Match, Leveraged Resources and Program Income

Speakers

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Objectives:

At the end of this webinar, you will be able to:
- Distinguish the differences between matching requirements and leveraged resources
- Correctly value and document match and leveraged resources
- Understand the definition and the different types of program income
- Appropriately account for program income
- Identify grant and reporting requirements for match and program income
Match and Leveraged Resources

SECTION 1: Match

What is Match?

Match/Cost Sharing:
- Additional non-Federal funds expended to support grant objectives when required either by statute or in the Funding Opportunity Announcement (FOA) as a condition of award
- See also 2 CFR 200.306 - Cost sharing or matching
- Must be spent on allowable grant activities
Cost Sharing/Match

How are Grant Costs Covered?

\[ \text{Grant funds from Federal government} + \text{Cash and in-kind contributions from non-Federal sources} = \text{Total Grant Funds} \]

Match Requirements

Match may be required by:

- Statute
- Funding Opportunity Announcement (FOA)
- Grant Agreement

Seven Basic Criteria for Match

- Verifiable
- Not supporting another Federally funded program
- Necessary and Reasonable
- Allowable
- Not paid with Federal funds
- In the budget & allowable
- Conforms to other provisions

2 CFR 200.306(b)
NEW CHANGE!
Non-Federal entities must account for funds used for cost sharing or match when they are expended.

Must spend the contributions on grant activities before it can be counted towards match.

Match Expenditures
Expenditures must be for activities that would be allowable under the grant.

Cash
In-kind

Cash Match
Staff
Equipment & Supplies
Indirect Costs
Donated Space
Other Resources
Match Exclusions

It’s NOT Match if...
- Paid with Federal funds*
- Used as match in another Federal program
- Used for purchase or construction of facilities to house grant activities
- Expenditure of program income
* Unless authorized by program statute

Use of ETA Funds for Matching

2 CFR 200.306(b)(5):
- At this time, none of the Federal statutes for the current programs being administered by ETA specifically allow the use of its funds as match for another Federal program.
- For example, this means that because there is no specific allowance in the YouthBuild authorizing statute, YouthBuild funds may not be used as match in another Federal program.

Unmet Matching

- Compliance with the match request is measured at the END of the grant.
- Applicants must reimburse ETA for the amount of unmet match when the grant is closed.
- Match contributions must be listed on SF-424, Application for Federal Assistance and SF-424A, Budget Information Form.
YouthBuild Requirements

- Calculate match as a percent of the Federal award
  - Cost sharing/matching is a condition of the application
  - Applicants must provide "new cash" or in-kind resources = 25% of the award amount as "matching funds"
  - Additional cost sharing above 25% may be committed as "leveraged funds"
  - Prior investments and Federal resources DO NOT COUNT

SCSEP Requirements

- Calculate match as a percent of the Federal award PLUS the amount of match
  - Cost sharing/matching is a condition of the application
  - Applicants must provide additional "new cash" or in-kind resources of at a minimum of 10% of the total Federal share of costs.
  - Additional cost sharing above 10% may be committed as "leveraged funds"
  - Prior investments and Federal resources DO NOT COUNT

Calculating Match – Using 20% Match as Example

- YouthBuild - Calculate match as a percent of the Federal award
  - Example only: Federal amount = $100,000
  - Percent of award = 20%
  - Calculations:
    - $100,000 x .20 = $20,000 match

- SCSEP - Calculate match as a percent of the Federal award PLUS the amount of match
  - Example only: Federal amount = $100,000
  - Percent of award = 20%
  - Calculations:
    - $100,000 / .80 = $125,000
    - $125,000 - $100,000 = $25,000 match
SECTION 2: Valuing In-kind Contributions

In-kind Contribution Examples

2 CFR 200.306 and 200.434

- Equipment Supplies
- Space

- Equipment and supplies donated for grant use
- Space donated for grant use

Valuation of In-kind Personnel Services

When providing the same services the individual provides for an employer:

VALUE =

individual’s pay rate + fringe benefits + other allocable costs

EXAMPLE:

A lawyer performing legal services for a grant program is valued his/her pay rate (+ fringe, etc) in that capacity
Valuation of In-kind Donations

- **Supplies**
  - Current fair market value at time of donation

- **Loaned Equipment**
  - Current fair rental value

- **Equipment**
  - Current fair market value at time of donation
  - Depreciation

Donation of In-kind Donations

- **Donated Space**
  - Current fair rental value of comparable space established by an independent appraisal in the same locality

- **Valued Donated Buildings & Land**
  - Applicable % of depreciation
  - Current fair market value established by an independent appraiser
  - Based on value of remaining life of the property recorded at time of donation

Valuing Donated Services

2 CFR 200.306 and 200.434

- Services must be integral and necessary to the project or program.
- Donated services must be valued at rates consistent to those paid to a non-Federal entity for similar work.
- Documentation requirements are the same as regular personnel services.

