

§ 96.87 Leveraging incentive program.

(a) *Scope and eligible grantees.* (1) This section concerns the leveraging incentive program authorized by section 2607A of Public Law 97-35 (42 U.S.C. 8626a).

(2)(i) The only entities eligible to receive leveraging incentive funds from the Department are States (including the District of Columbia), Indian tribes, tribal organizations, and territories that received direct Federal LIHEAP funding under section 2602(b) of Public Law 97-35 (42 U.S.C. 8621(b)) in both the base period for which leveraged resources are reported, and the award period for which leveraging incentive funds are sought; and tribes and tribal organizations described in paragraphs (a)(2)(ii) and (a)(2)(iii) of this section.

(ii) Indian tribes that received LIHEAP services under section 2602(b) of Public Law 97-35 (42 U.S.C. 8621(b)) through a directly-funded tribal organization in the base period for which leveraged resources are reported, and receive direct Federal LIHEAP funding under section 2602(b) in the award period, will receive leveraging incentive funds allocable to them if they submit leveraging reports meeting all applicable requirements. If the tribal organization continues to receive direct funding under section 2602(b) in the award period, the tribal organization also will receive incentive funds allocable to it if it submits a leveraging report meeting all applicable requirements. In such cases, incentive funds will be allocated among the involved entities that submit leveraging reports, as agreed by these entities. If they cannot agree, HHS will allocate incentive funds based on the comparative role of each entity in obtaining and/or administering the leveraged resources, and/or their relative number of LIHEAP-eligible households.

(iii) If a tribe received direct Federal LIHEAP funding under section 2602(b) of Public Law 97-35 (42 U.S.C. 8621(b)) in the base period for which resources leveraged by the tribe are reported, and the tribe receives LIHEAP services under section 2602(b) through a directly-funded tribal organization in the award period, the tribal organization will receive leveraging incentive funds on behalf of the tribe for the resources if the tribal organization submits a leveraging report meeting all applicable requirements.

(b) *Definitions*—(1) *Award period* means the fiscal year during which leveraging incentive funds are distributed to grantees by the Department, based on the countable leveraging activities they reported to the Department for the preceding fiscal year (the base period).

(2) *Base period* means the fiscal year for which a grantee's leveraging activities are reported to the Department; grantees' countable leveraging activities during the base period or base year are the basis for the distribution of leveraging incentive funds during the succeeding fiscal year (the award period or award year). Leveraged resources are counted in the base period during which their benefits are provided to low-income households.

(3) *Countable loan fund* means revolving loan funds and similar loan instruments in which:

(i) The sources of both the loaned and the repaid funds meet the requirements of this section, including the prohibitions of paragraphs (f)(1), (f)(2), and (f)(3) of this section;

(ii) Neither the loaned nor the repaid funds are Federal funds or payments from low-income households, and the loans are not made to low-income households; and

(iii) The benefits provided by the loaned funds meet the requirements of this section for countable leveraged resources and benefits.

(4) *Countable petroleum violation escrow funds* means petroleum violation escrow (oil overcharge) funds that were distributed to a State or territory by the Department of Energy (DOE) after October 1, 1990, and interest earned in accordance with DOE policies on petroleum violation escrow funds that were distributed to a State or territory by DOE after October 1, 1990, that:

(i) Were used to assist low-income households to meet the costs of home energy through (that is, within and as a part of) a State or territory's LIHEAP program, another Federal program, or a non-Federal program, in accordance with a submission for use of these petroleum violation escrow funds that was approved by DOE;

(ii) Were not previously required to be allocated to low-income households; and

(iii) Meet the requirements of paragraph (d)(1) of this section, and of paragraph (d)(2)(ii) or (d)(2)(iii) or this section.

(5) *Home energy* means a source of heating or cooling in residential dwellings.

(6) *Low-income households* means federally eligible (federally qualified) households meeting the standards for LIHEAP income eligibility and/or LIHEAP categorical eligibility as set by section 2605(b)(2) of Public Law 97-35 (42 U.S.C. 8624(b)(2)).

(7) *Weatherization* means low-cost residential weatherization and other energy-related home repair for low-income households. Weatherization must be directly related to home energy.

