

## Head Start Non-Federal Share Match At-A-Glance

Head Start is a federally funded and community-supported program. The federal government awards community organizations 80 percent of the cost of the program and expects the agency to fund 20 percent from cash or in-kind donations. Federal regulations guide all grant expenses, including non-federal share match. Costs must be reasonable, necessary, allowable, and allocable and meet the cost principles.

**Budget:** The Head Start grant application must include proposed budgets for the federal and non-federal funds.

**Cash match:** State or local funds and private or corporate donations may be used as match, but only when expended. Federal funds can't be used (exceptions include PL 638 Indian Self Determination Act, Indian Child Welfare Act, and Community Development Block Grant [CDBG] funds used with Head Start funds for eligible activities).

**Calculating the Match:** Match is calculated at 20 percent of the total grantee budget (federal funds plus non-federal share), which is the same as 25 percent of the federal funds.

**Documenting the Match:** All contributions:

- Must benefit the program and be allowable under the cost principles
- Must be verifiable from the grantee's records, including the source and application of cash match, services received, and donations of supplies and equipment
- Of volunteer time, must include the establishment of a wage scale based upon the grantee agency's internal scale or prevailing wages in the area and be documented via time sheets
- Of supplies and/or equipment, should include a copy of a receipt issued to the donor with a description of the item, an estimate of the current fair-market value, the date received, and signatures of the donor and the recipient
- Of cash, are only recognized as a match when the funds are expended on allowable purchases

**Volunteer Services:** A volunteer must provide a service to and not receive a service from the program. Time spent by a parent working in the classroom is allowable as a service provided to the program.

**Valuing Loaned Equipment and Space:** Valued at the current fair market value rental rate. Space donations must be verified by a certified appraiser.

**Valuing Donated Equipment, Land or Buildings:** Donated equipment valued at market rate at time of donation. (For Head Start programs operated by state, local, or tribal governments, prior approval is required by the Administration for Children and Families [ACF].)

- When title of building passes to grantee, value shall not exceed its fair market value at the time of donation, as established by certified appraiser. (For Head Start programs operated by state, local, or tribal governments, only depreciation or use allowances may be counted based on the property's market value at the time it was donated.)
- When title to land passes to grantee, value shall not exceed its fair market value at the time of donation, as established by a certified appraiser. (For Head Start programs operated by state, local or tribal governments, grantee must seek ACF permission.)

**Valuing donated supplies:** Third-party donations of supplies can be valued at their current fair market value of the supplies, as determined by the agency using sources such as the guide issued by the IRS.

**Valuing Volunteer Time:** To be counted as an in-kind donation:

- The volunteer's time must not be paid under another federal grant.
- The services would have to be allowable costs that would be purchased from a consultant or other individual or provided by salaried personnel.
- The duties of the individual must be controlled by the agency.
- The value of the service provided by the individual must be measurable and material.
- The value must be based upon the service provided by the individual.
- Consultants and others may provide services to a program at a reduced rate, and the difference between the reduced rate and the amount normally charged may be used as in-kind.
- Time spent in decision-making capacity by governing bodies and Policy Council may be used as in-kind. A reasonable valuation should be developed by the program and applied, based upon documentation from the meeting minutes and sign-in sheets. Policy Council time would be considered to be programmatic; and the governing body's time, depending on the particular function of its members, could be considered an administrative match subject to the 15 percent limitation.

**Potential disallowances:** Failure to meet non-federal share requirement without an approved waiver can have a severe impact on the grantee agency, as the disallowance may reduce the amount of unmatched federal funds. The disallowance must be repaid with agency funds, not federal funds.

**Audit Requirements:** Auditors are required to assess internal control and compliance, including for non-federal share. This includes whether the minimum amount of match required was met, if the match allocated was allowable, and if the grantee appropriately valued and documented match sources.

**Waivers:** To receive a waiver (or a reduction in the required non-federal share), the grantee agency must provide the ACF Regional Office written documentation of need based on any of five criteria:

1. Lack of community resources
2. Impact of cost an agency may incur in the early days of the program
3. Impact of an unanticipated increase in cost
4. Community affected by disaster
5. Impact upon the community if the program is discontinued