**Third-party Services**

**NON-PROFITS:** If the value of donated services is material and supported by indirect costs, donated services must receive allocable share of indirect costs.
In-kind Contribution Examples

2 CFR 200.306 and 200.434

Personnel Services

Volunteers or paid non-recipient staff

Third Party Services

Services NOT provided by recipients

Non-Cash Contributions

• In PY 2018, a SCSEP grant’s matching requirement is $150,000.
• The grant recipient does not have sufficient cash or other resources to cover its match and finds a local partner who can donate gently used surplus office furniture. The furniture was purchased using non-Federal funds in 2017 for $18,500.
• The furniture has a current fair market value of $11,000 and a depreciated value of $12,400.
• In accordance with the requirements of 2 CFR 200.306 (d), the value of the contribution is the lesser of the two amounts.
• The grant recipient would be able to use the $11,000 value as its one-time contribution and would need to find additional resources for the remaining $139,000 in required match.

Third-Party In-Kind Contributions

• A local social services agency allows the YouthBuild grant recipient to use its office space to train its participants at no charge.
• The valuation of donated space by a third-party must adhere to the Uniform Guidance at 2 CFR 200.306(i)(3).
• The annual fair rental value of comparable space in the same locality, as established by an independent appraisal is $17,000.
• The valuation of the donated space must be assessed again each subsequent year.
• The YB grant recipient must confirm that the space is not currently being paid for with other Federal funds. Proof of a value must be included in the grant recipient files.
ATTENTION

• In-kind contributions must be valued consistent with 2 CFR 200.306 and reconciled on a regular basis to ensure they are fairly evaluated and meet the proportionate share attributable to the grant.

• It is the grant recipient’s responsibility to obtain and retain documentation that identifies valuation process and amounts.

Three Important Rules

1 You must have sufficient documentation to support the computed valuation

2 Contributions must benefit the grant

3 The costs must be allowable

SECTION 3: Leveraged Resources
What are Leveraged Resources?

Leveraged Resources:
• Are not defined in the Uniform Guidance or any related administrative requirements.
• Funds used in coordination with the grant to support the grant’s outcomes.

ETA Requirement:
• All resources used by the recipient to support grant activity and outcomes, whether or not those resources meet the standards required for match.
• They may be provided by the recipient itself or by a third-party.
• Leveraged resources may be paid from Federal and non-Federal funds.

ETA and Leveraged Resources

Grant Resources
come from the Federal government

Leveraged Resources
come from the recipient and other outside sources

NOTE: While match is a type of leveraged resource, NOT all leveraged resources qualify as match.

Leveraging Additional Resources

• Applicants are encouraged to leverage additional resources to supplement grant activities.
• Leveraged resources should be applied towards allowable costs.
SECTION 4: Documentation

Source Documentation

Must include:
- Record of actual costs
- Funding source

Book of accounts:
- All costs recorded
- Automatically included in audits
- Available for oversight monitoring review

Quality/Support
- Same supporting documentation for all costs charged to the grant.

Documenting Third-Party Contributions

Must include:
- Records for all contributions
- Records showing how contributions were valued

Maintaining Records:
- Documentation kept by the recipient or sub-recipient that received the contribution.
- If the sub-recipient relationship ends, the recipient maintains documentation.
IMPORTANT
You must have the same type and extent of financial records to support your match claims as you have for your regular grant expenditures.

This includes:
• Accounting entries
• Source documentation
• Records to support the valuation of the match contribution

Documenting Unexpended/Unrecorded Funds
Funds that were not expended or do not appear in the financial records DO NOT QUALIFY as match.

SECTION 5: Reporting Match And Leveraged Resources
Use the ETA-9130 Form to report match and leveraged resources.

**MUST be reported within the same time period as expended.**

- Must be submitted quarterly to the Federal Project Officer (FPO) by discretionary grantees.
- An opportunity to report other leveraged resources that could not be reported on the ETA-9130 Form.

**SECTION 6: Things to Consider**
Guidance – ETA Programs

• In accordance with 2 CFR 200.306(b)(5), unless specified by Federal statute, cost-sharing or match cannot be “paid by the Federal government under another Federal award.”

• At this time, Federal statues for the current programs being administered by ETA do NOT allow the use of its funds as match for another Federal program.

Guidance – Non-ETA Programs

• Certain Federal programs allow their funds as ‘specified by Federal statute’ to be used as match towards other programs.

• ETA is UNABLE to provide guidance or technical assistance on other Federal agencies’ programs or the use of their funds.

Common Errors

ERRORS
Leveraged resources that are not reported on ETA-9130 Form.
Incorrect valuation of cash and in-kind contributions.
Inadequate documentation of leveraged resources.

