HEAD START NON-FEDERAL IN-KIND

April 6 & 7, 2009
Chicago, Illinois

TRAINING DEVELOPED AND PRESENTED BY:

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Head Start Non-Federal In-Kind

Presenter: John Hemming                                    Chicago, IL • April 6 & 7, 2009

EVALUATION FORM

Name (Optional) ________________________________ Position ________________________________

☐ Yes! Please contact me regarding: ☐ IT ☐ HR ☐ Training ☐ Audit ☐ Other ____________________

Phone: ________________________________ Email: ________________________________

Type of your organization: ☐ NPO ☐ GOV ☐ CPA ☐ Other ________________________________

PLEASE RATE THE TRAINING

A. Usefulness of the materials including relevance to the training: 5 4 3 2 1
B. Presentation skills of discussion leader: 5 4 3 2 1
C. Knowledge of the discussion leader: 5 4 3 2 1
D. Overall satisfaction with this training: 5 4 3 2 1
E. The training was most helpful to me in the following areas:
__________________________________________________________________________________

F. If I could change this training, I would… (please suggest alternatives that could improve the value of this training):
__________________________________________________________________________________

G. What are the major issues in your organization that you need to address now?
__________________________________________________________________________________

H. Why did you attend this training?
__________________________________________________________________________________

I. Additional training comments?
__________________________________________________________________________________

J. “Quick Quote” - Overall reaction to this workshop experience:
__________________________________________________________________________________

May we use your quote, name, title, and company in our marketing materials?  ☐ Yes ☐ No

CPA’S ONLY, PLEASE TURN OVER TO ANSWER QUESTIONS 1-9 FOR CPA CPE CREDIT.
EVERYONE, PLEASE TURN OVER TO RATE THE HOTEL.
<table>
<thead>
<tr>
<th>Question</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Were the stated learning objectives met?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. If applicable, were prerequisites appropriate?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Were program materials accurate?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Were the program materials relevant and did they contribute to the achievement of the learning objectives?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Was the time allotted to the learning activity appropriate?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. If applicable, were individual instructors effective?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Were facilities and/or technological equipment appropriate?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Were the handout or advance preparation materials satisfactory?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Were the audio and video materials effective?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*We appreciate your comments!*
Purpose and Goal

Purpose

• Understand why in-kind is required
• Understand what is allowable in-kind
• Understand how to value in-kind

Goal

• Help agencies understand and comply with in-kind requirements
Head Start Non-Federal In-Kind

Our Agenda

- General In-kind
- Space
- Volunteers
- Other In-Kind
- Problems & Solutions
- Waivers

Your Agenda

What would you like
to discuss today?
**Head Start Non-Federal In-Kind**

Your Agencies

What types of In-Kind have been disallowed in the past?

Why?

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Acceptable In-Kind?

HEAD START PROGRAM
GRANT NO. _________

State

SCHEDULE E - QUESTIONED COSTS
For the Year Ended August 31, 1983

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Program</th>
<th>Category</th>
<th>Amount</th>
<th>Reason Questioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Full-Year, Part-Day</td>
<td>Nonfederal Other</td>
<td>$35,620</td>
<td>This amount represents 52 grave plots donated to the grantee. The Grave plots, which were valued at $685 each, do not appear to be of benefit to the Head Start Program. Also, the grantee does not have independent third party appraisals to support the value claimed for the grave plots.</td>
</tr>
</tbody>
</table>
Head Start Non-Federal In-Kind

General

Reasons For Non-Federal In-Kind
- Required by the Head Start Act – Signed into law in 1964.
- Local community participation in the Head Start Program

Background
- Head Start Act - 42 USC Chapter 105, Subchapter 9835
- Head Start Program Regulations - 45 CFR 1301.20
- Health and Human Services Administrative Regulations - 45 CFR 74.23 (Non-profit organizations); 45 CFR 92.24 (Units of government)
Head Start Non-Federal In-Kind

**General**

**Definitions**

“Cost sharing or matching means that portion of project or program costs not borne by the Federal Government.”