(c) *LIHEAP funds used to identify, develop, and demonstrate leveraging programs.* (1) Each fiscal year, States (excluding Indian tribes, tribal organizations, and territories) may spend up to the greater of \$35,000 or 0.08 percent of their net Federal LIHEAP allotments (funds payable) allocated under section 2602(b) of Public Law 97-35 (42 U.S.C. 8621(b)) specifically to identify, develop, and demonstrate leveraging programs under section 2607A(c)(2) of Public Law 97-35 (42 U.S.C. 8626a(c)(2)). Each fiscal year, Indian tribes, tribal organizations, and territories may spend up to the greater of two (2.0) percent or \$100 of their Federal LIHEAP allotments allocated under section 2602(b) of Public law 97-35 (42 U.S.C. 8621(b)) specifically to identify, develop, and demonstrate leveraging programs under section 2607A(c)(2) of Public Law 97-35 (42 U.S.C. 8626a(c)(2)). For the purpose of this paragraph, Federal LIHEAP allotments include funds from regular and supplemental appropriations, with the exception of leveraging incentive funds provided under section 2602(d) of Public Law 97-35 (42 U.S.C. 8621(d)).

(2) LIHEAP funds used under section 2607A(c)(2) of Public Law 97-35 (42 U.S.C. 8626a(c)(2)) specifically to identify, develop, and demonstrate leveraging programs are not subject to the

limitation in section 2605(b)(9) of Public Law 97-35 (42 U.S.C. 8624(b)(9)) on the maximum percent of Federal funds that may be used for costs of planning and administration.

(d) *Basic requirements for leveraged resources and benefits.* (1) In order to be counted under the leveraging incentive program, leveraged resources and benefits must meet all of the following five criteria:

(i) They are from non-Federal sources.

(ii) They are provided to the grantee's low-income home energy assistance program, or to federally qualified low-income households as described in section 2605(b)(2) of Public Law 97-35 (42 U.S.C. 8624(b)(2)).

(iii) They are measurable and quantifiable in dollars.

(iv) They represent a net addition to the total home energy resources available to low-income households in excess of the amount of such resources that could be acquired by these households through the purchase of home energy, or the purchase of items that help these households meet the cost of home energy, at commonly available household rates or costs, or that could be obtained with regular LIHEAP allotments provided under section 2602(b) of Public Law 97-35 (42 U.S.C. 8621(b)).

(v) They meet the requirements for countable leveraged resources and benefits throughout this section and section 2607A of Public Law 97-35 (42 U.S.C. 8626a).

(2) Also, in order to be counted under the leveraging incentive program, leveraged resources and benefits must meet at least one of the following three criteria:

(i) The grantee's LIHEAP program had an active, substantive role in developing and/or acquiring the resource/benefits from home energy vendor(s) through negotiation, regulation, and/or competitive bid. The actions or efforts of one or more staff of the grantee's LIHEAP program—at the central and/or local level—and/or one or more staff of LIHEAP program subrecipient(s) acting in that capacity, were substantial and significant in obtaining the resource/benefits from the vendor(s).

(ii) The grantee appropriated or mandated the resource/benefits for distribution to low-income households through (that is, within and as a part of) its LIHEAP program. The resource/benefits are provided through the grantee's LIHEAP program to low-income households eligible under the grantee's LIHEAP standards, in accordance with the LIHEAP statute and regulations and consistent with the grantee's LIHEAP plan and program policies that were in effect during the base period, as if they were provided from the grantee's Federal LIHEAP allotment.

(iii) The grantee appropriated or mandated the resource/benefits for distribution to low-income households as described in its LIHEAP plan (referred to in section 2605(c)(1)(A) of Public Law 97-35) (42 U.S.C. 8624(c)(1)(A)). The resource/benefits are provided to low-income households as a supplement and/or alternative to the grantee's LIHEAP program, outside (that is, not through, within, or as a part of) the LIHEAP program. The resource/benefits are integrated and

coordinated with the grantee's LIHEAP program. Before the end of the base period, the plan identifies and describes the resource/benefits, their source(s), and their integration/coordination with the LIHEAP program. The Department will determine resources/benefits to be integrated and coordinated with the LIHEAP program if they meet at least one of the following eight conditions. If a resource meets at least one of conditions A through F when the grantee's LIHEAP program is operating (and meets all other applicable requirements), the resource also is countable when the LIHEAP program is not operating.

