2013

IN-Kind Guidance Manual

For Non-Infrastructure Projects

MDempsey

Colorado Department of Transportation and

Federal Highway Administration

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# Introduction

# Accepting federal funds for programs and projects is a big responsibility. This document is focused on non-infrastructure (non-construction) projects funded by FHWA and administered by CDOT. Grantees are faced with ensuring they have correct documentation and appropriate approvals throughout the life of the project. Additionally, grantees are required to provide a percentage of the overall cost of the project as a “match”. Match is typically about 20% of the total project, and it can be made with either cash and/or in-kind contributions.

# Cash is simply *cash* -- it’s money that the grantee provides to fulfill the match.

# The other form of contribution is *in-kind*, and that’s the focus of this document. While we try to make the process as easy as possible, there are many steps and requirements to using in-kind contributions for a project. This document will provide you with information on determining eligibility, allowability and requirements for in-kind contributions; how to attain approval for using in-kind as a match; and necessary documentation. This document will also provide examples and resources that can help you through the process.

In-kind contributions can be a useful tool when your agency is trying to develop a project or program with federal funds. However, its use is not without requirements. Knowing them up-front can save time and eliminate frustration for all parties.

Please keep in mind that this guidance is for FHWA funded projects administered by CDOT. It does not cover information for the Rec Trails Program, nor does it include guidance for other federal agencies such as FTA. Additionally, Metropolitan Planning Organizations (MPOs) may have additional requirements for Unified Planning Work Program (UPWP) projects.

We encourage you to share this document with others in your organization and contact us if you have additional questions. If in doubt about whether or not a contribution qualifies as in-kind, ask your CDOT program manager. Contact information is listed at the back of this document.

# In-Kind Definition/Description

# Local funds, as well as cash from any non-Federal source, may be used to satisfy the non-Federal match requirements for a project under the Federal Aid Highway Program. In-kind contributions represent eligible project costs provided by a third party to the project sponsor for satisfying the non-Federal share (also known as “match”) requirements of a Federal-aid project. For non-infrastructure (non- construction) projects, in-kind is most frequently used with Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds, Consolidated Planning Grant (CPG) funds, and Safe Routes to School (SRTS). Examples of in-kind contributions include donated services, materials or goods, and equipment.

The FHWA- Colorado Division defines third party as “an entity (other than the grantee/recipient, subgrantee/subrecipient, or project sponsor) that is not party to *this* Federal-aid project agreement, but who may have an interest in the project.” Third party in-kind contributions are described by FHWA- Colorado Division as “goods or services which are necessary, allowable, eligible and reasonable to carry out the scope of the federally assisted project or program. While these goods or services are without charge to the project sponsor, they must be pre-approved and supported (documented) by the same methods used by the project sponsor to support all direct cost reimbursements.” More details about documentation can be found later in this document.

**In-Kind Requirements**

As noted above, eligible in-kind contributions are contributions from an entity meeting the definition of “third party.[[1]](#footnote-1)” Additionally, an in-kind contribution cannot be funded by other Federal monies, nor can in-kind contributions be counted towards other Federal cost-sharing requirements or matching requirements of another Federal grant agreement, Federal procurement contract, or any other award of Federal funds[[2]](#footnote-2). In other words, your in-kind match can only be used to match one project and cannot include federal funds.

The use of in-kind contributions to satisfy non-Federal match requirements must be pre-approved by CDOT and the FHWA- Colorado Division **prior** to the execution of a grant agreement or contract. Once the contract is executed and the project begun, the grantee must confirm in-kind contributions with the first reimbursement request to CDOT. **If in-kind contributions don’t materialize, cash must be used to make the match.** It is the responsibility of the grantee to ensure the required match of a project is met.

In-kind contributions must be identified in the Scope of Work to a grant agreement[[3]](#footnote-3). While the project costs to which an in-kind contribution is to be applied cannot be incurred prior to the approval of in-kind by CDOT and FHWA[[4]](#footnote-4), it is possible to modify in-kind contributions to a grant agreement after its initial execution via an in-kind amendment.