(45 CFR 74.2)

“Third party in-kind contributions means the value of non-cash contributions provided by non-Federal third parties. Third party in-kind contributions may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefitting and specifically identifiable to the project or program.”

(45 CFR 74.2)

**45 CFR 74.2 is included in the back of your materials**

**Basics**

- Costs that are reasonable and necessary to a Head Start program from a non-Federal source, in accordance with an approved application and component plans – required to disclose your sources of non-federal share in your application
- Non-Federal in-kind costs are no different than costs charged to the Federal share (Would your agency pay out of Federal funds for those items that you are claiming as non-Federal share? And, would you pay the amount in cash that you are claiming as non-Federal share?)
### Head Start Non-Federal In-Kind

#### General

**Criteria for Acceptable Non-Federal In-Kind**

- Are verifiable from the recipient’s records
- Are not included as a cost or match to any other Federally-funded program necessary and reasonable for accomplishment of program objectives
- Are allowable under grant conditions and cost principles – OMB Circular A-122

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**Criteria for Acceptable Non-Federal In-Kind - Cont’d**

- Are not financed by any other Federal program, unless authorized by Federal statute – *there are 2 exceptions to this*
- Are provided for in the approved component plan/budget
- **Benefits** the program *during the project period.*
Head Start Non-Federal In-Kind

Review Time

• What 2 words should you remember when thinking of in-kind?

• What are the 7 regulatory requirements regarding in-kind?

General

Computing

Federal $’s = $1,000,000 = 80%
Non-Federal = $ 250,000 = 20%
Total Funding = $1,250,000 = 100%

20% of Total Funding OR 25% of Federal Funding.

Easy Equation:
For every $1 you spend of Federal Funds, you must have $.25 non-federal match.
Head Start Non-Federal In-Kind

General

Reasons for Accounting for all Non-Federal In-Kind

• To be able to match additional funding (expansion, one-time, etc.)
• To replace some in-kind that is later questioned or disallowed

General

Consequences of Not Meeting In-Kind Requirements

• Repayment of Federal funds expended, that were not properly matched
• Reduction in future Head Start funding, if unable to provide sufficient non-Federal share
• Inability to qualify for expansion or one-time funding
Head Start Non-Federal In-Kind

Main Issues for All Head Start In-Kind

- **Benefit** to an approved Head Start Activity

- **Value**

Three Main Types of In-Kind

- Donated use of space
- Volunteers
- All other
**Head Start Non-Federal In-Kind**

### Use of Space

- Fair market value
- Appraisal – required by regulations – rule of thumb update every 3-5 years
- Include everything being donated (utilities, maintenance, playground, lunchroom, etc.)
- Part donated and part paid – document part of space donated

### Appraisals

**45 CFR 74.23(h)(3)**

“(3) The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.”

NOTE: “…independent appraiser (e.g., certified real property appraiser or General Services Administration representative)” – NOT a real estate agent
Head Start Non-Federal In-Kind

Volunteers

Requirements

• Services provided
• Qualifications
• Rate comparable to paid employees
• Fringe benefits
• Documentation

**Responsibility should be on classroom staff not fiscal**

Volunteers

45 CFR 1306.20 Program Staffing Pattern

“(c) Grantees operating center-based program options must employ two paid staff persons (a teacher and a teacher aide or two teachers) for each class. Whenever possible, there should be a third person in the classroom who is a volunteer.”

45 CFR 1306.22 Volunteers

“(a) Head Start programs must use volunteers to the fullest extent possible. Head Start grantees must develop and implement a system to actively recruit, train and utilize volunteers in the program.

(b) Special efforts must be made to have volunteer participation, especially parents, in the classroom and during group socialization activities.”

45 CFR 1304.3

“Volunteer means an unpaid person who is trained to assist in implementing ongoing program activities on a regular basis under the supervision of a staff person in areas such as health, education, transportation, nutrition, and management.”
Head Start Non-Federal In-Kind

Volunteers

Documentation

• Donated Time
  • Volunteer’s name.
  • The dates, including year, the volunteer provided services.
  • The duration of time of services the volunteer provided to the program.
  • The volunteer’s supervisor’s signature.
  • The volunteer’s signature.
  • The volunteer activity.
  • The rate applied to this activity.
  • Total valuation for the time period.