(A) For all households served by the resource, the assistance provided by the resource depends on and is determined by the assistance provided to these households by the grantee's LIHEAP program in the base period. The resource supplements LIHEAP assistance that was not sufficient to meet households' home energy needs, and the type and amount of assistance provided by the resource is directly affected by the LIHEAP assistance received by the households.

(B) Receipt of LIHEAP assistance in the base period is necessary to receive assistance from the resource. The resource serves only households that received LIHEAP assistance in the base period.

(C) Ineligibility for the grantee's LIHEAP program, or denial of LIHEAP assistance in the base period because of unavailability of LIHEAP funds, is necessary to receive assistance from the resource.

(D) For discounts and waivers: eligibility for and/or receipt of assistance under the grantee's LIHEAP program in the base period, and/or eligibility under the Federal standards set by section 2605(b)(2) of Public Law 97-35 (42 U.S.C. 8624(b)(2)), is necessary to receive the discount or waiver.

(E) During the period when the grantee's LIHEAP program is operating, staff of the grantee's LIHEAP program and/or staff assigned to the LIHEAP program by a local LIHEAP administering agency or agencies, and staff assigned to the resource communicate orally and/or in writing about how to meet the home energy needs of specific, individual households. For the duration of the LIHEAP program, this communication takes place before assistance is provided to each household to be served by the resource, unless the applicant for assistance from the resource presents documentation of LIHEAP eligibility and/or the amount of LIHEAP assistance received or to be received.

(F) A written agreement between the grantee's LIHEAP program or local LIHEAP administering agency, and the agency administering the resource, specifies the following about the resource: eligibility criteria; benefit levels; period of operation; how the LIHEAP program and the resource are integrated/coordinated; and relationship between LIHEAP eligibility and/or benefit levels, and eligibility and/or benefit levels for the resource. The agreement provides for annual or more frequent reports to be provided to the LIHEAP program by the agency administering the resource.

(G) The resource accepts referrals from the grantee's LIHEAP program, and as long as the resource has benefits available, it provides assistance to all households that are referred by the

LIHEAP program and that meet the resource's eligibility requirements. Under this condition, only the benefits provided to households referred by the LIHEAP program are countable.

(H) Before the grantee's LIHEAP heating, cooling, crisis, and/or weatherization assistance component(s) open and/or after the grantee's LIHEAP heating, cooling, crisis, and/or weatherization assistance component(s) close for the season or for the fiscal year, or before the entire LIHEAP program opens and/or after the entire LIHEAP program closes for the season or for the fiscal year, the resource is made available specifically to fill the gap caused by the absence of the LIHEAP component(s) or program. The resource is not available while the LIHEAP component(s) or program is operating.

(e) *Countable leveraged resources and benefits.* Resources and benefits that are countable under the leveraging incentive program include but are not limited to the following, provided that they also meet all other applicable requirements:

(1) Cash resources: State, tribal, territorial, and other public and private non-Federal funds, including countable loan funds and countable petroleum violation escrow funds as defined in paragraphs (b)(3) and (b)(4) of this section, that are used for:

(i) Heating, cooling, and energy crisis assistance payments and cash benefits made in the base period to or on behalf of low-income households toward their home energy costs (including home energy bills, taxes on home energy sales/purchases and services, connection and reconnection fees, application fees, late payment charges, bulk fuel tank rental or purchase costs, and security deposits that are retained for six months or longer);

(ii) Purchase of fuels that are provided to low-income households in the base period for home energy (such as fuel oil, liquefied petroleum gas, and wood);

(iii) Purchase of weatherization materials that are installed in recipients' homes in the base period;

(iv) Purchase of the following tangible items that are provided to low-income households and/or installed in recipients' homes in the base period: blankets, space heating devices, equipment, and systems; space cooling devices, equipment, and systems; and other tangible items that help low-income households meet the costs of home energy and are specifically approved by the Department as countable leveraged resources;

(v) Installation, replacement, and repair of the following in the base period: weatherization materials; space heating devices, equipment, and systems; space cooling devices, equipment, and systems; and other tangible items that help low-income households meet the costs of home energy and are specifically approved by the Department;

(vi) The following services, when they are an integral part of weatherization to help low-income households meet the costs of home energy in the base period: installation, replacement, and repair of windows, exterior doors, roofs, exterior walls, and exterior floors; pre-weatherization home energy audits of homes that were weatherized as a result of these audits; and post-weatherization inspection of homes; and

(vii) The following services, when they are provided (carried out) in the base period: installation, replacement, and repair of smoke/fire alarms that are an integral part, and necessary for safe operation, of a home heating or cooling system installed or repaired as a weatherization activity; and asbestos removal and that is an integral part of, and necessary to carry out, weatherization to help low-income households meet the costs of home energy.

