds by September 30, 2015, according to the Disaster Relief Appropriation Act, 2013 [Public Law (P.L) 113-2].

Question:

**Does “contracting for services” constitute expenditure? We have noticed precedent with other Federal agencies and Sandy funds that once the funds have left the State they have been considered “expended.” Some of the best examples are in the building costs where once the funds are “contracted” for and contracts are executed, then the funds are considered expended.**

Answer:

SSBG funds must be obligated and expended in accordance with the laws and procedures applicable to the obligation and expenditure of the State’s own funds. (45 C.F.R. § 96.30(a)). Thus, we defer to State laws and procedures’ regarding the specifics of what constitutes an expenditure. Our review indicates that the States should report its financial statements on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP). In general, according to GAAP, expenses are incurred when goods are provided or services are rendered. We recommend a review of State statutes, policies, and contract procedures with regard to proposed contracts. If additional guidance or review is needed based on specific proposed services from sub grantees and its partners, ACF staff are available to review as necessary.

Question:

**Does “commitment of funds” constitute expenditure? One of the real issues for health and mental health providers is the nature of mental health services and the potential needs of families impacted by Sandy (e.g. secondary trauma, post-traumatic stress disorder) such that there may be need for ongoing treatment for a family.**

Answer:

As noted above, SSBG funds must be obligated and expended according to the laws and procedures of the State (45 C.F.R. § 96.30(a)). Thus, we defer to the State regarding what constitutes expenditure. The State should review its statutes and policies regarding contracting, obligation and delivery of goods and services within the specified grant period. HHS recognizes the potential long-term mental health needs of families impacted by Hurricane Sandy. However, the grant period is determined by the statute making funds available, which sets the timeframe for activities supported by SSBG Supplemental funds.

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## **II. Improper Payment**

Question:

**What is the improper payment rate threshold for a program highly susceptible to significant improper payments? According to information in M11-16, Issuance of Revised Parts I and II to Appendix C of OMB Circular A-123, *Management's Responsibility for Internal Controls*, and the improper payment rate for each program must be under 1.5%.**

Answer:

The use of a threshold)as described in the OMB circulars cited applies to Federal programs that must determine whether they are (1) at significant risk to improper payments and (2) required to report its improper payment error rate on an annual basis to the U.S. Office of Management and Budget (OMB). This action is not necessary for programs receiving Hurricane Sandy Disaster Relief funds. Based on [OMB M-13-07](#), programs receiving Hurricane Sandy Disaster Relief funds are already considered susceptible to significant improper payment and are required to report an improper payment error rate.

The SSBG program's improper payment error rate is the result of its improper payment error rate methodology. When the SSBG program establishes its baseline improper payment error rate, the SSBG program will determine target improper payment error rates for future years.

Question:

**Will SSBG be required to return the value of the extrapolated improper payments to HHS?**

Answer:

Regarding the extrapolation of improper payments based on the error rate, the federal government will only seek to recapture actual identified and specific improper payments and not the extrapolated amounts. When finalized, the improper payment error rate methodology will serve to calculate the improper payment error rate for the State's expended Hurricane Sandy SSBG Supplemental funds, identify areas for corrective action, and recapture actual improper payments.

Section 2(h) of the Improper Payment Eliminations and Recovery Act ([IPERA](#)) require programs to conduct payment recapture audits. A payment recapture audit is a review and analysis of an agency's or program's accounting and financial records, supporting documentation, and other pertinent information supporting its payments, that is specifically designed to identify overpayments. During the course of analyzing improper payments, confirmed instances of overpayments should be noted for the SSBG program's consideration in recapturing.

Question:

**What are ACF steps for the IPERA testing?**

Answer:

The ACF steps for IPERA testing are as follows:

- a. Establish the programs to be tested.

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- b. Develop a statistical sampling methodology based on the attributes of the programs, and submit to OMB for approval.
- c. Select a statistically valid sample of payments from each of the programs, and conduct improper payment testing.
- d. Determine the improper payment rate for the sample and extrapolate across the population of payments within the program.
- e. Categorize programs as low/medium or high-risk, and identify root causes for improper payments.
- f. Develop corrective action plans to remediate root causes for high-risk programs.