Source: Head Start Fiscal Assistant

Summary of Volunteer Services
Sample Form

(Month/Year)  Summary of Volunteer Services
Provided to  (Classroom/Center)

<table>
<thead>
<tr>
<th>Date</th>
<th>Volunteer Name &amp; Address</th>
<th>Hours Donated</th>
<th>Services Provided</th>
<th>Signature</th>
</tr>
</thead>
</table>

*Please indicate any special qualifications that benefited the Head Start Program

Staff Signature ________________________________
**Head Start Non-Federal In-Kind**

**Volunteer – Rate Calculation**

**Are you maximizing your rate calculation?**

**Basic Calculation**

- Base Rate - $10.00 X 2,080 = $20,800
- Fringe Rate – 25% X $20,800 = $5,200
- Total Compensation $26,000
- Rate per hour - $26,000/2,080 = $12.50

**Do your employees have holiday, vacation and sick time benefits?**

**Adjust your rate accordingly!!!**

- Total hours per year (40 hours, 52 weeks) = 2,080
- Average holiday, vacation and sick hours used during the year = 216
- Actual hours working (2080-216) = 1,816
- Adjusted rate per hour - $26,000/1,816 = $13.95
Head Start Non-Federal In-Kind

Volunteers

Board & Policy Council
Head Start Reauthorization (December 12, 2007)
• Members of governing body shall not receive compensation for serving on the governing body or for providing services – there is an exception for units of government
• Members of the policy council shall not receive compensation for serving on the policy council or for providing services

Requirements for non-federal share
• Program costs not borne by the federal government
• Costs that are reasonable and necessary
• Costs that are allowable under the cost principles
• Valuation based on the amount the Head Start program would have paid for the services

Parent Time
“Allowability of parent volunteer time is based upon whether the parent is giving a service to the grantee or receiving a service from the grantee. For example, time spent by parents in special programs such as literacy is unallowable because the parent is not providing a service to the program. Time spent by a parent working in the classroom is allowable because a service is being provided to the program.”

Source: Head Start Fiscal Assistant
**Reduced Rates**

“Consultants and other individuals may provide their services to a program at a reduced rate. The difference between this reduced rate and the amount normally charged by the individual may be used as in-kind. The grantee should have a written agreement with the individual, which will document the reduction, and documentation should be maintained of the services provided. This may be in the form of an invoice or other grantee developed form.

Source: Head Start Fiscal Assistant

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**Home Visits in a Center-Based Program**

“The time that parents are involved in a home visit for a Center Based program can be allowed based upon the determination that the activity is required by Head Start performance standards. It can also be determined to be not allowable based on the reasoning that the parent is the recipient of the service being provided during the visit and not providing a service to the program.”

Source: Head Start In-Kind Chapter from ACF Staff Manual
# Head Start Non-Federal In-Kind

## Policy Clarifications Relating to In-Kind

<table>
<thead>
<tr>
<th>A-003</th>
<th>Staff in-kind – yes but calculation for time gets tricky</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-004</td>
<td>Grantee owned facility as in-kind – depreciation or use allowance</td>
</tr>
<tr>
<td>A-006</td>
<td>In-kind activities in the home – written plan or part of curriculum</td>
</tr>
<tr>
<td>A-013</td>
<td>Valuing parent volunteer time (D-006) – equal to cost of employee</td>
</tr>
<tr>
<td>A-014</td>
<td>Grantee owned land as in-kind (H-002) – amortized</td>
</tr>
<tr>
<td>A-022</td>
<td>Describing volunteer activities (D-013, G-006, J-007)</td>
</tr>
<tr>
<td>A-023</td>
<td>Donating clothing – sent home no – used in classroom yes</td>
</tr>
<tr>
<td>A-033</td>
<td>Walking children to school as in-kind (D-019, L-014) - no</td>
</tr>
<tr>
<td>A-034</td>
<td>Combining HS/EHS for admin limit and in-kind – include all</td>
</tr>
<tr>
<td>A-038</td>
<td>Blended state funding as in-kind – yes but not tied to fed. funds</td>
</tr>
<tr>
<td>A-040</td>
<td>Home based in-kind activities between visits (D-021) - curriculum</td>
</tr>
<tr>
<td>A-041</td>
<td>Total costs and administrative cost limit – includes all</td>
</tr>
<tr>
<td>A-043</td>
<td>Recording excess in-kind - yes</td>
</tr>
<tr>
<td>A-044</td>
<td>Receipts for purchases donated – reasonably documented</td>
</tr>
</tbody>
</table>

