

Admin Essential Series

Matching Funds or Cost Sharing



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LSU Health
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School of Allied Health Professions

Overview

- The terms cost sharing, in-kind, and matching can be used interchangeably.
- Cost sharing: occurs whenever any portion of project costs is provided at the non-federal entity's expense rather than at the expense of the sponsor.
- In-kind: is a non-cash contribution of a good or a service, provided by the non-federal entity or by non-federal third parties.
- Non-Federal Match: portion of the total costs of the program provided by the non-federal entity in the form of in-kind donations and/or cash match received from third parties or contributed by the non-federal entity.



Matching Funds

- The cash match is counted when spent on allowable program cost, not when received.
- Labor is counted when time and effort is provided to perform activities for the program/project.
- In-kind is counted when the services are provided or when the donated goods are used. In-kind is a gift of goods or services



Regulations – Matching Funds

- The regulations that guide the use of federal funds also apply to non-federal share resources that are used as match. These regulations are known as the cost principles, and they outline which costs are allowable and unallowable. These cost principles are now incorporated into the new Uniform Guidance regulations developed by the Office of Management and Budget and adopted by the Department of Health and Human Services in the code of federal regulations 45 CFR Part 75. The new Uniform Guidance replaces all previous federal fiscal regulations and combines them in one unified regulatory document. You can find the cost principles within the Uniform Guidance, subpart E of the code of Federal regulations 45 CFR Part 75.400



Allowable Cost

- To be allowable, all cost including those covered by non-federal share resources, must be **reasonable, allocable, and adequately documented**.
- **Reasonable**
 - Recognized as ordinary and necessary
 - Is comparable to market prices
 - Meets sound business practices and arm's length bargaining
 - Is prudent in light of circumstances
 - Meets established cost practices and is consistently applied
- **Allocable**
 - Are chargeable and assignable
 - Beneficial and distributed using reasonable methods
 - Necessary to the award
- **Adequately Documented**
 - Are verifiable from the non-federal share entities records



Examples of Cost Sharing/In-kind/Matching Funds

1. Portion of the federal project paid for by the organization
2. Value of third party donations of property contributed to the project

Donated property from third parties may include such items as equipment, office supplies, laboratory supplies, and education/classroom supplies. Value assessed to donated property include in the cost sharing or matching share must not exceed the FMV of the property at the time of the donation.

3. Volunteer services

Provided by a third-party professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral an necessary part of an approved project or program. Rates for third-party volunteer services must be consistent with those paid for similar work by the non-federal entity.

4. Difference between the negotiated indirect cost rate for an organization a lower predetermined indirect rate.

Unrecoverd I/C including I/C on cost sharing or matching may be included as part of cost sharing or matching. Unrecovered I/C means the difference between the amount charged to the federal award and the amount which could have been charged to the federal award under the non-federal entity's approved negotiated indirect cost rate.



Fiscal Management

Documenting the Match

Must benefit the program and be allowable under the cost principles

Must be verifiable from the grantee's records including the source and application of cash match, services received, and donations of supplies and equipment

Of volunteer time, must include the establishment of a wage scale based upon the grantee agency's internal scale or prevailing wages in the area and be documented via time sheets

Of supplies and/or equipment, should include a copy of a receipt issued to the donor with a description of the item, an estimate of the current FMV, the date received, and signatures of the donor and the recipient

Of cash, are only recognized as a match when the funds are expended on allowable purchases.

Valuing Donated Supplies

Third-party donations of supplies can be valued at their current FMV of the supplies, as determined by the agency using sources such as the guide by the IRS.



Fiscal Management

Valuing Volunteer Time

To be counted as an in-kind donation:

The volunteer's time must not be paid under another federal grant

The services would have to be allowable cost that would be purchased from a consultant or other individual or provided by salaried personnel

The duties of the individual must be controlled by the agency (non-federal entity)

The value of the service provided by the individual must be measurable and material

The value must be based upon the service provided by the individual

Consultants and others may provide services to a program at a reduced rate, and the difference between the reduced rate and the amount normally charged may be used as in-kind



Fiscal Integrity

Things to consider:

1. Was the cash expended for allowable cost necessary and reasonable for the operation of the project/program?
2. Has the grantee established that the claimed match is not from funds paid by the Federal Government under another award or funds were not used to match other federal funds?
3. Does the grantee administer other programs that require a match?
4. How did the grantee establish the donation has not been counted toward a match for another program?
5. For cash matches, was the cash counted as match when expended and not when received?
6. Did authorizing legislation allow the funds to be used as match?
7. How was value established and is it reasonable?
8. Is the rate consistent with those rates paid for similar services in the recipient's organization or the employees' regular rate of pay (for services provided by the employee of another organization), for services not found within the recipients organization, consistent with the rates paid for similar services in the local labor market?
9. For donated services, is the nature and duration of the activity, service date, location in which the services was performed, and volunteer signature included in the documentation?
10. For donated space, is the claimed value supported by a current appraisal performed by a licensed independent appraiser?
11. Is the rate consistent with those rates paid for similar services in the recipients organization or, for services not found within the recipients organization, consistent with the rates paid for similar services in the local labor market?
12. Is the amount of time spent on performing the activities reasonable?