(2) Home energy discounts and waivers that are provided in the base period to low-income households and pertain to generally applicable prices, rates, fees, charges, costs, and/or requirements, in the amount of the discount, reduction, waiver, or forgiveness, or that apply to certain tangible fuel and non-fuel items and to certain services, that are provided in the base period to low-income households and help these households meet the costs of home energy, in the amount of the discount or reduction:

(i) Discounts or reductions in utility and bulk fuel prices, rates, or bills;

(ii) Partial or full forgiveness of home energy bill arrearages;

(iii) Partial or full waivers of utility and other home energy connection and reconnection fees, application fees, late payment charges, bulk fuel tank rental or purchase costs, and home energy security deposits that are retained for six months or longer;

(iv) Reductions in and partial or full waivers of non-Federal taxes on home energy sales/purchases and services, and reductions in and partial or full waivers of other non-Federal taxes provided as tax “credits” to low-income households to offset their home energy costs, except when Federal funds or Federal tax “credits” provide payment or reimbursement for these reductions/waivers;

(v) Discounts or reductions in the cost of the following tangible items that are provided to low-income households and/or installed in recipients' homes: weatherization materials; blankets; space heating devices, equipment, and systems; space cooling devices, equipment, and systems; and other tangible items that are specifically approved by the Department;

(vi) Discounts or reductions in the cost of installation, replacement, and repair of the following: weatherization materials; space heating devices, equipment, and systems; space cooling devices, equipment, and systems; and other tangible items that help low-income households meet the costs of home energy and are specifically approved by the Department;

(vii) Discounts or reductions in the cost of the following services, when the services are an integral part of weatherization to help low-income households meet the costs of home energy: installation, replacement, and repair of windows, exterior doors, roofs, exterior walls, and exterior floors; pre-weatherization home energy audits of homes that were weatherized as a result of these audits; and post-weatherization inspection of homes; and

(viii) Discounts or reductions in the cost of installation, replacement, and repair of smoke/fire alarms that are an integral part, and necessary for safe operation, of a home heating or cooling system installed or repaired as a weatherization activity; and discounts or reductions in the cost of

asbestos removal that is an integral part of, and necessary to carry out, weatherization to help low-income households meet the costs of home energy.

(3) Certain third-party in-kind contributions that are provided in the base period to low-income households:

(i) Donated fuels used by recipient households for home energy (such as fuel oil, liquefied petroleum gas, and wood);

(ii) Donated weatherization materials that are installed in recipients' homes;

(iii) Donated blankets; donated space heating devices, equipment, and systems; donated space cooling devices, equipment, and systems; and other donated tangible items that help low-income households meet the costs of home energy and are specifically approved by the Department as countable leveraged resources;

(iv) Unpaid volunteers' services specifically to install, replace, and repair the following: weatherization materials; space heating devices, equipment, and systems; space cooling devices, equipment, and systems; and other items that help low-income households meet the costs of home energy and are specifically approved by the Department;

(v) Unpaid volunteers' services specifically to provide (carry out) the following, when these services are an integral part of weatherization to help low-income households meet the costs of home energy: installation, replacement, and repair of windows, exterior doors, roofs, exterior walls, and exterior floors; pre-weatherization home energy audits of homes that were weatherized as a result of these audits; and post-weatherization inspection of homes;

(vi) Unpaid volunteers' services specifically to: install, replace, and repair smoke/fire alarms as an integral part, and necessary for safe operation, of a home heating or cooling system installed or repaired as a weatherization activity; and remove asbestos as an integral part of, and necessary to carry out, weatherization to help low-income households meet the costs of home energy;

(vii) Paid staff's services that are donated by the employer specifically to install, replace, and repair the following: weatherization materials; space heating devices, equipment, and systems; space cooling devices, equipment, and systems; and other items that help low-income households meet the costs of home energy and are specifically approved by the Department;

(viii) Paid staff's services that are donated by the employer specifically to provide (carry out) the following, when these services are an integral part of weatherization to help low-income households meet the costs of home energy: installation, replacement, and repair of windows, exterior doors, roofs, exterior walls, and exterior floors; pre-weatherization home energy audits of homes that were weatherized as a result of these audits; and post-weatherization inspection of homes; and

(ix) Paid staff's services that are donated by the employer specifically to: install, replace, and repair smoke/fire alarms as an integral part, and necessary for safe operation, of a home heating or cooling system installed or repaired as a weatherization activity; and remove asbestos as an

integral part of, and necessary to carry out, weatherization to help low-income households meet the costs of home energy.

