
—TECHNICAL ASSISTANCE MEMORANDUM—

Texas Department of Aging and Disability Services (DADS) – Access and Intake Division

TITLE:	Identifying and Valuing In-kind	NUMBER:	AAA-TA 200
SECTION:	Area Agencies on Aging	APPROVAL:	Betty Ford
ISSUE DATE:	2/1/08	REVISION DATE:	6/29/09
RELEVANT CITATIONS:	45 CFR §92.22; 45 CFR §92.24; 31 U.S.C. 6702		
DISTRIBUTION:	<input type="checkbox"/> Executive Director <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> Fiscal Director <input checked="" type="checkbox"/> AAA Section Staff		

The Department is revising this technical assistance memorandum (TA) to provide a more explanatory example (example #3) for Ombudsman volunteer hourly rate. No substantive changes have been made.

This technical assistance memorandum provides information for identifying and valuing third party in-kind contributions. A summary of the related Code of Federal Regulations, *45 CFR 92.24 Matching or Cost Sharing*, is provided. The summary also provides examples of in-kind and how to determine their value.

In-kind match may be obtained from a variety of sources and used to meet the non-federal share match requirements provided they are received from the administration and implementation of the Title III program. Collaborating with local organizations can provide in-kind match. For example, collaborative steering committees and hosting meetings at other agency's offices may count as match, providing the organization is not funding all of its efforts with federal funds. Potential sources of in-kind match include, but are not limited to:

1. Volunteer services used to assist with carrying out the program
2. Donated time of employees of other organizations
3. Donated supplies and loaned equipment or space
4. Donated equipment, buildings and land

AAAs may identify in-kind match when utilizing a contractor. Sources may include:

1. Hiring a contractor to provide services at fee lower than they would usually charge or below market value. In this case, the difference between the fee being paid by the AAA, and the contractor's usual fee, may count as match. For example, if the contractor typically charges \$75 per hour, and the AAA pays only \$50 per hour, the \$25 per hour difference may count as match.
2. Document the office support costs of a contractor. Independent contractors are used to documenting their office costs for tax purposes. Most contractors should be able to document the percentage of office costs associated with your project.

45 CFR §92.24 Matching or Cost Sharing provides guidelines for determining the value of third party in-kind contributions and how an AAA must document the value of third party in-kind contributions.

We have included the complete text from 45 CFR 92.24 Matching or Cost Sharing. The sections that relate to valuing and recording third party in-kind contributions are bolded.

45 CFR 92.24 Matching or Cost Sharing

“(a) Basic rule: Costs and contributions acceptable.

With the qualifications and exceptions listed in paragraph (b) of this section, a matching or cost sharing requirement may be satisfied by either or both of the following:

- (1) Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by others cash donations from non-Federal third parties.
- (2) The value of third party in-kind contributions applicable to the period to which the cost sharing or matching requirements applies.

(b) Qualifications and exceptions—

- (1) Costs borne by other Federal grant agreements.

Except as provided by Federal statute, a cost sharing or matching requirement may not be met by costs borne by another Federal grant. This prohibition does not apply to income earned by a grantee or subgrantee from a contract awarded under another Federal grant.

- (2) General revenue sharing.

For the purpose of this section, general revenue sharing funds distributed under 31 U.S.C. 6702 are not considered Federal grant funds.

- (3) Cost or contributions counted towards other Federal costs-sharing requirements.

Neither costs nor the values of third party in-kind contributions may count towards satisfying a cost sharing or matching requirement of a grant agreement if they have been or will be counted towards satisfying a cost sharing or matching requirement of another Federal grant agreement, a Federal procurement contract, or any other award of Federal funds.

- (4) Costs financed by program income.

Costs financed by program income, as defined in Sec. 92.25, shall not count towards satisfying a cost sharing or matching requirement unless they are expressly permitted in the terms of the assistance agreement. (This use of general program income is described in Sec. 92.25(g).)

- (5) Services or property financed by income earned by contractors.

Contractors under a grant may earn income from the activities carried out under the contract in addition to the amounts earned from the party awarding the contract. No costs of services or property supported by this income may count toward satisfying a cost sharing or matching requirement unless other provisions of the grant agreement expressly permit this kind of income to be used to meet the requirement.