For in-kind contributions to be used to satisfy non-Federal match requirements, the contribution must be “necessary and eligible” for implementation of the project[[5]](#footnote-5). In other words, the contribution must be directly related to the project and a necessary component of the project’s successful completion. A simple test of this principle is to ask “If I had to pay for these goods or services, would they be eligible expenses towards this project?” If the answer is no, then the in-kind contribution is not likely to be eligible. In-kind contributions must also meet the cost allowability principles of the applicable Federal Cost Principles. In the case of grant agreements with CDOT this is Office of Management and Budget (OMB) 2CFR225[[6]](#footnote-6).

You’re probably asking what’s the difference between “eligible” and “allowable”? These are two requirements that must be met for every in-kind contribution.

*Eligible* refers to requirements of the specific program and are governed by 23 CFR 420.113. As an example, the Congestion Mitigation Air Quality (CMAQ) program includes items that can be used for match that are not eligible under the Consolidated Planning Grants (CPG) program. Just because a contribution is eligible in one program, does not mean it’s eligible in another. Be sure to check your program’s *eligibility* requirements.

*Allowable* refers to requirements that reach across ALL programs and are governed by 2 CFR 225 Appendix A. Regardless of the program, federal rules define allowable expenses. Be sure to check the *allowable* requirements as well.

The use of in-kind contributions to meet match requirements must be documented first in the approval process, and secondly in the reporting documentation throughout the duration of the grant agreement. In-Kind contributions must be verifiable from the records provided[[7]](#footnote-7).

# Examples

Let’s look at the most common non-infrastructure programs and the types of in-kind contributions that may be applicable. This is not intended to be a comprehensive list, but to provide guidance on the types of in-kind contributions that are typically used for project match. If you’re in doubt or have questions, contact your CDOT program manager.

|  |  |
| --- | --- |
| Congestion Mitigation Air Quality (CMAQ) | Media –   * Air time for radio or TV promotions * Ad space in newspapers or magazines * Ad space on outdoor boards   Printing services  Gift cards or merchandise for scope-specific tasks   * Grocery stores * Restaurants * Retailers   Professional services such as   * Photography * Advertising design * Copywriting * Web development * Legal work   Volunteer time for specific functions   * Staffing an event * Doing data entry * Designing promotional materials * Office work |
| Safe Routes to School (SRTS) | Printing services for   * Flyers and announcements * Banners   Gift cards or merchandise for scope-related tasks   * Grocery stores * Restaurants * Retailers   Volunteer time for specific functions such as   * Walk to School Day * Walk and Roll Wednesdays |
| Consolidated Planning Grants (CPG) | Planning-related professional services such as   * Regional modeling and forecasting * Planning studies * Preparation of transportation data * Traffic studies |

# Approval Process and Timeline

Completing a successful in-kind request is a joint effort among the grantee, CDOT and FHWA. It’s very important to get the in-kind application submitted as early as possible. Projects are not contracted until the in-kind is approved. Some programs require the in-kind be submitted as part of the grant application, regardless of whether or not the project is ultimately selected for funding. Following is a basic outline of the process and timeline.

(Approx. 1-2 weeks)

(Approx. 1-2 weeks)

(Approx. 1-2 weeks)

# Documentation

In-kind match requires specific documentation prior to contract, throughout the life of the project and after completion of the project. It is the responsibility of the grantee to attain and submit all pertinent documentation.

Pre-Approval Documentation. As mentioned earlier, the applicant must complete an In-kind Request Form prior to contract. A copy of the form is attached for reference. An important aspect of the form is the requirement to provide a valuation for each contribution. Valuations for goods or services need to be “fair and reasonable”. Help in determining valuations can be found under the Resources section of this document.

Confirmation Documentation. For each contribution, a signed letter or document from the donor is required which: 1) states they agree to the contribution; 2) identifies the goods or services being contributed and their valuations; 3) states the contribution is not being used for any other program match and; 4) that the contribution was procured with non-federal funds. As in-kind contributions are incorporated or used on the project, the documentation for the in-kind must accompany the request for reimbursement of other direct costs. Or the documentation should be sent as soon as the in-kind goods or services are incorporated into the project.

Usage Documentation. The grantee is required to keep track of all in-kind contributions and how much of it is used throughout the life of the project. The grantee must provide in-kind usage with each reimbursement request, and provide a detailed summary at the end of the project. The summary must show that all in-kind match was successfully met.

