

CHAPTER 2-220 MATCHING AND COST SHARING

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2-220-00 What is match?

Some assistance programs require costs to be shared between Federal funds and non-Federal funds. Match is the level of non-Federal support which is required for your program or in your assistance agreement.

2-220-10 What does this chapter do?

This chapter explains match requirements in assistance agreements awarded by us, the Office of Surface Mining Reclamation and Enforcement (OSM), and how you, the recipient, can meet them.

2-220-20 Where do these rules come from?

- A. Rules governing match in Federal assistance agreements come from *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, known as the *Grants Common Rule*, at 43 CFR 12, Subpart C.
- B. The level of match required for a specific assistance program is set by legislation or agency regulations or directives. For example, the Surface Mining Control and Reclamation Act (SMCRA) requires states to provide 50% match for regulatory program administration and enforcement (A&E) grants for work on non-Federal lands.

2-220-30 What costs may you use to meet match requirements?

- A. You may satisfy matching and cost sharing requirements by either or both of the following.
 1. Pay for allowable costs of your program with funds from your organization, non-Federal grants, or other cash donations.

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2. Use in-kind contributions from third parties for your program.
- B. You may not meet a match requirement with costs paid by another Federal assistance agreement unless using those particular funds as match is specifically authorized by law.
- C. You may not count a cost or contribution as match for your OSM agreement if it has been used to match another Federal assistance agreement or any other award of Federal funds. You may prorate a cost or contribution between two or more Federal agreements as long as no costs are claimed more than once.
- D. Your records must document the costs and contributions you report as match. The records must show how you calculated the value placed on in-kind contributions.

2-220-40 May you use OSM funds as match for other Federal assistance agreements?

- A. You cannot use costs paid by OSM under any assistance agreement or contract to meet match requirements of other Federal agreements unless that use is specifically authorized by law.
- B. Appropriations laws for some fiscal years allow you to use Abandoned Mine Land (AML) program funds as non-Federal match for projects funded by other Federal agencies for environmental restoration related to treatment or abatement of acid mine drainage from abandoned mines. The projects must be consistent with the purposes and priorities of SMCRA. Congress authorized the use of Fiscal Year (FY) 2005, 2006, 2007, and 2010 AML funds as match for this purpose, but did not authorize FY 2008 or 2009 funds. For guidance on the status of specific AML funds you wish to use as match for other Federal assistance, contact the OSM office which awarded your grant.
- C. You may use AML set-aside funds and interest earned on those funds as match for other Federal assistance programs. The purposes of the other program must be consistent with the purpose of the set-aside account.

2-220-50 May you use costs paid from program income to meet match requirements?

- A. You may not use costs paid with program income as match unless we have approved that use for the program income you earn.
- B. You may use costs paid with program income generated from a regulatory A&E grant to meet the match requirement of the grant.

2-220-60 What in-kind contributions may be used as match?

- A. You may use goods and services donated to your program to meet match requirements only if the contribution is necessary for your program activities, and the cost would be allowable if you paid it in cash.

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- B. You may use a third party in-kind contribution to a fixed-price contract as match only if it results in a cost savings for you, or an increase in the services or property provided under the contract at no additional cost to you.

2-220-70 How can you value contributions of volunteer or staff services, supplies, and loaned or donated land, buildings and equipment to meet match requirements?

- A. Volunteer services. You should value services provided to your program by volunteers at rates consistent with what you pay employees doing similar work. If you do not have employees doing similar work, use what other employers in your area pay for similar work. You may include a reasonable amount of fringe benefits. Your records must support and document volunteer services, to the extent feasible, by the same methods that you use for employees performing similar work.
- B. Employees of other organizations. When another organization contributes the services of an employee to do their normal type of work at no cost, you should value these services at the employee's regular rate of pay (excluding the employer's fringe benefits and overhead costs). If the employee is not doing their normal work, you should value their services under the volunteer services rule above.
- C. Donated supplies. Value donated supplies at the fair market value of the supplies at the time you receive them.
- D. Loaned equipment or space. If a third party donates the use of equipment or building space they own, you should value the contribution at the fair market rental value of the equipment or space.
- E. Donated equipment, buildings and land. If a third party donates equipment, building or land, and gives you title to the property, the amount you can claim as match depends on whether the grant is for capital or operating expenditures.
1. If the purpose of the grant is to acquire equipment, buildings or land, you may claim the total market value of the property at the time of donation. However, if any part of the donated property was acquired with Federal funds, you may use only the non-Federal share of the property as match.
 2. If the purpose of the grant is to support activities that require the use of equipment, buildings or land, one of the following rules applies.
 - a. You may claim depreciation or a use allowance based on the fair market value of the donated property. You must determine and allocate the depreciation or use allowance following OMB cost principles as if you had purchased the property at the fair market value.

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- b. You may request our approval to claim the fair rental rate of the donated land or the full market value of the equipment or buildings at the time it is donated as match. We will approve your request only if we would have approved your purchase of the equipment or building or actual rental of the land as an allowable direct cost. If any part of the donated property was acquired with Federal funds, you may use only the non-Federal share of the property as match.
3. In some cases you must determine the fair market value of land or a building, or the fair rental rate of land or space in a building. We may require you to have the market value or rate set by an independent appraiser and to have an authorized official of your organization certify the value or rate before we accept these costs as match.

2-220-80 Can you claim a contribution as a direct cost if you charge similar costs to indirect costs?

You must classify a contribution as a direct or indirect cost in the same way you classify similar costs which you charge to Federal funds. So if you treat items such as rent, utilities and accounting as indirect costs when you develop your indirect cost rate, then you may not claim contributions in these categories as direct costs. Similarly, if you already own facilities and equipment, you may not count their use as a direct cost contribution to the program if depreciation or use charges for the property are included in the indirect cost rate.

2-220-90 What rules apply to indirect costs used as match?

- A. You may receive in-kind contributions of goods and services that would have been indirect costs if you had to pay for them. You may use indirect cost contributions as match only if your approved indirect cost rate includes the value of the contributions.
- B. If you have multiple indirect cost rates, the requirement for consistent classification of costs applies separately to the activities covered by each rate. For example, if you have approved rates for "onsite" and "offsite" activities, you may charge the costs of renting offsite facilities to offsite activities as a direct cost even if you treat facility costs as indirect costs for onsite activities.
- C. If we negotiate your indirect cost rate, we will only negotiate "offsite" or other special indirect cost rates if they are justified under the applicable cost principles. We will not establish special indirect cost rates just for cost sharing or matching arrangements.