

SLFRF - COST SHARING AND MATCH (2 CFR 200.306)

What is cost sharing or matching?

Cost sharing or matching means that portion of project or program costs that are not borne by the funding agency. It includes all contributions, including cash and in-kind, that a recipient makes to an award. If the award is federal, only acceptable non-federal costs qualify as cost sharing and must conform to other necessary and reasonable provisions to accomplish the program objectives. Cost sharing effort is included in the calculation of total committed effort. Effort is defined as the portion of time spent on a particular activity expressed as a percentage of the individual's total activity for the institution. Cost sharing can be audited and must be allowable under cost principles and verifiable to records.

Example of cost sharing or matching:

- Program costs total \$100,000
- Receive \$90,000 in federal award
- Remaining balance (\$10,000) derived from funding designated for the program which can fully fund program

When is Match Required? (2 CFR 200.306(a))

- Via Notice of Funding Opportunity (NOFO), required cost sharing will be noted. See also [§ 200.414](#) and [200.204](#) and [Appendix 1](#) to this part.
- May be percentage (%) or ratio (\$)
- Important to work with leadership and accounting to ensure match availability

Example:

Program Cost: \$100,000

Match requirement: 10%

Match \$ needed: \$10,000

Funding received: \$90,000



General Considerations (2 CFR 200.306(b,c,d,e,f))

- All amounts designated as cost sharing must be verifiable and documented
- To qualify as cost sharing, costs must be reasonable and necessary to accomplish the project
- Failure to secure the required cost sharing may reduce the amount of the grant award, or result in compliance findings
- Indirect Costs not Claimed - Must receive permission
- Must adhere to caps given to using indirect costs
- Indirect costs higher? Awarding entity will allow costs exceeding the cap for cost sharing. 200.326(c)
 - Example: Portion of Program Director's salary that is not funded by other federal or state grant funding could be used as match
- Cash Match - Some state grant programs are allowed to solicit donations, gifts, and contributions. In those cases, the cash fund may be used as .
- Volunteer Hours - Volunteers utilized for training, technical assistance, or other professional roles, those hours may be used as cost sharing. 200.326(e)
- In-kind or Donated Goods - Must determine fair market value of space, land, equipment, or supplies as long as those good directly benefit the program 200.326(d)

Documentation and Tracking

- Value of in-kind or volunteers for match must be credibly established according to fair market value
- The cost of equipment rather than donated could be established
- Written documentation, such as, receipts, written documentation from donor, and/or acknowledgement letter from recipient will suffice for cash donations
- Donor should establish the value and verification of fair market reasonableness is required
- Clear procedures should be established in consultation with accounting staff
- Must document fair market value, time tracking, and internal controls for cash donations

Unallowable Match

- Federal grant funds, unless allowable under federal award
- Unverifiable funds
- Funds not in accordance with Cost Principles
- Any other exclusion noted by the funding entity



Rules to Follow

- Failure to spend minimum match requirements will reduce the amount of grant funds
- Match must be verifiable
- Are not included as match for other federal awards (double dipping)
- Are necessary and reasonable for accomplishment of the program objectives
- Are allowable under [Subpart E of 2 CFR 200](#) - Cost Principles
- Are not funds from another federal award, unless explicitly allowed
- Are detailed in the approved budget submitted to the awarding agency

SLFRF Considerations

There are two ways that SLFRF funding can be used for non-federal match:

- SLFRF funding in Expenditure Category 6.1 Revenue Loss may generally be used to meet the non-federal match requirements of other federal programs. However, SLFRF funds may not be used as the non-federal match for purposes of a state's Medicaid and CHIP programs.
- SLFRF funding that is not in Expenditure Category 6.1 can only be used for non-federal match of other federal programs if it is specifically provided for by statute. For example, IJA provides that SLFRF funds may be used to meet the non-federal match requirements of authorized Bureau of Reclamation projects and certain broadband deployment projects.