Question:

**What is the implication of the improper payment rate for each program? Will a high improper payment rate (over the threshold) result in improper payment testing in the following years?**

Answer:

Federal programs receiving Hurricane Sandy Disaster Relief funds are considered susceptible to significant improper payment and are required to report an improper payment error rate. The SSBG program's analysis of its improper payment error rate will enable the SSBG program to target areas for corrective action to strengthen areas of vulnerability.

Question:

**Does ACF plan to assign risk based on the Lead Agency in charge of administering the contract/PO?**

Answer:

All Federal programs receiving Hurricane Sandy Disaster Relief funds are automatically considered susceptible to improper payment, regardless of improper payment risk assessment results, and are required to calculate and report an improper payment error rate. The SSBG program is in the process of developing a methodology to calculate the program's improper payment error rate, which will be provided to the State for comments.

Question:

**Has any new guidance been released by OMB regarding improper payment testing for Hurricane Sandy funds?**

Answer:

OMB guidance relating to improper payment testing is [OMB M-11-16](#) and [OMB M-13-07](#).

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### **III. Documentation**

Question:

**Do you have definitions for the waiver services renovation, repair and rebuilding services and health care and mental health services?**

Answer:

Due to the unique nature of the 2013 Supplemental SSBG Funds, some of the construction activities and health services may not fit the State's definition of services or the Uniform Definition of Services provided by HHS. In such cases, the States are advised to note the activity of services as "Other Services" and differentiate between construction costs, health care or mental health costs and include details in the post-expenditure report. Use the required form [OMB NO.: 0970-0234](#). OCS and its contractors can provide technical assistance in identifying additional subcategories under "Other Services" in order to allow for appropriate reporting on the use of funds. States should clearly define all expenditures noted under "other services," including construction, health care and mental health services. Definitions for construction services should include the type of construction service (e.g. repair and/or renovation) as well as the number and type of facilities (e.g. health and/or mental health) for which Supplemental funds were used. Health care and mental health services should include the types of activities (or services) supported, and the categories or characteristics of individuals served (such as children, adults 59 and younger, adults 60 and older).

Question:

**What documentation is required for the acquisition of a vehicle?**

Answer:

Vehicle and equipment are subject to a Federal interest but Title remains with the Grantee. The vehicle should be included in a regularly maintained inventory. The Federal share must also be reflected in the Grantee's inventory (see [45 CFR 74.34](#) et seq. and [45 CFR 92.32](#) et seq.) SSBG funds may be used to help the needs of people affected by Hurricane Sandy such as repair or replacement of vans and equipment in order to access services, or obtain medical care employment

Question:

**Is a certificate of occupancy required for an awardee owned building with no insurance coverage?**

Answer:

The requirement or guidelines for the issuance of certifications and permits regarding the renovation repair, or rebuilding of facilities damaged by Hurricane Sandy should be established by the State.

Question:

**What is required for a state to make an advance to SSBG award recipients? And how would ACF treat advances during a review?**

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Answer:

Request for Advance Payment should be authorized and approved and this should be documented. A limitation should be suggested on the amounts of an advance and the documentation of the approval by authorized individual. A request for an Advance Payment to Nonprofit recipients should be accompanied by an invoice for the full amount of the advance payment and reference the PO number. When using a Payment Request Form an advance payment must be supported by documentation indicating the business need/justification for the advance payment.

In a review ACF would be required to follow the advance to its resulting transactions and supporting source documentation to determine that expenditures were for Sandy-related purposes, compliance with the cost principles and with the limiting terms and conditions of Sandy funding, especially non-duplication of benefits. Where applicable, Davis-Bacon Act compliance would also be monitored.

