



# Homeless Veterans' Reintegration Program (HVRP) Post-Award Conference (PAC): HVRP Financial Management

July 24, 2024

# Today's Speaker



## Chris Brown

HVRP Lead

U.S. Department of Labor, Veterans' Employment and Training Service (DOL/VETS), Office of National Programs

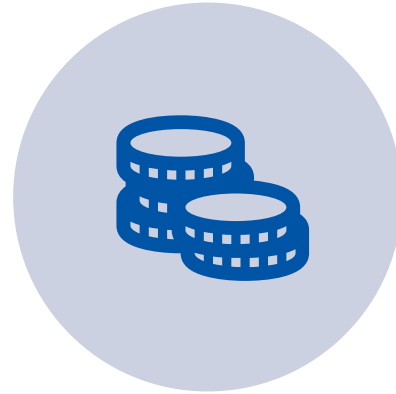
✉ [brown.chris.e@dol.gov](mailto:brown.chris.e@dol.gov)

📞 (202) 693-2990

# Today's Session



ALLOWABLE AND  
UNALLOWABLE COSTS



INCREMENTAL  
FUNDING



CARRYOVER  
FUNDING



# **Allowable and Unallowable Costs**



# An Allowable Cost Must (1 of 3):

- Be authorized under [2 Code of Federal Regulations \(C.F.R.\) Part 200 Subpart E](#) Cost Principles
- Be allocable to the award under the provisions of the applicable cost principles
- Necessary and reasonable for proper and efficient performance and administration of the grant or cooperative agreement
- Be necessary and reasonable for the performance of the federal award. Performance for HVRP is established through the indicators listed in the Funding Opportunity Announcement (FOA) and is employment-based. Each individual HVRP program applied and has its own project design and budget.
- Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-federal entity
- Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally financed program in either the current or a prior period. (Does the grant recipient have [Supportive Services for Veterans Families \(SSVF\)](#), [Legal Services for Homeless Veterans and Veterans At Risk for Homelessness Grants \(LSV-H\)](#), or state/local financial assistance for veterans?)

Reference: [Title 2 C.F.R. § 200.403 Factors affecting allowability of costs.](#)



## An Allowable Cost (2 of 3)

- Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-federal entity – HVRP provides supportive services defined as services provided to support the reintegration of enrolled HVRP participants back into the labor force. Examples of support services include, but are not limited to, transportation, health care, financial assistance, drug and alcohol abuse counseling and referral, individual and family counseling, job coaches, child care and dependent care (if eligible), temporary shelter (if eligible), financial counseling, and other reasonable expenses required for participation in the training program and may be provided in-kind or through partnerships.

Reference: [Title 2 C.F.R. § 200.403 Factors affecting allowability of costs.](#)



## An Allowable Cost (3 of 3)

- Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally financed program in either the current or a prior period. Grant recipients must address the complex employment-related requirements and support services necessary to meet the needs of this population. This can be achieved either through direct services or through a robust referral system with established tools, resources, and partnerships to identify, recruit, prepare, and support veterans experiencing homelessness for employment success.

Reference: [Title 2 C.F.R. § 200.403 Factors affecting allowability of costs.](#)



## An Allocable Cost (1 of 2)

- A cost is allocable to a particular federal award or other cost objective if the goods or services involved are chargeable or assignable to that federal award or cost objective in accordance with relative benefits received. **If the project design includes training for 30 veterans to obtain a Commercial Driver's License (CDL), there must be an allocation in the budget for 30 veterans to attend training for CDL licenses.**

Reference: [Title 2 C.F.R. § 200.405 Allocable costs.](#)





## An Allocable Cost (2 of 2)

- Any cost allocable to a particular federal award may not be charged to other federal awards to overcome fund deficiencies to avoid restrictions imposed by federal statutes, regulations, or terms and conditions of the federal awards or for other reasons. Refer to your budget narrative and FOA; **the budget narrative should provide a description of the leveraged resources provided to support grant activities, the specific activities they will cover, the way they will support HVRP goals, and the funding source.**

Reference: [Title 2 C.F.R. § 200.405 Allocable costs.](#)



# A Reasonable Cost

- A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. Consider:
  - Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-federal entity or the proper and efficient performance of the federal award.
  - The restraints or requirements imposed by such factors as sound business practices; arm's-length bargaining; federal, state, local, tribal, and other laws and regulations; and terms and conditions of the federal award.
  - Market prices for comparable goods or services for the geographic area.
  - Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-federal entity, its employees, where applicable, its students or membership, the public at large, and the federal government.
  - Whether the non-federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost.

