

In-Kind Match for CMHI Cooperative Agreements *Annual System of Care Meeting, July 2011*

Background: *The Federal law (Public Law 102-321, Part E, Title V, Sections 561-565 of the Public Health Services Act) that governs the Children's Mental Health Initiative requires a non-Federal match every year on a declining basis: match levels specified by the statute are:*

- *Three Federal dollars to one local dollar in years one, two and three;*
- *One Federal dollar to one local dollar in year four; and*
- *One Federal dollar to two local dollars in years five and six.*

1. What are the Federal government's documentation requirements when using State or sub-State non-Federal revenues, foundation grants as in-kind match?

All costs used to satisfy matching requirements must be thoroughly documented by the grantee and are subject to audit. Audits may be conducted by the Federal agency and in addition, many states and localities have specific audit rules that must be followed.

Accountability for in-kind match includes appropriate documentation of the specific contribution and its value. To make certain that matching funds have been calculated correctly, the grantee should strive to ensure that all matching funds meet the following criteria:

- Are verifiable by inclusion in the recipient's records;
- Are not included as contributions for any other Federally-assisted project or program;
- Are necessary and reasonable for proper and efficient accomplishment of program objectives;
- Are allowable under applicable cost principles;
- Are not paid by the Federal government under any other award; and
- Are provided for in the approved budget of the grantee.

Indirect costs must be at the Federally-approved rate and sites can find the per diem and mileage travel rates on line at the U.S. General Services Administration web site (<http://www.gsa.gov/portal/category/21287> and <http://www.gsa.gov/portal/content/100715>).

Key data must be collected to justify claiming volunteer time, such as name, employment (if any) and task performed. Forms that collect the necessary documentation of donated time need to include:

- Name of individual concerned
- Title or indication of role
- Date of activity
- Explanation of activity
- Time spent (time in and time out)
- Allocated cost of time per hour or ½ hour unit (provide space on the form for calculation of total value of time, based on rate per hour)
- Entity funding the time, if person is employee of contributing organization
- Costs of child care for family members
- Costs of transportation to event
- Contributed overhead costs for any space that is used (rent, utilities, phone, fax, supplies, other equipment).

The Federal government will allow a site to claim the value of the work, not necessarily the value of the specific person's time. When staff of any agency provide services, training or input on a committee they are using the expertise for which they are paid. In these circumstances, the person's salary can be used as the basis for calculating the value of the time contributed. The same rule applies if any other individual, such as someone from the community, volunteers their time to perform tasks that are dependent upon their skills and training.

When individuals provide a very different type of service than the service for which they are paid, their salary is not the basis for claiming match. In that situation, it is necessary to show what the site would have had to pay if it had purchased this same service. Thus, if a highly qualified person with several degrees drives children to a recreational event, the match that can be claimed is the hourly cost of a driver, not the hourly salary paid to this individual.

Documentation regarding the contribution of staff time from other agencies can be more simply obtained. Contributing partner agencies should write a letter that details their contribution in terms of the personnel who are contributing time, their hours and the total value of the agency's contribution. It is not necessary to cite a person's specific salary, which is something some agencies are reluctant to do.

Sites should carefully examine the requirements the Federal government has with respect to these cost-allocations. The critical Federal auditing requirement is Circular A-133, the Single Audit Report, from the Office of Management and Budget (OMB). This circular requires providers that have received more than \$500,000 in Federal funds during the previous year to have an audit each year. The report of the audit must be submitted within 30 days after receipt of the auditor's report or within 9 months after the end of the audit period (whichever is earlier) and submitted to the Federal Clearinghouse designated by the OMB.

Sites must identify for SAMHSA their non-Federal contributions and ensure that the audit required in the OMB Circular A-133 demonstrates compliance with the Federal rules on match.

Independent audits are the most certain way of ensuring that all Federal and state requirements are met. Generally accepted government auditing standards and accounting principles are understood by state and local budget and finance officials and apply to the documentation of non-Federal matching funds under this program.