- (6) Records.

Costs and third party in-kind contributions counting towards satisfying a cost sharing or matching requirement must be verifiable from the records of grantees and subgrantee or cost-type contractors. These records must show how the value placed on third party in-kind contributions was derived. To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocability of regular personnel costs.

- (7) Special standards for third party in-kind contributions.

(i) Third party in-kind contributions count towards satisfying a cost sharing or matching requirement only where, if the party receiving the contributions were to pay for them, the payments would be allowable costs.

(ii) Some third party in-kind contributions are goods and services that, if the grantee, subgrantee, or contractor receiving the contribution had to pay for them, the payments would have been indirect costs. Costs sharing or matching credit for such contributions shall be given only if the grantee, subgrantee, or contractor has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of the contributions.

(iii) A third party in-kind contribution to a fixed-price contract may count towards satisfying a cost sharing or matching requirement only if it results in:

(A) An increase in the services or property provided under the contract (without additional cost to the grantee or subgrantee) or

(B) A cost savings to the grantee or subgrantee.

(iv) The values placed on third party in-kind contributions for cost sharing or matching purposes will conform to the rules in the succeeding sections of this part. If a third party in-kind contribution is a type not treated in those sections, the value placed upon it shall be fair and reasonable.

- (c) Valuation of donated services—

- (1) Volunteer services.

Unpaid services provided to a grantee or subgrantee by individuals will be valued at rates consistent with those ordinarily paid for similar work in the grantee's or subgrantee's

organization. If the grantee or subgrantee does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation.

(2) Employees of other organizations.

When an employer other than a grantee, subgrantee, or cost-type contractor furnishes free of charge the services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay exclusive of the employee's fringe benefits and overhead costs. If the services are in a different line of work, paragraph (c)(1) of this section applies.

(d) Valuation of third party donated supplies and loaned equipment or space.

(1) If a third party donates supplies, the contribution will be valued at the market value of the supplies at the time of donation.

(2) If a third party donates the use of equipment or space in a building but retains title, the contribution will be valued at the fair rental rate of the equipment or space.

(e) Valuation of third party donated equipment, buildings, and land.

If a third party donates equipment, buildings, or land, and title passes to a grantee or subgrantee, the treatment of the donated property will depend upon the purpose of the grant or subgrant, as follows:

(1) Awards for capital expenditures.

If the purpose of the grant or subgrant is to assist the grantee or subgrantee in the acquisition of property, the market value of that property at the time of donation may be counted as cost sharing or matching,

(2) Other awards.

If assisting in the acquisition of property is not the purpose of the grant or subgrant, paragraphs (e)(2) (i) and (ii) of this section apply:

(i) If approval is obtained from the awarding agency, the market value at the time of donation of the donated equipment or buildings and the fair rental rate of the donated land may be counted as cost sharing or matching. In the case of a subgrant, the terms of the grant agreement may require that the approval be obtained from the Federal agency as well as the grantee. In all cases, the approval may be given only if a purchase of the equipment or rental of the land would be approved as an allowable direct cost. If any part of the donated property was acquired with Federal funds, only the non-federal share of the property may be counted as cost-sharing or matching.

- (ii) If approval is not obtained under paragraph (e)(2)(i) of this section, no amount may be counted for donated land, and only depreciation or use allowances may be counted for donated equipment and buildings. The depreciation or use allowances for this property are not treated as third party in-kind contributions. Instead, they are treated as costs incurred by the grantee or subgrantee. They are computed and allocated (usually as indirect costs) in accordance with the cost principles specified in Sec. 92.22, in the same way as depreciation or use allowances for purchased equipment and buildings. The amount of depreciation or use allowances for donated equipment and buildings is based on the property's market value at the time it was donated.

- (f) Valuation of grantee or subgrantee donated real property for construction/acquisition.

If a grantee or subgrantee donates real property for a construction or facilities acquisition project, the current market value of that property may be counted as cost sharing or matching. If any part of the donated property was acquired with Federal funds, only the non-federal share of the property may be counted as cost sharing or matching.

- (g) Appraisal of real property.

In some cases under paragraphs (d), (e) and (f) of this section, it will be necessary to establish the market value of land or a building or the fair rental rate of land or of space in a building. In these cases, the Federal agency may require the market value or fair rental value be set by an independent appraiser, and that the value or rate be certified by the grantee. This requirement will also be imposed by the grantee on subgrantees.”

