

UCEDD Tip Sheets

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Contents

What is Addressed?	1
Why is this Important?	14
Examples	4-5
Relevant Resources	5
For More Information	5



ASSOCIATION OF UNIVERSITY CENTERS ON DISABILITIES
THE LEADERSHIP, EDUCATION, ADVOCACY & RESEARCH NETWORK



Admin Essentials

Matching Funds or Cost Sharing

What is Addressed in this Tip Sheet?

This tip sheet discusses the logistics of matching funds, cost sharing, or non-federal project funds. These terms are interchangeable. It summarizes a virtual roundtable conversation on the topic held on April 21, 2021 and archived [here](#).

The Admin Essentials series brings together UCEDD directors and business managers with content experts to address pressing administrative challenges. These virtual roundtables provide an opportunity to share resources, troubleshoot challenges, and brainstorm creative solutions to a broad range of administrative topics.

Why is it Important

Matching funds, or cost sharing, are integral parts of the UCEDD Core Grants, as established by The Developmental Disabilities Assistance and Bill of Rights Act of 2000 Subtitle D, §154. Matching funds are typically required for other federal grants, but this tip sheet will focus on the UCEDD Core Grant. While much of the information is generalizable to other grants, you should verify this when applying or reporting.

The DD Act includes the following language about the cost share requirements of the UCEDD Core Grant:

“(d) FEDERAL SHARE.–

1. IN GENERAL.– The Federal share of the cost of administration or operation of a Center, or the cost of carrying out a training initiative, supported by a grant made under this subtitle may not be more than 75 percent of the necessary cost of such project, as determined by the Secretary.
2. URBAN OR RURAL POVERTY AREAS.– In the case of a project whose activities or products target individuals with developmental disabilities who live in an urban or rural poverty area, as determined by the Secretary, the Federal share of the cost of the project may not be more than 90 percent of the necessary costs of the project, as determined by the Secretary.” – The Developmental Disabilities Assistance and Bill of Rights Act of 2000 Subtitle D, §154

To obtain the Core Grant funding, UCEDDs must demonstrate that they can provide the requisite amount of non-federal matching funds. Understanding what can be used for matching funds is essential for successful grant applications and financial reporting. The full Uniform Guidance about cost sharing can be found in [2 CFR §200.306](#). Important requirements include that the funds “are not included as contributions for any other Federal award” and that the funds “are not paid by the Federal Government under another Federal award” unless specifically exempted.

For funds to be allowable, they must be reasonable, allocable, and adequately documented. The biggest overarching parts of the cost sharing process are justifying the matching funds and demonstrating that they came from non-federal sources.

Resources are considered matching funds once they’re spent, rather than received. Matching funds can come either in the form of monetary or in-kind contributions. The two can be used in combination to reach the required rate. Additionally, different federal agencies accept different things as part of the cost-sharing contribution. What works for matching funds for the UCEDD core grant may not work for other federal grants.

Cost sharing or matching means the portion of the project costs not paid by Federal funds (unless otherwise authorized by Federal statute)’ - From Uniform Guidance [2 CFR §200.306](#).

Calculating Your Share

Here is the process for determining what non-federal share your UCEDD is responsible for:

1. Take total amount of federal funds requested and divide by the federal share (for the UCEDD core grant, this would be .75 or .9).
2. Subtract the federal award amount from the number found in step 1.

This is the match amount. Adding the match and the federal funds gives you the total project cost. You can check your numbers by multiplying the total project cost times the match percentage. This should equal the match amount.

For example, the federal share is established at \$577,449 in the [2021 Funding Opportunity Announcement](#). At the 25% cost share requirement, the non-federal share would be \$192,483. At

the 10% cost share requirement, the nonfederal share would be \$64,161. Thus, the total project cost would be either \$769,932 or \$641,610.

Documentation and Different Types of Matching Funds

Cost shares must be approved by the sponsor when submitting the budget. Documentation must be submitted for both cash and in-kind matching funds. Approval requirements for changes to the non-federal share of the budget typically follow the same requirements as the federal share of the budget. As not all funding agencies accept the same types of matches, it is important to check whether the given method is permissible.

Occasionally it's possible to obtain a waiver for matching funds, however, this is rare and requires strong justification. Keep this in mind as an option if you find yourself short on matching funds, but never plan on or expect this.

Lastly, centers can use the difference between their negotiated indirect cost rate, based on the lower predetermined cost rate.

Cost share must be approved by your sponsor. When you submit a budget early on, for the federal dollars, you also have to submit the funds and in-kinds for the match.

In-Kind Contributions

In-kind matching funds are non-cash contributions of goods or services, from either you or a third party. Using in-kinds is often the most difficult way to meet the matching funds requirements due to difficulty valuing or documenting them. They can, however, be useful when there aren't available funds for the cost sharing.