#### **IV. Notice of Federal Interest**

Question:

**What is the NFI requirement for renovation and repair costs that exceed more than the lesser of \$200,000 or 25% of the approved project budget for total repairs to the property as well as real property purchases and new construction? This will impact many small projects. Has any guidance been developed?**

Answer:

If a State using Hurricane Sandy SSBG Supplemental Funds undertakes renovations, repairs, or rebuilding to a property that exceed the lesser of \$200,000 or 25 percent of the total allocation for the State, a Notice of Federal Interest must be filed in the appropriate property records for the jurisdiction in which the property is located. Renovation, repair, or rebuilding costs that fall below this threshold are not covered by the requirement.

Question:

**The guidance provided indicates that renovations/repairs/rebuilding could be done on leased properties that have at least a 15-year lease in place, consistent with Head Start regulations. In reviewing the Head Start regulations, there does not appear to be a direct reference to '15 years', and our sister agency is asking whether another substantial lease term, like 5 years with a 5 year renewal may be allowable. Can you point us to a direct reference that we can share, and/or can a lesser lease term be considered?**

Answer:

Yes, a lease term less than 15 years could legally be considered. Factors to be considered would include the extent of the renovations, total cost of the renovations, and how long they could be reasonably expected to last. Ten years may be enough time in some situations, but anything less would not be appropriate for a major renovation that meets the threshold for filing a NFI. A five-year lease with an option for 5 more years would have to be examined to see whether the landlord was legally obligated to accept the extension or if either party could walk

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away without recourse. ACF does not want to have a significant Federal expenditure for a renovation only to have the recipient make use of the renovated facility for a very short time and have most of the benefit inure to a landlord rather than to an SSBG service provider.

Question:

**Is leased property eligible for reimbursement for structural/permanent repairs/renovations to the property? Must the landlord agree to the NFI?**

Answer:

Structural/permanent repairs/renovations to leased property may be eligible for reimbursement with prior ACF approval. Consistent with rules governing the renovation of leased property with Head Start funds, found at [45 CFR § 1309.21\(d\)](#), recipients must have a lease (at least 15 years) that protects the Federal interests in the facility and ensures recipients undisturbed use and possession for the term of the lease. The Federal Interest attaches to the leasehold interest in the property rather than to the property itself. Therefore, the lease, which serves as a Notice of Federal Interest, must be filed in the property records of the appropriate jurisdiction. Although not legally applicable to SSBG, States and recipients of SSBG disaster funds should look to regulations at [45 CFR 1309.21 \(d\)](#) for guidance in how to proceed with SSBG reimbursement for repairs/renovations to leased property.

Question:

**Is there a minimum dollar amount for the NFI?**

Answer:

As stated in the SSBG Supplemental Information Memorandum dated March 28, 2013, a Notice of Federal Interest (NFI) must be filed if the project exceeds the lesser of \$200,000.00 or 25% of the “approved project period budget.” The “approved project period budget” for SSBG Supplemental Disaster Relief funds is the total amount awarded to the State in SSBG Supplemental Disaster Relief. In practice, this means that for States with large grant awards, the minimum dollar amount will be \$200,000.

Question:

**In reference to capital restoration and the Notice of Federal Interest, for example, a property owner rents space to a medical provider in the Sandy impacted area. The medical provider is responsible for the build-out and equipment for the medical facility. Under normal circumstances, leased property would not be eligible for this funding. But in this case, the tenant has a capital investment in the property. Would the tenant’s capital improvements qualify under this funding stream? Would the NFI be attached to the building, or to the equipment and other improvements inside?**

Answer:

Detailed guidance is available in [45 CFR 1309.21 \(d\)\(1\)\(2\)\(3\)](#) which details the Head Start requirements for a grantee receiving funds to acquire or make major renovations to a facility that is or will be sited on land not owned by the grantee. Generally it provides that the grantee must have a lease or other arrangements which protects the Federal interest in the facility and ensures the grantee’s undisturbed use and possession of the facility. Sub- Part (3) details what

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information the Notice of Federal for property sited on land not owned by the grantee shall include.