Identified below are examples of potential third party in-kind contributions and methodologies for determining their value. These are provided only as examples and do not include all potential sources of in-kind.

Advisory Committee Member In-kind Rates

Advisory Committee members who provide professional services at no charge to the area agency on aging (AAA) should be valued at their current professional rates. The committee member should provide the AAA with documentation stating the current rates.

Advisory Committee members who perform the general duties of an advisory committee member must be valued at a rate different than when volunteering professional time to an AAA. It is difficult to identify the most appropriate category for advisory committee members. The Department has identified the category below for use in valuing advisory committee members:

11-9151 Social and Community Service Managers

(Health Care and Social Assistance) Plan, organize, or coordinate the activities of a social service program or community outreach organization. Oversee the program or organization's budget and policies regarding participant involvement, program requirements, and benefits. Work may involve directing social workers, counselors, or probation officers.

An on-line wage information tool for workforce development areas (WDAs) in Texas is found at <http://www.tracer2.com/cgi/dataanalysis/AreaSelection.asp?tableName=Oeswage>. As an example, we selected Capitol Area WDA as a test area. For the year 2006, annualized for this occupation code in a

government organization with an hourly wage, the median wage is \$17.59. A selection for your WDA will produce a wage appropriate for your area.

Example #1 Congregate Meal Site Volunteers

A contracted provider has three volunteers that assist with serving lunches and clearing tables. Another volunteer, a retired CPA, oversees the collection of program income and the client sign-in roster, assists new clients complete nutritional risk assessments and prepares the bank deposit for all program income collected.

The AAA used the required rate-setting package in negotiating the unit rate paid to this contracted meal provider. If volunteers were not available the provider would have to hire employees to perform these duties and the unit rate would have increased. The value of the volunteer time is allowable as an in-kind contribution.

The cost of staff to perform the duties of the three volunteers that assist with serving lunches and clearing tables would be valued at a rate consistent with those ordinarily paid for similar work including a reasonable amount for fringe benefits. In most areas this would be minimum wage plus FICA.

In valuing the volunteer time you must also consider the amount of time. The three volunteers are at the center an average of three hours per day, five days per week. If the provider were paying for these services how many hours would be required to perform the assigned duties? If the duties could be performed in two hours using two paid staff, the value of the volunteer time would be calculated based on two staff at two hours per day.

The fourth volunteer works two hours per day, five days per week. CPAs in the AAA's region are paid an average of \$25 per hour. The cost of hiring staff to perform the duties assigned to this volunteer would not be based on the skill level of the volunteer but on the skill level required for the assigned duties. If the provider has other staff performing similar duties, the rate would be consistent with those staff members. If there were no staff members performing similar job duties, the rate would be valued consistent with those ordinarily paid by other employers for similar work in the same market area.

Example #2 Volunteer Meal Delivery Personnel

A home delivered meal provider has 10 meal routes serving 80 clients five days per week and a total of 30 volunteers who rotate delivery of meals on these routes.

The AAA used the required rate-setting package in negotiating the unit rate paid to this contracted meal provider. If volunteers were not available the provider would have to hire employees to perform these duties and the unit rate would have increased. The value of the volunteer time is allowable as an in-kind contribution.

The cost of staff to perform the duties of the volunteers would be valued at a rate consistent with those ordinarily paid for similar work including a reasonable amount for fringe benefits.

In addition to the value of the volunteers, the provider can value the transportation cost donated by these providers. The value is based on the distance from where the meals are picked up to the last drop off point and return to the meal pick-up location (round trip) for each route. The standard mileage rate for 2007 is 48.5 cents per mile based on the Texas Mileage Guide. This rate is adjusted periodically so access www.cpa.state.tx.us/comptrol/texastra.html to located the current mileage rate.

Example #3 Ombudsman Volunteers

A long-term care ombudsman program has certified volunteer ombudsmen, friendly visitors, ombudsman interns and administrative volunteers. The Managing Local Ombudsman (MLO) assigns the certified volunteer ombudsmen, friendly visitors and ombudsman interns to nursing homes and assisted living facilities and assigns office tasks to the administrative volunteers. All volunteers support the ombudsman program with a variety of skills and abilities.