2. Do renewable grants count as 'new'?

This question does not yield a simple Yes or No answer. The relevant requirement that must be considered in answering this question is the Maintenance of Effort requirement:

Before the Federal government awards cooperative agreements, each successful applicant must have been able to demonstrate that it has raised the first year of the non-Federal match. To calculate that, the law requires maintenance of effort – that is, the applicant must show that previous spending on community mental health services for children to be served by the site will continue at its prior level. The new Federal grant funds must expand resources.

To calculate the maintenance of effort, sites must determine the amount expended by the applicant for the same purposes over the prior two year period. This means that funds spent over the two previous years for community mental health services for children in the same

Michele Herman, SAMHSA/CMHS and Frank Rider, National Federation of Families/TA Partnership (July 2011); and SAMHSA CMHS (October 2008), Building Sustainable Systems Change: A Guide to Non-Federal Match Funding

locality as that served by the grant must be averaged. Only non-Federal match funds over and above this averaged amount can be counted as the first year of match for a grant.

From then on, the maintenance of effort amount remains as a base, and every year's non-Federal match amount must be over and above this base amount. Funds counted as match in all six years of the grant must be funds that exceed this averaged maintenance of effort amount.

Maintenance of effort funds are, however, only those that were spent:

- By the applicant agency (not those of other partner agencies);
- For the purposes for which grant funds are authorized to be spent (that is:
 - ✓ Only funds spent on children who fit the definition of the target population for the site;
 - ✓ If the applicant is a state, only funds expended in the locality of the system of care site (assuming the site is not statewide); and
 - ✓ Only funds spent on community services, if funds expended on residential services are not included as part of the maintenance of effort. However, if the funds are ultimately diverted to community services they can count as match provided all match rules are met.)

3. Is there any way we can use 'old' grants-what if we are changing how business is done due to SOC principles, what is the Federal Government's documentation requirements?

See Question #2 about "old grants," and Question #1 for pertinent documentation requirements.

4. Regarding appropriate quantification of the value of match for workers implementing Wraparound and FFT evidence based practices: Is the in-kind match for the workers based on a percentage of their time, should it be prorated (time study) or can their time be totally counted as in-kind match since they will be implementing SOC principle philosophies in their service delivery through the Wraparound and FFT process?

You may apply a rational/reasonable and defensible methodology to answer this question, based on what those workers are actually doing at your site. If, for example, a clinician or case manager has a "mixed caseload," working with members of your initiative's population of focus half of the time, and working with other clients (e.g., aging persons) the rest of the time, then only activities undertaken on behalf of your population of focus can be eligible for claiming as match. If a case management unit has been trained to implement your system of care principles and philosophies and practices, and all of its activities are expected to apply those SOC approaches exclusively on behalf of your population of focus, then all of their time otherwise eligible for claiming can be counted as in-kind match.

5. Will the Federal government accept letters as documentation from partner agencies such as the Department of Social Services, detailing their total contribution of personnel time, the hours the agency is donating and the total value of the agency's contribution?

Yes. Documentation regarding the contribution of staff time from other agencies can be simply obtained. Contributing partner agencies should write a letter that details their contribution in terms of the personnel who are contributing time, their hours, and the total value of the agency's contribution (this may extend beyond the supported value of staff time, but additional components – e.g., use of space, equipment or materials – should be cited in the letter). It is

not necessary to cite a person's specific salary, as some agencies are occasionally reluctant to do.

6. Will the Federal government accept the Bureau of Labor Statistics for employment estimates when calculating in-kind match contributions?

Yes. The Federal Bureau of Labor Statistics hosts a website that can help to determine prevailing wages in given locations based on the nature of the work being done: <http://www.bls.gov/bls/blswage.htm>. Please remember that the Federal government will allow a site to claim the value of the work, not necessarily the value of the specific person's time.

7. What are the Federal documentation requirements for trainings/conferences promoting SOC principles?

See Question #1 regarding specific documentation requirements, and Question #8 below regarding the propriety of claiming training-related costs.