(f) *Resources and benefits that cannot be counted.* The following resources and benefits are not countable under the leveraging incentive program:

(1) Resources (or portions of resources) obtained, arranged, provided, contributed, and/or paid for, by a low-income household for its own benefit, or which a low-income household is responsible for obtaining or required to provide for its own benefit or for the benefit of others, in order to receive a benefit of some type;

(2) Resources (or portions of resources) provided, contributed, and/or paid for by building owners, building managers, and/or home energy vendors, if the cost of rent, home energy, or other charge(s) to the recipient were or will be increased, or if other charge(s) to the recipient were or will be imposed, as a result;

(3) Resources (or portions of resources) directly provided, contributed, and/or paid for by member(s) of the recipient household's family (parents, grandparents, great-grandparents, sons, daughters, grandchildren, great-grandchildren, brothers, sisters, aunts, uncles, first cousins, nieces, and nephews, and their spouses), regardless of whether the family member(s) lived with the household, unless the family member(s) also provided the same resource to other low-income households during the base period and did not limit the resource to members of their own family;

(4) Deferred home energy obligations;

(5) Projected future savings from weatherization;

(6) Delivery, and discounts in the cost of delivery, of fuel, weatherization materials, and all other items;

(7) Purchase, rental, donation, and loan, and discounts in the cost of purchase and rental, of: supplies and equipment used to deliver fuel, weatherization materials, and all other items; and supplies and equipment used to install and repair weatherization materials and all other items;

(8) Petroleum violation escrow (oil overcharge) funds that do not meet the definition in paragraph (b)(4) of this section;

(9) Interest earned/paid on petroleum violation escrow funds that were distributed to a State or territory by the Department of Energy on or before October 1, 1990;

(10) Interest earned/paid on Federal funds;

(11) Interest earned/paid on customers' security deposits, utility deposits, etc., except when forfeited by the customer and used to provide countable benefits;

(12) Borrowed funds that do not meet the requirements in paragraph (b)(3) above (including loans made by and/or to low-income households), interest paid on borrowed funds, and reductions in interest paid on borrowed funds;

(13) Resources (or portions of resources) for which Federal payment or reimbursement has been or will be provided/received;

(14) Tax deductions and tax credits received from any unit(s) of government by donors/contributors of resources for these donations, and by vendors for providing rate reductions, discounts, waivers, credits, and/or arrearage forgiveness to or for low-income households, etc.;

(15) Funds and other resources that have been or will be used as matching or cost sharing for any Federal program;

(16) Leveraged resources counted under any other Federal leveraging incentive program;

(17) Costs of planning and administration, space costs, and intake costs;

(18) Outreach activities, budget counseling, case management, and energy conservation education;

(19) Training;

(20) Installation, replacement, and repair of lighting fixtures and light bulbs;

(21) Installation, replacement, and repair of smoke/fire alarms that are not an integral part, and necessary for safe operation, of a home heating or cooling system installed or repaired as a weatherization activity;

(22) Asbestos removal that is not an integral part of, and necessary to carry out, weatherization to help low-income households meet the costs of home energy;

(23) Paid services where payment is not made from countable leveraged resources, unless these services are donated as a countable in-kind contribution by the employer;

(24) All in-kind contributions except those described in paragraph (e)(3) of this section; and

(25) All other resources that do not meet the requirements of this section and of section 2607A of Public Law 97-35 (42 U.S.C. 8626a).