Value the cost of volunteers to perform their duties at a rate consistent with people ordinarily paid for similar work including a reasonable amount for fringe benefits. Base the cost of hiring staff to perform the duties assigned to volunteers on the required skill level of the duties – not on the volunteers' skill levels. A AAA bases a value for salary and fringe benefits on the local labor market.

Establish one rate for all certified volunteer ombudsmen in-kind hours. In a program with multiple staff, determine an hourly rate for a staff ombudsman's salary, but do not include the MLO's salary. If a AAA has one staff ombudsman, thus an MLO, reduce the MLO salary and fringe benefits by the percent of time spent on administrative duties such as reporting and training volunteers. The in-kind hours of service by a certified volunteer ombudsman may include time spent in facilities, associated travel time (if donated) and continuing education time.

Duties of ombudsman interns and other volunteers are not similar to a CVO. To set a value for their services, compare activities performed by volunteers to staff who perform similar work in the organization. If no similar work exists, set a value based on the local labor market.

For travel associated with ombudsman services, use the Texas Mileage Guide's standard rate. Calculate actual mileage of each volunteer in the ombudsman program rather than an average or estimate.

Example #4 Advisory Committee Members

An AAA has an advisory committee consisting of (1) Governing Body Official (local elected official) (3) local elected officials, (2) Board members of non-profit service delivery agencies (1 Medical Doctor and 1 University Professor), (2) employees of service delivery agencies, (4) minority members (2 local elected officials and 2 retired workers) (1) 60+ representative from each county in the region totaling 13.

The value of the advisory committee member's time must first be determined. As an AAA would not have staff performing similar duties the rate would be valued consistent with those ordinarily paid by other employers for similar work in the same market area. The value of the services performed by the advisory committee members would not be based on the skill level of the advisory committee member but on the skill level required for the assigned duties.

After determining the value of the advisory committee member's time the AAA must determine which advisory committee member's time can be valued as in-kind. It is the AAA's responsibility to collect the information from the committee members. If the time the advisory committee member is attending the meeting is being paid for by an employer or local entity the AAA must identify the source of the income. If the committee member is not being paid the time can be classified as donated time and valued as in-kind.

For an advisory committee member who is paid by an employer or local entity, the AAA must determine if the employer receives federal or state funds, and determine whether or not these funds are used to pay all or a portion of the advisory committee member's salary either directly or indirectly. If no federal or state funds are used to pay the committee member's time, the time can be classified as donated and valued as in-kind.

If all or part of the advisory committee member's time is paid for with federal funds the value of the percentage of the time paid for with federal funds cannot be classified as donated and cannot be valued as in-kind.

If all or part of the advisory committee members time is paid for with state funds the AAA must verify that the state funds are not being used by the employer as matching funds for any federal funds received by the employer or a granting state agency. If the state funds are not being used as match funds for federal awards or grants the time can be classified as donated and valued as in-kind.

If the AAA reimburses the advisory committee member's travel expenses, the travel expenses cannot be valued as in-kind. If the AAA does not reimburse the travel expenses, the AAA would complete the same verification for travel expenses as for the advisory committee member's time prior to valuing the in-kind.

Example #5 Rate Reduction or Pro Bono Services

An AAA negotiates an agreement with an attorney for legal assistance services. The attorney's standard rate per hour is \$150. The contracted rate is \$75. The difference between the standard rate and the charged rate can be valued as an in-kind contribution. The AAA must have supporting documentation (such as a fee schedule) from the attorney supporting the standard rate.

An attorney agrees to provide legal assistance to clients referred by the AAA at no cost to the AAA or the client. The attorney's standard rate per hour is \$150. The full standard rate can be valued as in-kind. The AAA must have supporting documentation (such as a fee schedule) from the attorney supporting the standard rate and supporting documentation of the hours of service from the attorney.

