

Matching or Cost Sharing Requirements Guide Sheet

Matching or cost sharing means that a portion of the project's cost is not paid by federal funds. Matching funds are typically stated as a percentage of the total amount of funds awarded. Matching requirements can vary across the different Department of Justice programs. Based on this factor, grantees must thoroughly read their award announcement and award notice to understand every aspect of their grant's match requirement.

Grant Financial Management Requirement

Grantees are not expected to voluntarily commit to matching or cost sharing. A grantee cannot use matching or cost sharing as a factor to increase their likelihood of acquiring federal funds. Grantees' federal award funds will be included as official cost sharing or matching when their contributions meet all of the following criteria established in [2 CFR 200.306](#).

Important Information to Know

There are two kinds of matching—cash and third-party in-kind.

Cash Match	Cash matching includes cash spent for project-related costs. The allowable cash match must include costs ¹ that are necessary, reasonable, and allowable under the federal program.
Third-Party In-Kind Match	Third-party in-kind matching includes, but is not limited to, the valuation of non-cash contributions provided by a third party. An in-kind match may be in the form of services, supplies, real property, and equipment. The value of the service may be used for the matching requirements, if the services are necessary, reasonable, and allowable under that federal program. Grantees are allowed to use unrecovered indirect costs for matching or cost sharing requirements; however, this requires prior approval of the federal awarding agency.

Valuation of In-Kind Match

For third-party in-kind matching—such as supplies, equipment, or space—the value must not exceed the fair market value at the time of the donation.

For volunteer services, the rates must be consistent with the rates normally paid for similar work in the organization. If an employee from another organization conducts services free of charge, the services should be valued at that employee's regular rate of pay, in addition to their fringe benefits and allowable indirect costs.

Restrictions on Use of Funds

Matching and cost share funds have the same restrictions as federal funds. These funds must follow the same allowable and unallowable guidelines in their federal award. If, for example, a conference is unallowable under the grant award that has matching requirements, then grantees would not be able to use the matching funds instead. The expense has to be allowable with federal funds in order for it to be allowable with matching or cost share funds.

Land acquisition costs are typically unallowable; however, they may be counted as a match in situations where it is a necessary and reasonable cost for the project.

Third-party cash contributions may count toward the cash match requirements.

¹ Unrecovered indirect cost is the difference between the amount charged to the federal award and the amount that could have been charged to the federal award under the non-federal entity's approved negotiated indirect cost rate.

How This Applies to Your Grant

Grantees that have a matching requirement must follow the guidelines in their award in order to remain in compliance. Grantees will have to provide the correct amount of match funds, use the funds only on allowable expenses, and maintain records in case of an audit or site visit.

Determining the Match Amount

- ▶ **Step 1:** Award Amount ÷ Percentage (%) of Federal Share of Total Project Cost = Total Adjusted Project Cost
- ▶ **Step 2:** Total Adjusted Project Cost × Percentage (%) of Recipient Share of Total Project Cost = Required Match

Example of Calculating the Matching Requirement

The federal government offers a \$100,000 grant, and the match requirement is an 80/20 ratio (federal/recipient).

	Formula	Amount
1	Start with the federal government grant amount	\$100,000
2	Compute total project cost	$\$100,000 / .80$ \$125,000
3	Compute amount the recipient contributes/ match amount	$\$125,000 \times .20$ \$25,000

Maintaining Records on Matching Funds

Grantees are required to maintain records, which clearly show the source, amount, and timing for all matched contributions. While grantees are not required to submit their supporting documentation to the Department of Justice, their records must be available in the event of an audit or site visit. Key information to know when maintaining matching records includes:

- ▶ Grantees who have matching funds that exceed the required matching amount within the approved budget, must maintain records of those funds as if they were a part of the regular match amount.
- ▶ Grantees are responsible for meeting all matching requirement and for ensuring their subrecipient complies with the match requirements.
- ▶ Grantees are required to report their match on the quarterly Federal Financial Report (FFR).

Reference

[DOJ Grants Financial Management Online Training](#)

United States Department of Justice. (2017). DOJ Financial Guide. https://www.ojp.gov/sites/g/files/xyckuh241/files/media/document/DOJ_Financial-Guide_1.pdf

About the OJP Territories Financial Support Center

The Office of Justice Programs Territories Financial Support Center (OJP TFSC) offers free resources, training, and technical assistance for grantees in the U.S. territories. OJP TFSC services focus on building financial management capacity and can be accessed by emailing OJPTFSC@usdoj.gov via our Virtual Support Center.



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