

MATCHING FUNDS

Matching funds are raised from non-federal outside sources to increase the level of support provided by the funding agency. Such funds must be identified by the donor or funding source for use as matching funds. Examples of in-kind contributions are non-employee volunteer labor, donation of advertising space, or meeting facilities, or performance of services at a reduced cost.

Basic Guidelines

1. Matching share (or “cost sharing”) represents that portion of total project or program costs not borne by the Federal Government. Cash or in-kind (non-cash) matching share may consist of:
 - a. Charges incurred by the grantee as costs during the grant period.
 - b. Costs financed with cash contributed or donated to the grantee by other nonfederal third parties.
 - c. Costs represented by services and real and personal property, or use of these, contributed or donated by nonfederal third parties during the grant period. Where in-kind contributions are made by the Federal Government, they may be included in the grantee’s matching share only if the Federal legislation authorizes such inclusion.
2. All contributions, whether cash or in-kind will be accepted as an eligible part of the grantee’s matching share when such contributions meet all of the following criteria:
 - a. Are verifiable from the grantee’s records;
 - b. Are not included as matching contributions for any other federally assisted program or any Federal contract (i.e., are not double counted);
 - c. Are necessary and reasonable for proper and efficient accomplishment of approved grant objectives;
 - d. Are incurred and contributed within the grant period;
 - e. Are types of costs which are allowable under the applicable Federal cost principles;
 - f. Are not paid by the Federal Government directly or indirectly under another assistance agreement unless authorized by Federal law to be used for cost sharing or matching;
 - g. Are provided for in the approved grant agreement.

Guidance on Costs

Recipients of assistance awards are expected to use the assistance funds for the purposes for which they were awarded, subject to any conditions that may attach to the award.

1. Any cost being charged to a grant must satisfy the following criteria: The cost must be **ALLOWABLE** as defined by the terms and conditions of your particular award and by the cost principles associated with your entity (Circular A-87 for state and local governments, Circular A-21 for educational institutions and Circular A-122 for non-profit entities).

MATCHING FUNDS

2. The cost must be **ALLOCABLE**, that is, the project which paid the expense must benefit from it.
3. The expense must be **REASONABLE**, that is, the cost reflects what a “prudent person” might pay.
4. **Consistent Application and Treatment** – costs must be consistent with policies and procedures that apply.

If costs are not allowable, allocable and reasonable, then they may NOT be charged to a project. Costs must also be ***authorized and legal – not prohibited under state or local laws or regulations.***

The standards for allowability are: ***Allocable*** – treated consistently with other costs incurred for the same purpose in like circumstances and meets one of the following criteria: ***Incurred*** specifically for the award; ***Benefits*** both the award and other work and can be distributed in reasonable proportion to the benefits received; ***Necessary*** to the overall operation of the organization.

Allowability

General principles for establishing the allowability of matching share are as follows:

1. Either cash or in-kind contributions of goods, property, services, or combinations of these, can qualify for and meet matching share requirements when the criteria of Section C (above) are met.
2. In-kind contributions must be fairly valued and must be of such nature that, if the Federal share had been used to pay for the contribution, the grantee would have incurred and allowable costs. In-kind contributions are eligible only to the extent that they represent actual necessary costs for which Federal funds could be applied for project or program objectives. Any grant funds applied in excess of actual cost would constitute an unallowable profit to the grantee or subgrantee.
3. Following grant approval, all cash and in-kind contributions, including those applicable to subgrantees or subcontractors, must be recorded as grant costs when the in-kind services or goods are performed or received. Records, including required supporting documentation, of in-kind services performed or goods received must be maintained on a current basis.
4. Grantees may choose to contribute matching share in excess of the minimum required 50 percent as part of the grant application. Each subgrant need not be matched on a 50-50 basis as long as the total grant to the State is matched at the required rate during the approve grant period; i.e., grantees may aggregate or “pool” matching share contributions from individual projects so long as the total costs incurred during the fiscal year are at least 50 percent matching share.
 - a. The nonfederal share including any overmatch is subject to audit, as in the Federal share.

MATCHING FUNDS

- b. The basis for determining the matching share charges for personal services, material, equipment, indirect costs, buildings, and land must be documented.

Valuation of In-Kind Contributions

In-kind contributions will be valued at the actual costs incurred in accordance with the cost principles for determining costs.

Valuation of In-kind Contributions from Non-federal Third Parties

1. **Valuation of Volunteer Services.** Volunteer services may be furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. Volunteer services may be counted as matching share if they are an integral and necessary part of the approved work.
2. **Rates for Volunteer Services.**
 - a. Volunteer services charged to the grant must be such as will make a meaningful and desirable contribution. Volunteers must possess the required qualifications in the skill or professional involved, and must actually perform that specific work. Rates claimed for volunteer services must be consistent with those regular rates paid for similar work in other activities of the State Government. In those instances in which the skills required for are not found in the State Government, rates used must be consistent with those paid for similar work in the labor market in which grantee competes for the kind of services involved.
 - b. If a volunteer performs services outside his profession or trade, this volunteer time must be valued at the Federal minimum wage rate unless a higher rate can be documented as applicable.
 - c. The use of volunteer services must be documented by the same methods used by the grantee, subgrantee, or other third party for its own employees, although stricter accountability standards may be agreed to by the grantee and third parties.