Example #6 Partnerships with Local Businesses

As an outreach effort the AAA distributes a resource directory to all or part of the service region. The AAA creates a database of services and agencies within the region that provide services for older persons. The local newspaper agrees to create and distribute the directory using the information provided by the AAA at no cost to the AAA. To cover the cost of the directory, the newspaper sells advertisement space in the directory to businesses whose client base are older persons. The AAA maintains editorial control including the right to review and veto all advertisements. The value of the layout, printing and distribution of the directory (without advertising) can be established by the newspaper and used as in-kind by the AAA for administration. If the resource directory is targeted to a specific service such as legal services, or a group of services such as caregiver services, the in-kind would be allocated to the appropriate services.

Example #7 Partnership with Local Community Organization

An AAA establishes an agreement with a local organization to sponsor and support caregiver education and training. The local organization will provide the meeting space, materials and a qualified trainer (who works for the organization). In addition, the local organization will provide door prizes for attendees.

If the local organization's operating costs are not supported by federal funds, the AAA may use the value of the donated space as in-kind. When determining the value of the meeting space, the AAA must determine the market value for securing space for the meeting (similar meeting space). In addition, the value of the trainer may be considered in-kind if the cost for the trainer is not supported with federal funds. For example, if the trainer would normally charge \$75 per hour, the in-kind value would be calculated at \$75 per hour plus fringe benefits. The materials distributed at the training are comprehensive care manuals that after printing are valued at \$20 per manual. The cost of materials provided can be valued as in-kind as long as the cost of materials was not supported by federal funds and the materials are relevant to the training. The door prizes furnished by the local organization cannot be valued as in-kind. If not donated, the door prizes would not be allowable costs.

Example #8 Donated Supplies and Loaned Equipment or Space

A church donates the use of space for preparing and serving congregate meals. The church's kitchen equipment is used to prepare the meals and store supplies. The dining area will seat 200 people. The average number of seniors eating meals at the senior center is 50 per day.

Loaned Space: The contribution of space is valued at the fair rental rate for the space used. Use local rental or lease rates for a comparable building space. Then verify with the local health and fire department the code requirement to determine the square footage requirements per person used for local restaurants.

The kitchen, dining area and restroom area of the church totals 3,000 square feet. Of this amount, the dining area is 2,400 square feet, the kitchen is 500 square feet, the restrooms, entry area and hallway are an additional 100 square feet. Based on local rental/lease rates it is determined a building of this size suitable for meal service would cost \$1,500 per month. The local fire code requires 12 square feet per person in a restaurant. The entire kitchen is utilized in meal preparation and the entry area and halls are necessary to access the kitchen, dining area and restrooms.

3,000 sq feet / \$1,500 = .50 per sq foot building rental
50 persons served per day X 12 sq foot per person = 600 sq feet X .50 per sq foot = \$300
Kitchen, entry area, halls, and restrooms = 600 sq feet X .50 per sq foot = \$300
Loaned space value = \$600 per month

Utilities and Janitorial Services: The church provides utilities and janitorial services. The church is used for church related activities an average of 80 hours per week or 320 hours per month, and the utilities and janitorial services cost \$1,500 per month. The time used to prepare and serve the congregate meals is 20 hours per week or 80 hours per month. The total church square footage (sanctuary, offices, meeting rooms, Kitchen, Dining area, common areas) totals 10,000 square feet.

10,000 sq feet / \$1500 = .15 per sq foot cost of building utilities and janitorial
Square footage used for congregate meals = 1,200 square feet (see above)
320 hrs church functions + 80 hrs congregate meals = 400 hrs per month total usage
80 hrs congregate usage / 400 hrs total usage = 20% of total time usage
.15 per sq foot cost of utilities X 1,200 square feet = \$180 X 20% of time usage = \$36 per month for utilities and janitorial services

Loaned Equipment: The church kitchen equipment, and dining area tables and chairs are used to prepare and serve the congregate meals. The fair rental value of the equipment must be established for all equipment used. Ensure that only items used are valued, not all available items.

Stove, Refrigerator, Freezer, and Dishwasher = \$2,000 per month
Dishes, silverware, glassware, pots, pans, etc. = \$1,000 per month
Tables and chairs = \$200 per month
Total Equipment rental cost = \$3,200 per month

Equipment rental cost \$3,200 X 20% of time usage (see above) = \$640 per month

Donated Supplies: The church agrees to supply paper napkins and non-refillable salt and pepper shakers. These supplies will be kept separate from the church supplies and will only be used for congregate meals. The actual cost or market value of these supplies would be used as in-kind.