(g) *Valuation and documentation of leveraged resources and offsetting costs.* (1) Leveraged cash resources will be valued at the fair market value of the benefits they provided to low-income households, as follows. Payments to or on behalf of low-income households for heating, cooling, and energy crisis assistance will be valued at their actual amount or value at the time they were provided. Purchased fuel, weatherization materials, and other countable tangible items will be valued at their fair market value (the commonly available household rate or cost in the local market area) at the time they were purchased. Installation, replacement, and repair of weatherization materials, and other countable services, will be valued at rates consistent with those ordinarily paid for similar work, by persons of similar skill in this work, in the grantee's or subrecipient's organization in the local area, at the time these services were provided. If the grantee or subrecipient does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work, by persons of similar

skill in this work, in the same labor market, at the time these services were provided. Fringe benefits and overhead costs will not be counted.

(2) Home energy discounts, waivers, and credits will be valued at their actual amount or value.

(3) Donated fuel, donated weatherization materials, and other countable donated tangible items will be valued at their fair market value (the commonly available household cost in the local market area) at the time of donation.

(4) Donated unpaid services, and donated third-party paid services that are not in the employee's normal line of work, will be valued at rates consistent with those ordinarily paid for similar work, by persons of similar skill in this work, in the grantee's or subrecipient's organization in the local area, at the time these services were provided. If the grantee or subrecipient does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work, by persons of similar skill in this work, in the same labor market, at the time these services were provided. Fringe benefits and overhead costs will not be counted. Donated third-party paid services of employees in their normal line of work will be valued at the employee's regular rate of pay, excluding fringe benefits and overhead costs.

(5) Offsetting costs and charges will be valued at their actual amount or value.

(i) Funds from grantees' regular LIHEAP allotments that are used specifically to identify, develop, and demonstrate leveraging programs under section 2607A(c)(2) of Public Law 97-35 (42 U.S.C. 8626a(c)(2)) will be deducted as offsetting costs in the base period in which these funds are obligated, whether or not there are any resulting leveraged benefits. Costs incurred from grantees' own funds to identify, develop, and demonstrate leveraging programs will be deducted in the first base period in which resulting leveraged benefits are provided to low-income households. If there is no resulting leveraged benefit from the expenditure of the grantee's own funds, the grantee's expenditure will not be counted or deducted.

(ii) Any costs assessed or charged to low-income households on a continuing or on-going basis, year after year, specifically to participate in a counted leveraging program or to receive counted leveraged resources/benefits will be deducted in the base period these costs are paid. Any one-time costs or charges to low-income households specifically to participate in a counted leveraging program or to receive counted leveraged resources/benefits will be deducted in the first base period the leveraging program or resource is counted. Such costs or charges will be subtracted from the gross value of a counted resource or benefit for low-income households whose benefits are counted, but not for any households whose benefits are not counted.

(6) Only the amount of the net addition to recipient low-income households' home energy resources may be counted in the valuation of a leveraged resource.

(7) Leveraged resources and benefits, and offsetting costs and charges, will be valued according to the best data available to the grantee.

(8) Grantees must maintain, or have readily available, records sufficient to document leveraged resources and benefits, and offsetting costs and charges, and their valuation. These records must

be retained for three years after the end of the base period whose leveraged resources and benefits they document.

(h) *Leveraging report.* (1) In order to qualify for leveraging incentive funds, each grantee desiring such funds must submit to the Department a report on the leveraged resources provided to low-income households during the preceding base period. These reports must contain the following information in a format established by the Department.

(i) For each separate leveraged resource, the report must:

(A) Briefly describe the specific leveraged resource and the specific benefit(s) provided to low-income households by this resource, and state the source of the resource;

(B) State whether the resource was acquired in cash, as a discount/waiver, or as an in-kind contribution;

(C) Indicate the geographical area in which the benefit(s) were provided to recipients;

(D) State the month(s) and year(s) when the benefit(s) were provided to recipients;

(E) State the gross dollar value of the countable benefits provided by the resource as determined in accordance with paragraph (g) of this section, indicate the source(s) of the data used, and describe how the grantee quantified the value and calculated the total amount;

(F) State the number of low-income households to whom the benefit(s) were provided, and state the eligibility standard(s) for the low-income households to whom the benefit(s) were provided;

(G) Indicate the agency or agencies that administered the resource/benefit(s); and

(H) Indicate the criterion or criteria for leveraged resources in paragraph (d)(2) of this section that the resource/benefits meet, and for criteria in paragraphs (d)(2)(i) and (d)(2)(iii) of this section, explain how resources/benefits valued at \$5,000 or more meet the criterion or criteria.