Look at the barriers to employment and challenges facing the veteran experiencing homelessness and how the cost overcomes those barriers to lead to the grant recipient's overall employment-based performance. DOL/VETS does not allow the purchase of motor vehicles, buildings, or land.

Reference: [Title 2 C.F.R. § 200.404 Reasonable costs.](#)

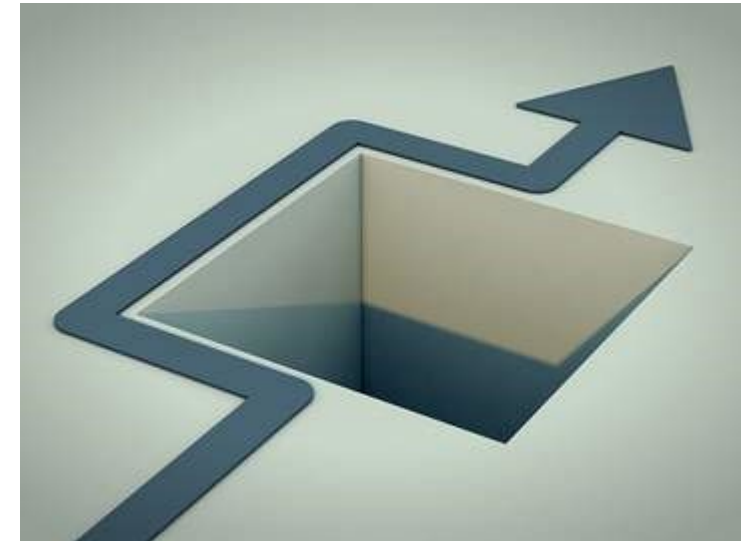
# Unallowable Costs

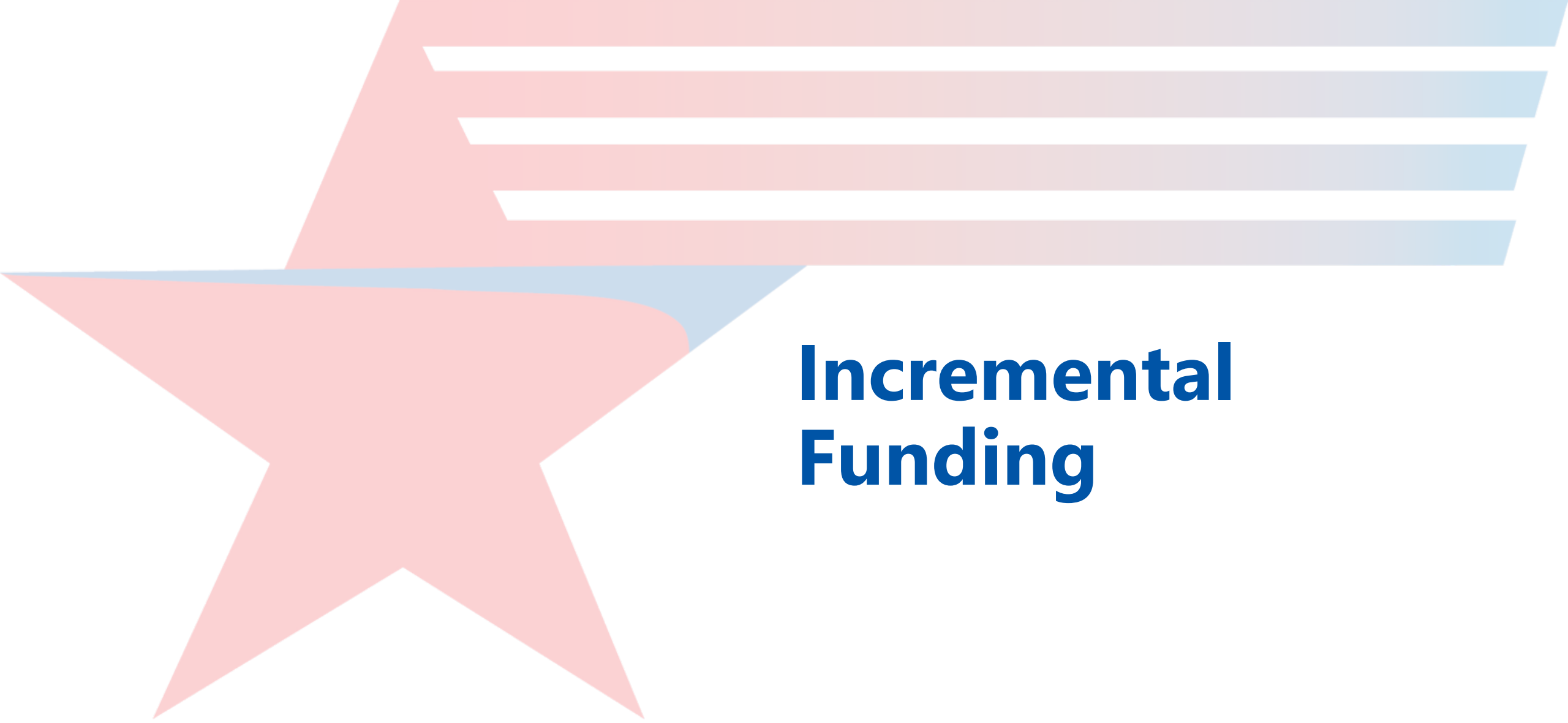
- **An allocable cost may not be allowable or reasonable**
  - Cost incurred for the award could not be authorized under Title 2 C.F.R. § 200 Subpart E but still meet the definition of allocable.
- **Costs must be incurred for the award to which they are charged**
  - A HVRP program director spends 40 percent of their time working on Award A, 25 percent of their time working on Award B, and 35 percent of their time working on Project C. Therefore, 40 percent of their salary can be allocated to Award A, 25 percent to Award B, and 35 percent to Project C.
  - **A cost must either benefit or be incurred specifically for that particular award.**



