

coordinated with its LIHEAP program (criterion (iii))—not provided independently by local agencies.

Leveraging Report

Section 2607A(e) of the LIHEAP statute provides that grantees desiring leveraging incentive funds must submit a report to HHS that quantifies the grantee's leveraged resources for the base period. These reports are grantees' applications for leveraging incentive funds. Section 96.87(h) of the regulations lists requirements for these reports. In both the interim rule and this final rule, we included in the list only the information we believe we need to know in order to fulfill our responsibility to evaluate grantees' leveraged resources/benefits and to determine appropriate grantee shares of leveraging incentive funds.

HHS does not prescribe a format for grantees' annual applications for regular LIHEAP funds. However, because leveraging applications must include specific, comparable data for grantees "competing" for shares of a limited amount of leveraging incentive funds, the interim rule and this final rule specify that leveraging reports must be in a format established by HHS. The LIHEAP leveraging report form has received Office of Management and Budget clearance through May 1995 and was used by grantees applying for leveraging incentive funds in fiscal years 1992, 1993, and 1994.

Grantee leveraging reports must describe the leveraged resources/benefits provided to low-income households during the base period, and must indicate the grantee's valuation of these resources and of the costs of leveraging them. Grantees should report these amounts as whole numbers rounded to the nearest whole dollar or rounded to the nearest multiple of 10 or 100.

We received four letters commenting on § 96.87(h) of the interim final rule. This section includes the requirements that leveraging reports indicate the geographical area (for example, the cities and/or counties) in which the leveraged resources/benefits were provided to low-income households and state the month(s) and year(s) when these benefits were provided during the base period.

Comments and Response

Two States commented that grantees should not be required to include in their leveraging reports either the geographical area or the months and years in which benefits were provided. One of these comments recommended instead that grantees provide "assurance

that the reported resources were provided during the required base period and in the grantee's LIHEAP service area."

However, we retained these requirements in the final rule, for the following reasons. This information helps to identify each resource. We have found it to be useful and believe that Congress and other interested parties may find it useful as well. It should not be difficult for grantees to include in their reports. Also, while reviewing reports on leveraging activities, we have found that several grantees that indicated the appropriate base period at the top of their leveraging report forms included dates in the report itself, where they were required to state the month(s) and year(s) of the base period in which benefits were provided, that showed that the benefits actually were not provided in the base period for which the report was submitted. The requirement thus serves as a check to assure that benefits were provided in the proper base period.

However, in response to commenters' concerns about reporting requirements and paperwork burden, we changed the final rule to remove the requirement that grantees explain how reported resources/benefits valued under \$5,000 meet criterion (i) or criterion (iii), as appropriate, under § 96.87(d)(2). The interim rule required that grantees explain how all resources reported for these criteria meet the appropriate criterion or criteria; the final rule requires this explanation only for resources valued at \$5,000 or more. It is not intended that grantees divide large resources into smaller components of less than \$5,000 in order to avoid the documentation requirement. Resources valued under \$5,000 are subject to verification by HHS during compliance reviews, as are larger resources.

Comment and Response

Section 2607A(f) of the LIHEAP statute provides that HHS "may request any documentation" that it "determines necessary for the verification" of grantees' applications for leveraging incentive funds. Section 96.87(h) of the interim rule required that leveraging reports state the dollar value of each resource/benefit, "indicate the source(s) of the data used, and describe how the grantee quantified the value and calculated the total amount." It also provided that HHS

may require submission of additional documentation and/or clarification as it determines necessary to verify information in a grantee's leveraging report, to determine whether a leveraged resource is countable, and/or to determine the net valuation of a

resource. In such cases, the Department will set a date by which it must receive information sufficient to document countability and/or valuation.

A commenter believed that HHS should require grantees to provide with their leveraging reports an "extensive annotated listing" of their documentation, detailing the data contained in each document, "the claim to resources it supports and its physical location."

We decline to require grantees to submit routinely with their leveraging reports the additional documentation proposed by this commenter. We believe that the burden of compiling and submitting the "extensive annotated listing" on a routine basis would clearly outweigh the possible benefits. Further, the regulations require that detailed documentation be readily available and submitted to HHS upon request. In addition, we monitor grantees' leveraging records when we conduct compliance reviews.

However, to reduce the chance of misunderstanding regarding the importance of grantees' maintaining accurate records that properly document their claimed resources and submitting any additional information requested by HHS, we have added the following clarification to section 96.87(h)(3): in cases when HHS requires submission of additional documentation and/or clarification, "if the Department does not receive information that it considers sufficient to document countability and/or valuation by the date it has set, then the Department will not count the resource (or portion of resource) in question."

Submission Dates for Leveraging Reports

Section 2607A(e) of the LIHEAP statute as amended in 1990 provided that grantees must submit their leveraging reports to HHS by July 31 of each year in order to qualify for leveraging incentive funds. Public Law 102-394, which provided FY 1993 LIHEAP appropriations, anticipated that, beginning in July 1994, LIHEAP funds would be available on the basis of the "forward funding" program year of July 1 through June 30. As we explained in the interim rule's preamble, we believe it was reasonable to assume that Congress intended the July 31 date to apply only after "forward funding" began, when July 31 would be one month after the end of the program year or base period whose leveraging activities were reported. Grantees would then be able to report leveraging activities for the entire program year.