(ii) State the total gross dollar value of the countable leveraged resources and benefits provided to low-income households during the base period (the sum of the amounts listed pursuant to paragraph (h)(1)(i)(E) of this section).

(iii) State in dollars any costs incurred by the grantee to leverage resources, and any costs and charges imposed on low-income households to participate in a counted leveraging program or to receive counted leveraged benefits, as determined in accordance with paragraph (g)(5) of this section. Also state the amount of the grantee's regular LIHEAP allotment that the grantee used during the base period specifically to identify, develop, and demonstrate leveraging programs under section 2607A(c)(2) of Public Law 97-35 (42 U.S.C. 8626a(c)(2)).

(iv) State the net dollar value of the countable leveraged resources and benefits for the base period. (Subtract the amounts in paragraph (h)(1)(iii) of this section from the amount in paragraph (h)(1)(ii) of this section.)

(2) Leveraging reports must be postmarked or hand-delivered not later than November 30 of the fiscal year for which leveraging incentive funds are requested.

(3) The Department 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. In such cases, 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.

(i) *Determination of grantee shares of leveraging incentive funds.* Allocation of leveraging incentive funds to grantees will be computed according to a formula using the following factors and weights:

(1) Fifty (50) percent based on the final net value of countable leveraged resources provided to low-income households during the base period by a grantee relative to its net Federal allotment of funds allocated under section 2602(b) of Public Law 97-35 (42 U.S.C. 8621(b)) during the base period, as a proportion of the final net value of the countable leveraged resources provided by all grantees during the base period relative to their net Federal allotment of funds allocated under that section during the base period; and

(2) Fifty (50) percent based on the final net value of countable leveraged resources provided to low-income households during the base period by a grantee as a proportion of the total final net value of the countable leveraged resources provided by all grantees during the base period; except that: No grantee may receive more than twelve (12.0) percent of the total amount of leveraging incentive funds available for distribution to grantees in any award period; and no grantee may receive more than the smaller of its net Federal allotment of funds allocated under section 2602(b) of Public Law 97-35 (42 U.S.C. 8621(b)) during the base period, or two times (double) the final net value of its countable leveraged resources for the base period. The calculations will be based on data contained in the leveraging reports submitted by grantees under paragraph (h) of this section as approved by the Department, and allocation data developed by the Department.

(j) *Uses of leveraging incentive funds.* (1) Funds awarded to grantees under the leveraging incentive program must be used to increase or maintain heating, cooling, energy crisis, and/or weatherization benefits through (that is, within and as a part of) the grantee's LIHEAP program. These funds can be used for weatherization without regard to the weatherization maximum in section 2605(k) of Public Law 97-35 (42 U.S.C. 8624(k)). However, they cannot be counted in the base for calculation of the weatherization maximum for regular LIHEAP funds authorized under section 2602(b) of Public Law 97-35 (42 U.S.C. 8621(b)). Leveraging incentive funds cannot be used for costs of planning and administration. However, in either the award period or the fiscal year following the award period, they can be counted in the base for calculation of maximum grantee planning and administrative costs under section 2605(b)(9) of Public Law 97-35 (42 U.S.C. 8624(b)(9)). They cannot be counted in the base for calculation of maximum carryover of regular LIHEAP funds authorized under section 2602(b) of Public Law 97-35 (42 U.S.C. 8621(b)).

(2) Grantees must include the uses of leveraging incentive funds in their LIHEAP plans (referred to in section 2605(c)(1)(A) of Public Law 97-35 (42 U.S.C. 8624(c)(1)(A)) for the fiscal year in which the grantee obligates these funds. Grantees must document uses of leveraging incentive funds in the same way they document uses of regular LIHEAP funds authorized under section 2602(b) of Public Law 97-35 (42 U.S.C. 8621(b)). Leveraging incentive funds are subject to the same audit requirements as regular LIHEAP funds.

(k) *Period of obligation for leveraging incentive funds.* Leveraging incentive funds are available for obligation during both the award period and the fiscal year following the award period, without regard to limitations on carryover of funds in section 2607(b)(2)(B) of Public Law 97-35 (42 U.S.C. 8626(b)(2)(B)). Any leveraging incentive funds not obligated for allowable purposes by the end of this period must be returned to the Department.

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