# Avoid Unallowable Costs

- **Ask:**
  - Is the item/service needed for HVRP?
  - Is the purchase included in the approved grant budget?
  - Does it exist elsewhere in our inventory? If so, can we use it for HVRP instead of buying another one?
  - Is there a less expensive alternative to purchase, e.g., leasing?
- **Direct or Indirect**
  - Does the cost result in a direct benefit to the HVRP?
  - Can it be easily and accurately traced to the HVRP?
  - Does it benefit more than one federal program?
  - Is it normally charged as indirect?
  - Does the cost have a proportional benefit to the HVRP?





# **Incremental Funding**

# Incremental Funding throughout the Period of Performance (PoP)



- The first year of funding is received at the time of initial award, and funding for years two and three is received through an annual amendment process in GrantSolutions.
- Funding requests for years two and three must not exceed the amount referenced in the Abstract of the initial grant application submitted under the applicable FOA.
- Funds are available for the entire PoP but must be used according to Standard Form (SF)-424A and Budget Narrative.

# Incremental Funding throughout the Period of Performance Notice to Grant Recipients



- Notice provided to grant recipients via an annual Grant Officer Memorandum during the month of December.
  - Example reference for program year (PY) 2024 is [Grant Officer's Memorandum No. 01-24](#) and its [accompanying technical assistance guide](#).
- Note for PY25 grant recipients with a three-year PoP that ends June 30, 2026, and June 30, 2027, are eligible to apply for incremental funding.
- Incremental Funding **Policy and Training Coming January 2024.**



# **Carryover Funding**



# Carryover Funding – Expending Prior PY funds as First-in, First-Out (FIFO)



- Grant recipients that received incremental funding for PY24 (beginning July 1) will likely carry over unspent PY23 funds into the current PY.
- Grant recipients must expend carryover funds on a FIFO basis, per [Veterans' Program Letter \(VPL\) 03-24](#). This means grant expenditures must first be charged to the funding increments awarded earliest in the PoP and thus have the oldest period of availability. The first increment can be identified in the Payment Management System (PMS) by a numeral after HV. I.E. HV2, HV3, HV4. The lowest numeral is your earliest funded increment with oldest availability.
- Work with your Grant Officer's Technical Representative (GOTR) on accounting for and expending carryover.

# Carryover Funding – Availability of Funds



- Example three-year PoP funding stream timeline: This graphic demonstrates when funds were awarded and are available for expenditure for a grant that was awarded a three-year PoP, incrementally funded, in PY24.