## **V. Reporting**

Question:

**Can you advise on the federal requirements for ‘public comment period’ for this deliverable?**

Answer:

The guidance below applies to the preparation of the SSBG pre-expenditure report (intended use plan). Website posting is an acceptable method and a comment period of a minimum of two weeks.

Public Inspection of Pre-expenditure Report – Describe and provide documentation on how the State made available for public inspection and comment the current Pre-expenditure Report or revision to the report. *“...The report shall be transmitted to the Secretary and made public within the State in such a manner as to facilitate comment by any person (including any Federal or other public agency) during development of the report and after its completion...”* Section 2004 [U.S.C 1397c]

Question:

**When are states required to submit a post-expenditure report on expenditures and recipients of services for use of SSBG Supplemental Funds?**

Answer:

The post-expenditure report for the Hurricane Sandy SSBG Supplemental funds is due after each annual reporting period. The report is separate from the one submitted for the regular SSBG.

Question:

**Are health, child care and mental health the only types of facilities to be reported? Are there any other types of facilities?**

Answer:

[The Disaster Relief Appropriations Act, 2013 \[Public law 113-2\]](#) provides funding for “repair, renovation and rebuilding of health care facilities (including mental health facilities), child care facilities, and other social services facilities.” If Hurricane Sandy SSBG Supplemental funding is used to repair, renovate or rebuild any of these types of facilities, it should be reported on form [OMB NO.: 0970-0234](#) as “Other Services” (Service Category #29 on the form.)

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Question:

**At the time some of the purchase orders related to this grant are processed the statistics of people served and number and type of facilities renovated/repaired/rebuilt will be an estimate. Will that be acceptable?**

Answer:

Yes an estimated number of people served and number and type of facilities renovated/ repaired/rebuilt will be acceptable until an actual number is available. The pre- and post-expenditure reports for Hurricane Sandy SSBG Supplemental funds should be amended as necessary with updated data.

## **VI. Reimbursements**

Question:

**Are applicants required to submit a claim to their insurance provider before requesting a reimbursement from Sandy SSBG? (Some applicants did not file a claim with their insurance company because they did not have insurance, the amount of money claimed is less than the deductible, or the applicant did not want their rates to increase/coverage to be dropped.)**

Answer:

Generally, expenses which have not been reimbursed and related to Hurricane Sandy are allowable cost. However, Sandy funds should be considered funds of last resort. If the applicant is entitled to another claim for reimbursement and has not submitted or exhausted the other claim, the value of this uncollected claim should be deducted from the allowable cost reimbursement allowed under SSBG Hurricane Sandy Disaster Relief.

Question:

**Can SSBG supplemental funds be used to reimburse an applicant in the amount of the difference between the Kelly Blue Book value provided by FEMA and the market value of a vehicle comparable to the vehicle being replaced?**

Answer:

SSBG funds are for necessary expenses related to the consequences of Hurricane Sandy and expenses which have not been reimbursed related to Hurricane Sandy are allowable costs. With regard to the situation described, OCFS should establish guidelines to determine the appropriate criteria for reimbursement of claims based upon diminished value resulting from the consequences of Hurricane Sandy.

Question:

**Is depreciation (deducted from the insurance claim payment) reimbursable?**

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Answer:

No, depreciation is a noncash expense that reduces the value of an asset as a result of wear and tear, age, or obsolescence and is used as tax deduction. It should not be considered as a basis for reimbursement.

Questions:

**For applicants that apply for SBA loans, are the loans to be treated as forgiven, or as a repayment?**

Answer:

This question is one for the Small Business Administration (SBA) to answer. SBA provides low-interest, long-term loans to homeowners, renters, businesses and private, non-profit organizations to repair or replace real estate, personal property, equipment and business assets that have been damaged in a disaster like Hurricane Sandy. In addition, SBA provides support to our resource partners – the Small Business Development Centers, SCORE, Women’s and Veterans Business Development Centers – so they can assist businesses rebuild and reopen. For more information about how SBA can help you recover and rebuild from Hurricane Sandy, please visit [www.sba.gov/Sandy](http://www.sba.gov/Sandy), call the disaster assistance center at 1-800-659-2955, or email [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov).