8. Do the attendees of trainings/conferences count as match?

Investments in activities that build the capacity of local individuals and staff to help to develop the community system of care and/or apply new skills to implement the system of care initiative may be legitimately claimed as matching resources. **Allowable costs related to training** may include:

- Travel and time for conferences and training events for staff of the applicant or partner agencies, if not paid from local funds and not through Federal funds but from local resources;
- Trainings provided by colleges and universities;
- Literature and training materials.

9. When conducting trainings, participants are of diverse professional backgrounds, can mean hourly wages be averaged for multiple employment positions and used to calculate in-kind match for large conferences?

You may apply a rational/reasonable and defensible methodology to estimate or average costs claimed for participation in training. Specific agencies, for example, may offer documentation about the value of time contributed for their participating staff. In addition, while there may be many legitimate ways to value time contributed by non-staff volunteers, one potentially helpful information resource cites values for volunteer time on a state-by-state basis (and even offers a single, national mean average): http://www.independentsector.org/volunteer_time.

10. May CMHI grantees carry forward documented but unapplied/excess matching funds from one grant year to the next?

Grantees are not forced to claim as match all the non-Federal funds that they may have raised. Funds that meet the match requirements can be carried forward and spent in a future fiscal year; but that can only occur in conjunction with the simultaneous carryover of unspent Federal/SAMHSA grant funds. In addition, grantees must request and receive SAMHSA permission to do this; and SAMHSA approval will be predicated on the grantee's showing of those unapplied matching funds in the budget breakdown of their carryover request. Further, in this circumstance grantees must understand that the match ratio that applies is for the grant year in which the funds will be spent, not for the prior grant year in which the matching funds were raised. Consequently, if the match requirement is higher in the new fiscal year, it is often desirable to spend the match in the year it was collected, instead of carrying it forward.

Supplement: Some Specific In-Kind Match Opportunities and Considerations

Sources of in-kind match might include other child-serving agencies, families, local businesses, foundations, public universities and community colleges, charities and faith-based organizations. Common sources of in-kind match used by many sites are people's time, space (and its related costs), equipment, opportunities provided for children and families, and training.

With respect to **time**, in-kind contributions are often:

- Staff time contributed by other agencies;
- Time contributed by families and youth;
- Administrative services;
- Time contributed by universities for technical assistance, data management or other similar activities;
- Time contributed by community members on the governing or advisory boards;
- Consultants who donate time or expenses (in whole or in part);
- Donated professional time (or reductions in fees) from local private providers;
- Contributions from universities or medical schools that provide services from their trainees or assist with evaluation or research;
- Contributed time/work from media consultants or web designers and free advertising, or
- Time of, for example, college student mentors.

With respect to **space and its related costs**, sites have claimed:

- Space contributed by other child serving agencies or community agencies for services, training, meetings and other uses;
- Furniture, telephone, computers, software, printers, office supplies donated or loaned to the site, or
- Costs of utilities, etc. for donated space.

Equipment costs claimed for in-kind match include:

- Free use of laptops or PDAs;
- Cost of various forms of transportation donated by other entities, or
- Discounts from vendors or stores.

Donations that provide opportunities for children and families include:

- Cost of programs or activities for which the site is not charged but other children would be charged (YMCA classes, recreational opportunities, etc.);
- Outreach efforts to families conducted by non-profit groups, businesses or others in the community;
- Training for children or youth on daily living activities (e.g., how to manage a budget or maintain a car)
- Literature and other materials to educate families and youth on mental health issues;
- Services contributed to the families with children in the system of care from any other community entity – theater groups, recreational providers, nutritionists, sports camps, banks, stores, etc.;

- Auto repair, or
- Services furnished by local businesses to families or children (e.g., a bank that help families manage their funds).

Costs related to training include:

- Travel and time for conferences and training events for staff of the applicant or partner agencies, if not paid from local funds and not through Federal funds but from local resources;
- Trainings provided by colleges and universities;
- Literature and training materials.

Virtually all sites use some or many of the above categories of potential in-kind match. In all cases, the site needs to document the value of these contributions in a manner that meets audit standards.