## Policy Clarifications Relating to In-Kind (cont.)

<table>
<thead>
<tr>
<th>A-047</th>
<th>Vendor discounts as in-kind – good shopper is not in-kind</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-048</td>
<td>Including fringe benefits in valuing volunteer in-kind - yes</td>
</tr>
<tr>
<td>A-049</td>
<td>Transportation to group socialization as in-kind - yes</td>
</tr>
<tr>
<td>A-050</td>
<td>Wage comparability differences as in-kind - no</td>
</tr>
<tr>
<td>A-051</td>
<td>Transportation costs of children as in-kind - no</td>
</tr>
<tr>
<td>A-054</td>
<td>State scholarships as in-kind – no it benefits the individual</td>
</tr>
<tr>
<td>A-057</td>
<td>Foster Grandparent volunteers as in-kind – subtract stipend</td>
</tr>
<tr>
<td>A-058</td>
<td>Transporting home-based children to socialization activities as in-kind – yes</td>
</tr>
<tr>
<td>A-059</td>
<td>Books given to children at year end as in-kind – yes</td>
</tr>
<tr>
<td>A-060</td>
<td>Parents having lunch with children as in-kind - no</td>
</tr>
<tr>
<td>A-063</td>
<td>Time spent by Policy Council members in training or conferences as in-kind - yes</td>
</tr>
<tr>
<td>A-075</td>
<td>Special education services provided by local school system – yes</td>
</tr>
<tr>
<td>A-076</td>
<td>Babysitting while Head Start mother is volunteering - yes</td>
</tr>
</tbody>
</table>
**Head Start Non-Federal In-Kind**

**Policy Clarifications Relating to In-Kind (cont.)**

- G-010 – Teaching certificate from another country (J-010) - No
- L-001 – Parent transportation as in-kind - No
- L-002 – Transportation by school district as in-kind – Yes, if meets transportation regulations

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**In Review**

- Is an independent appraiser a real estate agent?
- What are additional areas to classroom space that can be included in the valuation of space?
- A parent comes into the classroom and serves as a teachers aide, is this allowable, and at what rate?
- A dentist charges $10 per child for an exam but usually charges $20 for everyone else, what if any is the in-kind amount?
**Head Start Non-Federal In-Kind**

<table>
<thead>
<tr>
<th>Other In-Kind</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplies</td>
</tr>
<tr>
<td>• Fair market value</td>
</tr>
<tr>
<td>• Used in the program (i.e., not sent home)</td>
</tr>
</tbody>
</table>

**Other In-Kind**

**Transportation ACF-PI-HS-07-04**

"TO: Head Start and Early Head Start Grantees and Delegate Agencies

SUBJECT: Allowability of Parent Transportation as Non-Federal Share

INSTRUCTION: The purpose of this Program Instruction is to provide grantees with information on what constitutes allowable non-federal share, particularly with regards to the transportation of Head Start children to and from the Head Start center.

BACKGROUND: On May 25, 2007, the President signed Public Law 110-28. There are two provisions in this law that impact Head Start programs.

The first is that it mandates that the requirements of Section 1310.12(a) of title 45, Code of Federal Regulations shall take effect 30 days after the date of enactment of this Law. Section 1310.12(a) is that part of the Head Start Transportation Regulation that specifies the types of vehicles that must be used by those Head Start agencies that provide transportation services when transporting enrolled children to and from the Head Start center. This provision was initially to have taken effect on January 18, 2006 but its implementation had been deferred. It will now take effect on June 24, 2007.