## **VII. State Plan Amendments**

Question:

**May a state change its federal poverty level criterion?**

Answer:

Yes a state may change its federal poverty level criterion. Title XX does not specify an income eligibility level for SSBG funds. States may determine eligibility criteria based on necessary services and activities. For the Hurricane Sandy SSBG Supplemental, because an income eligibility criterion was established in the State’s intended use plan, the HHS/ACF/Office of Community Services would require an amendment to the plan for our records and for monitoring purposes.

Question:

**What are the SSBG reporting requirements with regard to immigration status?**

Answer:

There is no reporting requirement for immigration status on either the pre- or post-expenditure reporting form ([OMB NO.: 0970-0234](http://www.omb.gov/omb/eo/0970-0234)). Data are collected by service category and recipient ages (children, adults 59 years and younger, adults 60 years and older, adults of unknown age).

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**VIII. Health Insurance**

Question:

**Guidance is requested on health insurance coverage, private insurance and Medicaid, and receipt of SSBG funded clinical mental health services in light of the Affordable Care Act (ACA). Given that SSBG is the payer of last resort, how does the State handle people' receiving SSBG-paid clinical services come January 1, 2014 where presumably they will have a form of health coverage?**

Answer:

If a person receiving SSBG-paid clinical services becomes eligible for health coverage under the Affordable Care Act (ACA) as of January 1, 2014 then SSBG funds should not be used to provide duplicative services. SSBG funds may be used to provide supplemental services to such persons or to pay any amounts not otherwise covered through insurance.

**IX. Administrative Cost**

Question:

**What type of administrative activities can be included in the service delivery and what type of activities are strictly administrative? Are the admin activities that are included as service delivery to be included in the 9% admin cap?**

Answer:

Grantees participating in the Social Services Block Grant program are subject to the administrative standards set forth in [45 CFR Part 96](#). Except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds. Fiscal control and accounting procedures must be sufficient to (a) permit preparation of reports required by the statute authorizing the block grant and (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant. (45 CFR §96.30(a)). Full guidance on SSBG administrative cost issues is provided in the [SSBG IM 02-2008](#) Definition and allowable direct and administrative costs.

Some non-service costs that support a specific programmatic activity (e.g. facilities and management) are not included in the overall administrative costs reported on the SSBG pre-and post-expenditure report forms. General state grant administration, audit oversight, and other statewide financial management would clearly count as administrative costs.

There is currently no administrative cap. States have been encouraged to initiate more efficient management of the SSBG Program to decrease administrative costs to nine percent or less

Question:

**Is there a percentage limit on the amount of administrative/ indirect costs that can reimbursed by these SSBG funds?**

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Answer:

Title XX does not establish a specific indirect cost limit. However, the State has a fiduciary responsibility to assure efficient and accountable use of funds and may establish limits consistent with State existing State policies.

States may use SSBG funds for administrative costs including planning and evaluation, personnel training and retraining directly related to the provision of services, licensing activities, and the overhead costs of providing services as authorized under Section 2002(a)(2)(B) of the Social Security Act [42 U.S.C.1397a(a)(2)(B)]. States may pay for these administrative functions entirely with SSBG funds. Some States include administrative costs within the expenditures reported for particular service categories. ACF considers activities conducted by grantees that result in indirect charges a necessary and appropriate part of ACF grants, and must reimburse their share of those costs. The appropriate share is either a fixed amount as specified in statute, in regulations or in the Grants Policy Directives, or is determined based on a rate negotiated by the Division of Cost Allocation other cognizant authorities with an applicant/grantee and reflected in a formal rate agreement.

The SSBG program has developed strategies, including annual long-term performance measures, to ensure that SSBG funds are spent effectively and efficiently. Toward this goal, the SSBG program has implemented an accountability measure that is designed to decrease the percentage of SSBG funds identified as “administrative costs” in the post-expenditure reports by States to (9%) nine percent. Sub grantees should use their approved Indirect Cost Rate Agreement or Cost Allocation Plan.