

**Kansas Department of Health and Environment
Bureau of Community Health Systems
Preparedness Program**

Subject: Match or Cost Sharing Policy

Reference: 45 CFR § 92.24 (Code of Federal Regulations)
Section 319C-1(i)(1)(C) and (D) of the Public Health Service Act, as amended
by the Pandemic and All-Hazards Preparedness Act (P.L. 109-417)

Federal funding provided to preparedness programs requires that each dollar be matched by non-Federal contributions. KDHE is the Awardee of two preparedness program grants – the Hospital Preparedness Program (HPP) and the Public Health Emergency Preparedness Program (PHEP). Match is a term used to refer to a specified percentage of program or project costs that must be contributed by an Awardee in order to be eligible for Federal funding. This requirement may either be stated as a specified or minimum non-Federal percentage of total allowable costs or a maximum Federal percentage of participation in such costs.

Non-Federal contributions may be provided directly or through donations from public or private entities. They may be in cash or in-kind donations, fairly evaluated, and may include plant, equipment, or services. Amounts provided by the Federal government, or services assisted or subsidized to any significant extent by the Federal government, may not be included in determining the amount of such non-Federal contributions.

General Policy

Costs used to satisfy matching requirements are subject to the same policies governing allowability as other costs under the approved budget.

Match must be allowable, allocable and reasonable under the applicable cost principles; and must conform to other provisions of CFR as applicable.

Match requirement is calculated based on Awardees' expenditures of Federal funds, not the awarded amount.

Match must be verifiable from the Awardees' records.

Match must not be reported as contributions for any other project or program.

Match must be for the specific benefit of the program.

Match is subject to audits and financial review; therefore, Awardees must be able to separately account for stewardship of the Federal funds and for any required matching.

In some cases, when Awardees request to carry over unobligated funds from prior year(s), matching funds equal to the new requirement must be on record in the cooperative agreement file, or the Awardee must provide evidence with the carry-over request.

Recording Match

Awardees must maintain records of the match. Awardees' records should clearly show the source of the local matching funds, the amount of the match, and when the match was contributed.

It is not necessary to provide these supporting documents to the funding office, but such records must be produced in the event of an audit or site visit. In addition, Awardees are required to report the amount of local match contributed on the semi-annual Federal Financial Report (Form SF 425).

It is good business practice for an Awardee to provide the required matching or cost sharing in proportion to its expenditure of the Federal dollars awarded.

At a minimum, the rate of expenditure match contribution should be consistent with the nature of the contribution; e.g., if salaries or volunteer services are contributed, they may be credited throughout the period as opposed to a one-time expenditure, such as the purchase of a piece of equipment.

When calculating the value of an in-kind contribution:

- Use fair market value
- What would it cost to obtain a similar good or service
- Review any donation letter or form to ensure the value is reasonable

Please note: The IRS defines **fair market value** as the price that item would sell for on the open market.

Sub-Recipient Tracking and Reporting

Sub-Recipients are asked to be partners in contributing to the match requirement. Prior to the beginning of the grant cycle, Sub-Recipients will be asked to provide an estimate or projection of their estimated costs not supported by grant funds that will be used toward the match requirement. Sub-Recipients will then be asked to provide quarterly updates as to the actual amount of in-kind contributions that have been incurred during the previous quarter. The Sub-Recipient shall use forms provided by the Awardee.

Allowable expenses, not reimbursed by grant dollars may include, but are not limited to: Personnel Costs (salaries, wages, fringe benefits), Travel (mileage, meals, lodging, parking, tolls), Supplies (office, medical, training, and exercise), Equipment (communications, IT), Contractual (personnel, service agreements, rental agreements),

and other items (subscriptions [internet, cellular, telephone], printing, meeting expenses, postage, administrative fees, training, utilities, rent).

Volunteer services are unpaid services provided to a recipient by an individual and shall be valued at rates consistent with the rates normally paid for similar work in the recipient organization. If there is no similar work in the recipient organization, the rate of pay for volunteer services should be consistent with those regular rates paid for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation.

For example: Dr. Smith earns \$100 per hour working as a physician at the ABC clinic. For 20 hours in January 2011, Dr. Smith worked as a volunteer to count pharmaceutical cache stockpiled for the grantee at XYZ hospital. How do you calculate Dr. Smith's 20 hours of effort as in-kind? The paid clerks at the XYZ hospital that are involved in similar work earn \$10 per hour. Therefore, the in-kind for Dr. Smith is calculated as \$10 x 20 hours or \$200. You can't calculate Dr. Smith at \$100 per hour unless his volunteer services were as a physician.

Specific program guidance and reporting documents are attached to this policy.

Reporting Match

KDHE is required to report match on the semi-annual Federal Financial Reports (Form SF 425) for both the HPP and PHEP grants.

KDHE is not required to provide their matching prior to drawing down HHS funds.

KDHE is expected to report match as recorded; not waiting until the end of the project period to report match.

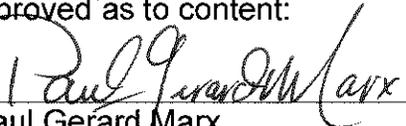
Match should be reported proportional to Federal expenditures.

Noncompliance to Match Requirements

If an Awardee fails to provide some or the entire match required as a condition of award, the grants management office generally will make a downward adjustment in the Federal award amount. Adjusting award amounts, as necessary, if an Awardee fails to meet matching will be based on actual allowable costs chargeable to the award and the value of allowable contributions.

The grants management office may take other enforcement actions affecting the current or future awards to that Awardee.

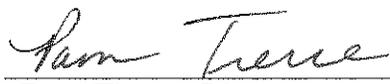
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