The second provision, in effect, establishes a third type of vehicle that can be used to transport Head Start children. Specifically, it allows a vehicle that meets all of the specifications of an Allowable Alternate Vehicle except those “relating to Federal seat spacing requirements, and Federal supporting seating requirements related to compartmentalization” to be used for Head Start transportation. This provision further requires the Secretary to consider the findings of a study currently underway by the Department of Transportation on occupant protection on Head Start transit vehicles and to “revise as necessary the allowable alternate vehicle standards described in part 1310 (or any corresponding similar regulation or ruling) relating to allowable alternate vehicles used to transport children for a Head Start program."
“Non-Federal Share

The implementation of 45 CFR Part 1310.12(a), as discussed above, requires that each agency providing transportation services must ensure that children enrolled in its program are transported on a school bus, an allowable alternative vehicle, or a vehicle as described above (i.e. a vehicle which meets all the specifications of an allowable alternate vehicle except seat spacing). This means that any Head Start agency providing transportation services can not, as of June 24, 2007 provide such services in an automobile, minivan or any other non-compliant vehicle. Head Start funds can not be used to cover the costs of any transportation that is not in a compliant vehicle and, therefore, Head Start grantees cannot claim as non-federal share any costs incurred in transporting Head Start children who are not being transported in compliant vehicles. The costs incurred by parents in transporting their children to and from a Head Start center will no longer be able to be counted as non-federal share. (While OHS encourages all programs to consider providing transportation services to its enrolled children, nothing in this Program Instruction is intended to suggest that parents, at their own discretion, can no longer transport their children to or from the Head Start center.)

OHS understands that many grantees have relied on parent transportation to generate part of their non-federal share. Each OHS Regional Office has been instructed to work closely with any grantee that will be impacted by this change and to explore appropriate options for finding alternative sources of non-federal share. Grantees are encouraged to seek non-federal share support from their community and to seek collaborative arrangements with State Pre-K programs that could provide non-federal resources to the program. Programs are also encouraged to work with their local school districts to explore the school system’s willingness to transport Head Start children, at no or reduced costs, to Head Start centers using school system buses.

Regions will also consider, on a case-by-case basis, giving grantees that are significantly impacted by this change a one year (partial) waiver of Head Start’s non-federal share requirement in order to allow these grantees to work with their community to explore other sources of non-federal share. Such waivers will be granted only when programs can demonstrate they have exhausted all potential sources of non-federal share and will be granted on the condition that during the waiver period grantees will be moving to find ways to meet their required match for their succeeding budget period. OHS does not anticipate granting waivers for more than one year because of this change.

Please direct any questions on this Instruction to your OHS Regional Office.”

Source: ACF-PI-HS-07-04

Fund-Raising

“The time spent by parents on fundraising activities is unallowable as match because fundraising is specifically unallowable under the OMB Cost Principles. However, expenditure of the proceeds is allowable when expended for allowable program costs.”

Source: Head Start Fiscal Assistant
Head Start Non-Federal In-Kind

Other In-Kind

Cash Contributions
In-kind when spent on an allowable cost that is part of an approved Head Start activity.

Other In-Kind

Use of Federal Funds as In-Kind
Federal funds from other programs are allowable match for an ACF program. These determinations are based on specific requirements of ACF programs and language in applicable statutes. Specifically:

1. **USDA funds** are of Federal origin and, therefore, **cannot be counted** as match.

2. Bureau of Indian Affairs - **Indian Self-Determination and Education Assistance Act** (P.L. 93-638, as amended). The Act **authorizes the use of funds for matching purposes** as long as the identified use is specifically related to the approved grant activities.

3. **Development Act of 1974**, P.L. 93-383 **may count as allowable match** for a Head Start program for renovation of a building. The determination is dependent on whether or not the Head Start grant is included as part of the "Community Development Program," as required by the Housing and Community Development Act.