REQUIREMENTS
Match and leveraged resources must be on the ETA-9130 Form to count towards the grant.
Consult the Uniform Guidance if you’re not sure how to value a resource.
Keep documentation of equal quality and level of detail for all grant-related expenditures.
Common Errors

**ERRORS**
- Not reporting match concurrently as it is being expended.
- No back up plan when a proposed match source doesn’t materialize.

**REQUIREMENTS**
- Always report match and leveraged resources as they are earned or expended.
- Always keep an eye out for new sources of leveraged resources.

Closeout

**MATCH**
If match requirements are not met based on statute or regulation:
- Federal share is proportionally reduced
- Shortfall may affect future award potential
- When match is not required, there are more options for settling shortfalls.

**LEVERAGE**
- No formal penalty.
- May affect future funding.

Total match (recipient share) required must be reported on the ETA-9130 Form under line 10j. All match and leverage resources expended are reported on line 10k.

Knowledge Check
Question 1

When match is required on a grant, the Funding Opportunity Agreement (FOA) contains important information about specific match requirements.

True or False

Question 2

Letters of intent and undocumented assurances are considered adequate sources of documentation for match or cost sharing.

True or False

Question 3

Recipients of grants that DO NOT require match should leave line 10j – Total Recipient Share Required, of the ETA-9130 Form blank.

True or False
Key Takeaways – Match & Leveraged Resources

Section 1: Match
- Match/Cost Sharing
- Match Expenditures
- Cash Match
- Match Requirements and Exclusions
- Unmet Matching

Section 2: In-kind Contributions and its Evaluation
- In-kind Contribution Examples
- Valuation of in-kind Personnel Services and Donated Space

Section 3: Leveraged Resources
- Leveraged Resources vs. Match
- Leveraged Resources Examples and Sources

Section 4: Documentation
- Source Documentation
- Third-party Contributions
- Unexpended/Unrecorded Funds

Section 5: Reporting Match and Leveraged Resources
- ETA-9130 Form
- Quarterly Narrative Progress Report

Section 6: Things to Consider
- Guidance for ETA and non-ETA Programs
- Common Errors
- Closeout

Program Income
SECTION 1: Program Income Basics

What is Program Income?

Program Income
Gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance.

Sources of Program Income

Program income includes, but is not limited to, income from:

- Fees for services performed
- Use or rental of personal and real property acquired under Federal awards
- The sale of commodities or items fabricated under Federal award
- License fees and royalties on patents and copyrights
- Honoraria received for speaking engagements
- Receipts from goods and services including conferences
- Funds in excess of the costs of services provided
- Interest income earned on funds received under WIOA
When assets acquired with the Federal award are used for other purposes, user fees must be charged.

If user fees are charged, these fees are program income.

Program income must be tracked, reported, and spent prior to the use of grant funds, during the life of the grant.

User fees charged for use of property must be no less than the fees private companies charge for equivalent services.

SECTION 2: Using Program Income

Costs that can be charged to program income:

Reasonable, allowable and allocable costs for the respective funding sources.

Allowable Costs

Costs prohibited in Federal, State and/or local statutes, regulations, and other requirements, must not be charged to program income generated by the non-Federal entity.
When to Use Program Income

Program income must be used before requesting cash.

Use First!

Program Income
Cash Payments of Federal Funds

Use of Program Income

Deduction Method
- Default method used.
- Program income deducted from total allowable costs.
- Must be used for current costs unless otherwise authorized.

Addition Method
- Program income added to Federal award.
- Must be treated the same as other Federal funds.
- Used for Federal award purposes.
- Most commonly used for ETA grants.

2 CFR 200.307(e)(1) 2 CFR 200.307(e)(2)

SECTION 3: Reporting, Tracking and Documenting
Reporting Program Income

• ETA financial reports are cumulative
• Must be reported quarterly on the ETA-9130 form
• **SPEND** before requesting new grant funds!

Program income is reported on lines 10m through 10o of the ETA-9130 Form

Program Income:

10m - Total Federal program income earned
10n - Program income expended in accordance with the addition method
10o - Unexpended program income (line m minus line n)

Written Procedures

Written procedures should be developed to outline the procedures for handling receipts from user fees. Procedures should include:

• Determining amounts
• Invoicing
• Collecting amounts due
• Safeguarding receipts
• Depositing receipts
• Ensuring receipts are credited to the proper funding source
Question 1
The documentation and reporting requirements applicable to grant funds also apply to program income.
True or False

Question 2
Program income generated and expended does NOT have to be reported by ETA recipients and subrecipients.
True or False
Question 3

Program income must be returned to DOL if it is earned after the period of availability for allotted funds and after the period of performance for awards.

True or False

Questions?