Examples of in-kind cost sharing include salary or benefits for an employee, third-party donations of property (office supplies, equipment, etc.), and volunteer hours. It's particularly important to carefully document in-kind resources used for matching funds and be ready to justify the valuation. You must use the fair, market value of an item. This can be difficult; [IRS Publication 561](#) helps on valuing in-kind donations. It's important to be consistent in valuation within a budget period and revisit the valuation with each new budget. When completing Form 425, there is a section for recording the value of in-kind contributions.

Matching Funds from the University

Cost sharing from University sources can either be monetary or in-kind. Most frequently, it seems that University support for reaching matching funds requirements comes in the form of salary contributions or in-kind. As many UCEDDs have some space or other infrastructure from the University at reduced or no cost, this can be an easy way to identify some in-kind matching funds. State funds through the University might be an option, particularly for Centers located in state universities.

Examples of How Some UCEDDs Meet their Matching Funds Requirements

UCEDDs meet their cost share requirement in a variety of ways:

1. In Puerto Rico, the University pays for janitorial services, accounting, and office space, among other things. The Puerto Rico UCEDD, meanwhile, pays for the electricity, maintenance, phone, and other related costs.
2. At Louisiana State University, the Dean's Office gives a set amount of dollars each budget period. This is used for salary and fringe benefits to help meet the cost sharing requirements.
3. The Puerto Rico UCEDD receives University dollars to contribute to employee salaries. These dollars go towards an accountant and another part-time employee for the center.

Applying for a Reduced Match

For UCEDDs that have the 25% matching fund rate, it is possible to apply for a reduced match rate. Projects with activities or products targeting individuals with developmental disabilities who live in an urban or rural poverty rate. At least 25% of those targeted would have to live in an urban or rural poverty area. For those projects, UCEDDs can get a reduced rate of 10%. A poverty area is defined in the FOA as: "Census tracts or block numbering areas (BNAs) where at least 20 percent of residents are below the poverty level." More in-depth guidance about the application process can be found [here](#).

Important Considerations

The following advice was offered by participants of the roundtable discussion:

1. Pay attention to where funding came from before using it for cost share requirements. Grants or returns on indirect could have originated from federal sources.
2. Don't match more in the budget than the requirement established in the applications. You're held responsible for whatever amount was committed in those documents, even if it was more than what the grant required. Since funding or availability of in-kinds can be unpredictable, it can be risky to commit more than required. Indicating that you have more funds than strictly necessary can also backfire, with other agencies changing their requirements or expectations. If you do end up with "extra" funds, you could then commit those resources to other projects.
3. When the in-kind resources are volunteer hours or pro-bono work, it's prudent to be conservative on the hours estimate, particularly for a new project. It's easier to adjust numbers upward later on than reduce them. For consultants, securing a no-cost MOU can be helpful when valuing and justifying the hours estimate. If the person has existing rates for the services rendered, their cost sheets can be used as cost justification. If they don't have an established rate, grant managers frequently use their university's history of payment and salary to value the work.
4. When submitting grant applications, it's possible to be creative in how you'll meet the matching funds requirements. For example, some have proposed disbursing much of the funding out to partner organizations, essentially 'mini grants.' Under this model, these organizations would assume much of the required cost sharing.

**When you are submitting your budget, it is just an estimate.
So cross your fingers and be conservative about it.**

Difficulties Acquiring Matching Funds

UCEDDs report increasing difficulty obtaining the requisite matching funds. This is particularly true for Centers looking to get in-kind matching funds for physicians' time in a clinical setting. Since hospitals are facing increasing financial stress, there is more reluctance to allow clinicians to donate their time.

Concern about obtaining sufficient matching funds is heightened in difficult economic times. Many centers have reported having to turn down or pass on funding opportunities because of this. While there were no clear answers to addressing this, UCEDDs stressed the importance of ongoing communication with the University and community partners both in good and scarce economic times. Being in continuous talks can help prevent unforeseen matching fund shortfalls and help address them when they do happen. Open dialogue with community partners can also facilitate creative grant application strategies, such as the mini grants previously discussed.

It is very daunting to come up with so many dollars on the nonfederal side, when you have such good plans and hopes for the services that you can provide. Have good dialogue with other partners and your university to develop new and innovative strategies.

What are the Relevant Resources?

- [Roundtable Recording](#)
- [What is Cost-Share or Match?](#)
- URC Documents:
 - [FOAs](#)
 - [Guidance for requesting reduced match](#)
- [IRS publication 561](#)
- [Fiscal Integrity Questions](#)

For More Information

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