Source: ACF In-Kind Chapter from ACF Staff Manual
Valuing Home-Based Space

“The use of the parent's homes may be valued as in-kind for the time of the home visits and for the time of these specific planned activities between parent and child. The valuation should be based on a general calculation of the hourly portion of monthly housing costs. Example: If rent (or mortgage) and utilities paid by families in a Head Start program are approximately $720 per month, a reasonable rate applied by the program as in-kind match for use of home space could be $720/720 hrs = $1.00 per hour.”

Source: Head Start In-Kind Chapter from ACF Staff Manual

Problems

Monitoring Protocol and Audit Findings Related to Non-Federal In-Kind

- Insufficient in-kind
- Lack of documentation
- Overvaluation of volunteer time
- Lack of appraisals for donated use of third party space
- Unallowable costs (fund-raising, parenting, etc.)
- Improper valuation of space owed by the grantee (actual costs vs. fair market value)
- Sources of in-kind not included in application and approved grant award
- In-kind from previous grant years
**Head Start Non-Federal In-Kind**

**In Review**

- Parents are working with their children during a home visit?
- Parents spending time in a GED program?
- Parents transporting their child to the program for Head Start classes?

**Solutions**

**Solving In-Kind Problems**

- Monitor monthly
- Treat non-Federal in-kind as a “real” cost
- Document all non-Federal in-kind
- Assign responsibility for non-Federal in-kind, and train staff on in-kind
- Include in job descriptions
- Include in-kind in staff evaluation criteria
Head Start Act Section 640

(b) Financial assistance extended under this subchapter for a Head Start program shall not exceed 80 percent of the approved costs of the assisted program or activities, except that the Secretary may approve assistance in excess of such percentage if the Secretary determines that such action is required in furtherance of the purposes of this subchapter. For the purpose of making such determination, the Secretary shall take into consideration with respect to the Head Start program involved—

(1) the lack of resources available in the community that may prevent the Head Start agency from providing all or a portion of the non-Federal contribution that may be required under this subsection;

(2) the impact of the cost the Head Start agency may incur in initial years it carries out such program;

(3) the impact of an unanticipated increase in the cost the Head Start agency may incur to carry out such program;

(4) whether the Head Start agency is located in a community adversely affected by a major disaster; and

(5) the impact on the community that would result if the Head Start agency ceased to carry out such program.

Head Start Regulations

Sec. 1301.21 Criteria for increase in Federal financial assistance.

The responsible HHS official, on the basis of a written application and any supporting evidence he or she may require, will approve financial assistance in excess of 80 percent if he or she concludes that the Head Start agency has made a reasonable effort to meet its required nonfederal share but is unable to do so; and the Head Start agency is located in a county:

(a) That has a personal per capita income of less that $3,000 per year; or

(b) That has been involved in a major disaster.
Why is In-Kind Important?

1. **Reason for In-Kind** – Federal Head Start Act requires local participation.
2. **Cost** – In-kind must be a real cost that benefits the Head Start Programs.
3. **Types** – Three main types of Head Start in-kind:
   1. Donated use of space
   2. Volunteers
   3. Other
4. **Valuation of Volunteers** – Amount the agency would have paid a person to do the work, considering volunteer's skills, including fringe benefits.
5. **Main In-Kind Problem** – Not recording all volunteer time in the classroom.
We love your feedback!

Don’t forget to turn in your evaluation as you leave.

Thank you!
Sec. 74.23 Cost sharing or matching.

(a) To be accepted, all cost sharing or matching contributions, including cash and third party in-kind, shall meet all of the following criteria:

(1) Are verifiable from the recipient’s records;

(2) Are not included as contributions for any other federally-assisted project or program;

(3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives;

(4) Are allowable under the applicable cost principles;

(5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching;

(6) Are provided for in the approved budget; and

(7) Conform to other provisions of this part, as applicable.

(b) Unrecovered indirect costs may be included as part of cost sharing or matching.

(c) Values for recipient contributions of services and property shall be established in accordance with the applicable cost principles. If the HHS awarding agency authorizes recipients to donate buildings or land for construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching shall be the lesser of:

(1) The certified value of the remaining life of the property recorded in the recipient’s accounting records at the time of donation; or

(2) The current fair market value. However, when there is sufficient justification, the HHS awarding agency may approve the use of the current fair market value of the donated property, even if it exceeds the certified value at the time of donation to the project.