Program Year & Quarter	PoP Year 1				PoP Year 2				PoP Year 3				Closeout Jul-Oct 2026 (120- day period)
	Jul-Sep 2024	Oct-Dec 2024	Jan-Mar 2025	Apr-Jun 2025	Jul-Sep 2025	Oct-Dec 2025	Jan-Mar 2026	Apr-Jun 2026	Jul-Sep 2026	Oct-Dec 2026	Jan-Mar 2027	Apr-Jun 2027	
FY 2024	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Funds not Available
FY 2025	Funds not Available	Funds not Available	Funds not Available	Funds not Available	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Funds not Available
FY 2026	Funds not Available	Funds not Available	Funds not Available	Funds not Available	Funds not Available	Funds not Available	Funds not Available	Funds not Available	Expenditures	Expenditures	Expenditures	Expenditures	Funds not Available

**KEY**

Expenditures
Funds not Available

## HVRP Funding Stream Timeline

- In the base year, a 424, 424A, and Budget Narrative was submitted, and the request was submitted for incremental funding year 1 and 2.
- Each year’s 424 A and Budget Narrative will follow that award until all funds are expended.
- Each incremental funding request, a new 424, 424A, and Budget Narrative that is equal to or less than the amount requested in the abstract of the initial grant application is required.



# Expending Prior PY funds as FIFO

- Grant recipients that received incremental funding for PY23 (PoP Year 3) received their Notice of Award (NOA) that combined POP Year 1 budget, POP Year 2 budget, and POP Year 3 budget. A grant with a \$300,000 annual budget now has a combined whole budget for expenditures for their POP:

33. Approved Budget (Excludes Direct Assistance)	
i. Financial Assistance from the Federal Awarding Agency Only	
ii. Total project costs including grant funds and all other financial participation	
a. Salaries and Wages	\$618,375.00
b. Fringe Benefits	\$113,625.00
c. Total Personnel Costs	\$732,000.00
d. Equipment	\$0.00
e. Supplies	\$27,000.00
f. Travel	\$17,976.00
g. Construction	\$0.00
h. Other	\$90,024.00
i. Contractual	\$33,000.00
<b>j. TOTAL DIRECT COSTS</b>	<b>\$900,000.00</b>
k. INDIRECT COSTS	\$0.00
<b>l. TOTAL APPROVED BUDGET</b>	<b>\$900,000.00</b>
m. Federal Share	\$900,000.00
n. Non-Federal Share	\$0.00

- This is a combination of their approved PY23 budget (SF-424A) and their previous two PYs SF-424As, depicting 12-month increments.
- Each increment funded by fiscal year (FY) is deposited into an account according to FY of award, available to recipients the entire POP.

### 34. Accounting Classification Codes

DOCUMENT NO.	ADMINISTRATIVE CODE	OBJECT CLASS	CFDA NO.	AMT ACTION FINANCIAL ASSISTANCE	APPROPRIATION
HV [REDACTED] HV1	VETS	410043	17.805	\$300,000.00	01642121BD
HV [REDACTED] HV2	VETS	410043	17.805	\$300,000.00	01642222BD
HV [REDACTED] HV3	VETS	410043	17.805	\$300,000.00	01642323BD

# Carryover of Prior PY Funding – Budget Options

## Spending Prior Year Funds



### Option 1 - No change to Approved Budget

- The grant recipient must continue to **draw funds for approved budget expenditures** until the prior year's funds are exhausted or until the POP ends, whichever comes first.
- Must adhere to costs approved in the latest NOA's. Approved Budget. **Prior Year and Current Year are combined.**

### Option 2

- The grant recipient could **realign** <10 percent of the total budget to other Object Class Categories.\*
  - See terms & conditions and HVRP Award Amendments [VPL 04-24](#) and its [Technical Assistance Guide \(TAG\)](#)
- E.g., the grant recipient has \$20,000 remaining in PY23 from Personnel and Fringe and 10 percent of a \$300,000 award is \$30,000 – so the grant recipient could move \$20,000 to other categories of need for future budget purposes.
- **Be mindful of the effect on Indirect Cost calculations with Direct Cost budget realignments (i.e., increase or decrease of exclusions and inclusions from base)**

### Option 3

- The grant recipient submits an amendment for changes >10 percent budget revision/realignment.
- Remember – the grant recipient cannot incur expenditures resulting from the budget revision/realignment until approved by the Grant Officer.

# Questions?



If we are unable to address any questions today, please forward your questions through your GOTR. Your GOTR will answer your question, or your inquiry will be forwarded through your regional office to be addressed.



**Thank you!**