Documentation Retention. Grantees must keep in-kind documentation and have it available for inspection purposes for a period of no less than six years after the completion of the grant.

# Resources

**Federal Aid Guidance, Non-Federal Matching Requirements**

<http://www.fhwa.dot.gov/legsregs/directives/policy/fedaid_guidance_nfmr.pdf>

**Codes of Federal Requirements**

[2 CFR 225](http://www.whitehouse.gov/sites/default/files/omb/fedreg/2005/083105_a87.pdf) (<http://www.whitehouse.gov/sites/default/files/omb/fedreg/2005/083105_a87.pdf>)

[23 CFR 420](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=5fc7946b772f5f6b1177c7eeebb0fc39&rgn=div5&view=text&node=23:1.0.1.5.10&idno=23#23:1.0.1.5.10.1.1.7) (<http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=5fc7946b772f5f6b1177c7eeebb0fc39&rgn=div5&view=text&node=23:1.0.1.5.10&idno=23#23:1.0.1.5.10.1.1.7>)

[23 CFR 630](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&rgn=div5&view=text&node=23:1.0.1.7.21&idno=23) (<http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&rgn=div5&view=text&node=23:1.0.1.7.21&idno=23>)

[49 CFR 18](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title49/49cfr18_main_02.tpl) (<http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title49/49cfr18_main_02.tpl>)

**Determining Volunteer Values**

Independent Sector (<http://www.independentsector.org/volunteer_time>)

Bureau of Wages and Statistics (<http://www.bls.gov/bls/blswage.htm>)

**Mileage Rates**

Internal Revenue Service (<http://www.irs.gov/uac/2013-Standard-Mileage-Rates-Up-1-Cent-per-Mile-for-Business,-Medical-and-Moving>)

# Contacts

If you have questions or need assistance completing an in-kind request, please contact any of the following:

CMAQ Non-Infrastructure

Betsy Jacobsen, Bicycle/Pedestrian/CMAQ Manager

303-757-9982

[Betsy.jacobsen@state.co.us](mailto:Betsy.jacobsen@state.co.us)

Safe Routes to School

Marissa Robinson, Safe Routes to School Program Manager

303-757-9088

[Marissa.robinson@state.co.us](mailto:Marissa.robinson@state.co.us)

UPWP (CPG, STP-M)

Jeff Sudmeier, MPO Planning Section Manager

303-757-9063

[Jeffrey.sudmeier@state.co.us](mailto:Jeffrey.sudmeier@state.co.us)

Kent Peterson, DTD Business office

303-757-9825

[Kent.peterson@state.co.us](mailto:Kent.peterson@state.co.us)

**Attachments**

Blank in-kind form

Sample completed in-kind form

Reimbursement request with in-kind

In-kind allowability check list

1. [Federal Aid Guidance Non-Federal Matching Requirements](http://www.fhwa.dot.gov/legsregs/directives/policy/fedaid_guidance_nfmr.htm) [↑](#footnote-ref-1)
2. [49 CFR 18.24](http://www.gpo.gov/fdsys/pkg/CFR-2002-title49-vol1/pdf/CFR-2002-title49-vol1-sec18-24.pdf) [↑](#footnote-ref-2)
3. [Federal Aid Guidance Non-Federal Matching Requirements](http://www.fhwa.dot.gov/legsregs/directives/policy/fedaid_guidance_nfmr.htm) [↑](#footnote-ref-3)
4. [23 CFR 630.106(b)](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title23/23cfr630_main_02.tpl) [↑](#footnote-ref-4)
5. [23 CFR 630.112](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title23/23cfr630_main_02.tpl) [↑](#footnote-ref-5)
6. [2 CFR 225](http://www.whitehouse.gov/sites/default/files/omb/assets/omb/fedreg/2005/083105_a87.pdf) [↑](#footnote-ref-6)
7. [49 CFR 18.24](http://www.gpo.gov/fdsys/pkg/CFR-2002-title49-vol1/pdf/CFR-2002-title49-vol1-sec18-24.pdf) [↑](#footnote-ref-7)