(d) Volunteer services furnished by 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 and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work in the recipient’s organization. In those instances in which the required skills are not found in the recipient’s organization, rates shall be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, fringe benefits consistent with those paid that are reasonable, allowable, and allocable may be included in the valuation.

(e) When an employer other than the recipient furnishes the services of an employee, these services shall be valued at the employee’s regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid.
(f) Donated supplies may include such items as expendable property, office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to donated supplies included in the cost sharing or matching share shall be reasonable and shall not exceed the fair market value of the property at the time of the donation.

(g) The method used for determining cost sharing or matching for donated equipment, buildings and land for which title passes to the recipient may differ according to the purpose of the award, if paragraph (g)(1) or (2) of this section applies:

1. If the purpose of the award is to assist the recipient in the acquisition of equipment, buildings or land, the total value of the donated property may be claimed as cost sharing or matching.

2. If the purpose of the award is to support activities that require the use of equipment, buildings or land, normally only depreciation or use charges for equipment and buildings may be made. However, the full value of equipment or other capital assets and fair rental charges for land may be allowed, provided that the HHS awarding agency has approved the charges.

(h) The value of donated property shall be determined in accordance with the usual accounting policies of the recipient, with the following qualifications:

1. The value of donated land and buildings shall not exceed its fair market value at the time of donation to the recipient as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the recipient.

2. The value of donated equipment shall not exceed the fair market value of equipment of the same age and condition at the time of donation.

3. The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

4. The value of loaned equipment shall not exceed its fair rental value.

(i) The following requirements pertain to the recipient’s supporting records for in-kind contributions from third parties:

1. Volunteer services shall be documented and, to the extent feasible, supported by the same methods used by the recipient for its own employees, including time records.

2. The basis for determining the valuation for personal service, material, equipment, buildings and land shall be documented.
Sec. 92.24 Matching or cost sharing.

(a) Basic rule: Costs and contributions acceptable. With the qualifications and exceptions listed in paragraph (b) of this section, a matching or cost sharing requirement may be satisfied by either or both of the following:

1. Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by others cash donations from non-Federal third parties.

2. The value of third party in-kind contributions applicable to the period to which the cost sharing or matching requirements apply.

(b) Qualifications and exceptions.

1. Costs borne by other Federal grant agreements. Except as provided by Federal statute, a cost sharing or matching requirement may not be met by costs borne by another Federal grant. This prohibition does not apply to income earned by a grantee or subgrantee from a contract awarded under another Federal grant.

2. General revenue sharing. For the purpose of this section, general revenue sharing funds distributed under 31 U.S.C. 6702 are not considered Federal grant funds.

3. Cost or contributions counted towards other Federal costs-sharing requirements. Neither costs nor the values of third party in-kind contributions may count towards satisfying a cost sharing or matching requirement of a grant agreement if they have been or will be counted towards satisfying a cost sharing or matching requirement of another Federal grant agreement, a Federal procurement contract, or any other award of Federal funds.

4. Costs financed by program income. Costs financed by program income, as defined in 92.25, shall not count towards satisfying a cost sharing or matching requirement unless they are expressly permitted in the terms of the assistance agreement. (This use of general program income is described in 92.25(g).)

5. Services or property financed by income earned by contractors. Contractors under a grant may earn income from the activities carried out under the contract in addition to the amounts earned from the party awarding the contract. No costs of services or property supported by this income may count toward satisfying a cost sharing or matching requirement unless other provisions of the grant agreement expressly permit this kind of income to be used to meet the requirement.

6. Records. Costs and third party in-kind contributions counting towards satisfying a cost sharing or matching requirement must be verifiable from the records of grantees and subgrantee or cost-type contractors. These records must show how the value placed on third party in-kind contributions was derived. To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocability of regular personnel costs.

7. Special standards for third party in-kind contributions.

   i. Third party in-kind contributions count towards satisfying a cost sharing or matching requirement only where, if the party receiving the contributions were to pay for them, the payments would be allowable costs.
(ii) Some third party in-kind contributions are goods and services that, if the grantee, subgrantee, or contractor receiving the contribution had to pay for them, the payments would have been an indirect costs. Costs sharing or matching credit for such contributions shall be given only if the grantee, subgrantee, or contractor has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of the contributions.

(iii) A third party in-kind contribution to a fixed-price contract may count towards satisfying a cost sharing or matching requirement only if it results in:

(A) An increase in the services or property provided under the contract (without additional cost to the grantee or subgrantee) or

(B) A cost savings to the grantee or subgrantee.

(iv) The values placed on third party in-kind contributions for cost sharing or matching purposes will conform to the rules in the succeeding sections of this part. If a third party in-kind contribution is a type not treated in those sections, the value placed upon it shall be fair and reasonable.

(c) Valuation of donated services.

(1) Volunteer services. Unpaid services provided to a grantee or subgrantee by individuals will be valued at rates consistent with those ordinarily paid for similar work in the grantee’s or subgrantee’s organization. If the grantee or subgrantee does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation.

(2) Employees of other organizations. When an employer other than a grantee, subgrantee, or cost-type contractor furnishes free of charge the services of an employee in the employee’s normal line of work, the services will be valued at the employee’s regular rate of pay exclusive of the employee’s fringe benefits and overhead costs. If the services are in a different line of work, paragraph (c)(1) of this section applies.

(d) Valuation of third party donated supplies and loaned equipment or space.

(1) If a third party donates supplies, the contribution will be valued at the market value of the supplies at the time of donation.

(2) If a third party donates the use of equipment or space in a building but retains title, the contribution will be valued at the fair rental rate of the equipment or space.

(e) Valuation of third party donated equipment, buildings, and land. If a third party donates equipment, buildings, or land, and title passes to a grantee or subgrantee, the treatment of the donated property will depend upon the purpose of the grant or subgrant, as follows:

(1) Awards for capital expenditures. If the purpose of the grant or subgrant is to assist the grantee or subgrantee in the acquisition of property, the market value of that property at the time of donation may be counted as cost sharing or matching,
(2) Other awards. If assisting in the acquisition of property is not the purpose of the grant or subgrant, paragraphs (e)(2) (i) and (ii) of this section apply:

(i) If approval is obtained from the awarding agency, the market value at the time of donation of the donated equipment or buildings and the fair rental rate of the donated land may be counted as cost sharing or matching. In the case of a subgrant, the terms of the grant agreement may require that the approval be obtained from the Federal agency as well as the grantee. In all cases, the approval may be given only if a purchase of the equipment or rental of the land would be approved as an allowable direct cost. If any part of the donated property was acquired with Federal funds, only the non-federal share of the property may be counted as cost-sharing or matching.

(ii) If approval is not obtained under paragraph (e)(2)(i) of this section, no amount may be counted for donated land, and only depreciation or use allowances may be counted for donated equipment and buildings. The depreciation or use allowances for this property are not treated as third party in-kind contributions. Instead, they are treated as costs incurred by the grantee or subgrantee. They are computed and allocated (usually as indirect costs) in accordance with the cost principles specified in 92.22, in the same way as depreciation or use allowances for purchased equipment and buildings. The amount of depreciation or use allowances for donated equipment and buildings is based on the property's market value at the time it was donated.

(f) Valuation of grantee or subgrantee donated real property for construction/acquisition. If a grantee or subgrantee donates real property for a construction or facilities acquisition project, the current market value of that property may be counted as cost sharing or matching. If any part of the donated property was acquired with Federal funds, only the non-federal share of the property may be counted as cost sharing or matching.

(g) Appraisal of real property. In some cases under paragraphs (d), (e) and (f) of this section, it will be necessary to establish the market value of land or a building or the fair rental rate of land or of space in a building. In these cases, the Federal agency may require the market value or fair rental value be set by an independent appraiser, and that the value or rate be certified by the grantee. This requirement will also be imposed by the grantee on subgrantees.