
DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814



August 7, 2003

COUNTY FISCAL LETTER (CFL) No. 03/04-22

TO: COUNTY WELFARE DIRECTORS
COUNTY FISCAL OFFICERS
COUNTY AUDITOR CONTROLLERS
COUNTY PROBATION OFFICERS

SUBJECT: MATCHING FUNDS FOR TITLE IV-E

REFERENCE: CFL No. 94/95-38, dated February 21, 1995 (Attached)

This CFL provides clarification on matching funds for Title IV-E based on the Department of Health and Human Services Departmental Appeals Board (DAB) Decision No. 1737, dated July 14, 2000.

BACKGROUND

Under current policy outlined in CFL No. 94/95-38, private funds could be used as a match to draw down Title IV-E funds if the following requirements are met:

- The funds are transferred to a State or local agency and the donated funds are under its administrative control;
- The funds are donated without restrictions;
- The funds do not revert to the donor's facility or use.

This policy was based on Federal CFR Section 235.66 and past audit policy. The intent of "donated without restriction" was applied by the CDSS to mean that private donors could not designate the use of donated funds.

REVISED POLICY

Please note: There is no policy change regarding Third-party in-kind contributions which remain unallowable as match for Title IV-E.

The meaning of "donated without restriction" was broadened by the DAB Decision No. 1737, dated July 14, 2000, which clarified the requirements for the use of private donated funds as follows:

- Private donated funds can properly be used as the state/county share to the extent that the funds are used on allowable Title IV-E administrative costs.
- Private donated funds can be used as the state/county share when donated without restriction to use, except the donor can specify that the funds are used for services, administration, or training, as long as the donor is not a sponsor or operator of a program to provide such services, administration, or training.
- Private donated funds may not be used to purchase services for which federal financial participation (FFP) is claimed from the donor organization.
- Unspent private donor funds which revert to the donor do not qualify as the State/county share of funds as they were not spent on allowable Title IV-E administrative costs.

The following example is based on the DAB Decision:

New York City (NYC) received a grant from the Kellogg Foundation for the Family for Kids Campaign. This grant was to be used to "pursue expedited permanency for children through family support, efficient child welfare services, and reductions in the need for child protective services." NYC proposed to accomplish these goals through hiring of staff who were to deal with cases individually to uncover areas where system improvements could be made to reduce obstacles to expedited adoption, improve the coordination needed to move cases toward adoption, and coordinate with other personnel in the child welfare system. The award document from Kellogg contained several conditions:

- Funds were to be used exclusively for charitable, scientific, literary, or educational purposes, and not be used to influence legislation, elections, or fund voter registration drives.

- Funds were to be accounted for separately and used only for purposes specified in the budget.
- Unexpended funds remaining at the end of the project were to be returned to Kellogg.
- No funds could be paid to any Kellogg trustee, officer, or employee.
- The project records were to be available to Kellogg for audit.
- NYC was to provide Kellogg with progress reports and financial statements at the end of each project period.
- NYC was to have developed a list of target populations by a specific date and have the project fully staffed and staff trained by a specific date.

These conditions are within the guidelines of the DAB Decision. However, in order for the funds to be used to claim Title IV-E, they would need to be spent on allowable Title IV-E administrative costs. The full DAB decision can be found at www.hhs.gov/dab.

If you have any questions, or would like to discuss the contents of this letter, please contact your county analyst in the Fiscal Policy Bureau at (916) 657-3440.

Sincerely,

MARGE DILLARD, Chief
Fiscal System and Accounting Branch

DEPARTMENT OF SOCIAL SERVICES

744 P Street Sacramento, California 95814



February 21, 1995

COUNTY FISCAL LETTER (CFL) NO. 94/95-38

TO: COUNTY WELFARE DIRECTORS
COUNTY FISCAL OFFICERS
COUNTY AUDITOR CONTROLLERS
COUNTY PROBATION OFFICERS

SUBJECT: MATCHING FUNDS

This letter provides guidelines for County Welfare Departments (CWD) when using third-party in-kind contributions and public and private funds for counties to match the federal funding streams for Title IV-A, IV-B, IV-E (excluding the Independent Living Program (ILP)), IV-F, XIX, and Food and Nutrition Services (i.e., Food Stamps) programs. These guidelines are based on federal regulations. However, it should be noted that exceptions have been allowed on a limited basis for specific activities such as staff development.

ALLOWABLE MATCHING METHODS

Third-party In-Kind Contribution

An in-kind contribution is defined as property (i.e., equipment), real property (i.e., space), supplies, and services (i.e., the cost of salary and benefits), which benefit a program and is contributed by a non-federal third-party without charge to the grantee, subgrantee or a cost type contractor. The valuation placed on an in-kind contribution must represent what the cost would have been to the CWD if they had paid for the item or service itself. The value of in-kind contributions for personal services, salary and benefits, must be reported in the quarter in which the service is performed. If a public agency contributes "in-kind", it is in actuality an expenditure of public funds.

Public or Private Funds

Public funds are defined as appropriations made directly to the CWD or funds otherwise made available to the CWD by another unit of local government. Private funds are defined as bequests and contributions by private organizations, foundations, agencies, private educational institutions or individuals.

The CWD has the responsibility to ensure a proper audit trail for any funds used for the match. In the case of a contractor, it should indicate in the contract what the match will be. The contractor is required to maintain appropriate documentation for the audit trail.

SPECIFIC REQUIREMENTS

Title IV-A, IV-B, and IV-E

The following requirements apply to the use of matching funds for federal Title IV-A, IV-B, and IV-E funded programs.

1. Third-party in-kind contributions may not be used.
2. Public funds can be used as a match if the funds are obtained in the following manner:
 - o appropriated directly to the CWD;
 - o transferred from another public agency to the State or local agency and under its administrative control;
 - o certified by the contributing public agency as representing expenditures eligible for federal financial participation (FFP).

The funds must:

- o not be used to match other federal funds;
 - o not be federal funds, or are federal funds authorized by federal law to be used to match other federal funds.
3. Private funds can be used as a match only:
 - o when transferred to the State or local agency and under its administrative control;
 - o are donated without restrictions;
 - o do not revert to the donor's facility or use.

Title IV-F

The following requirements apply to the use of matching funds for federal Title IV-F.

1. A third-party in-kind contribution is allowable at the 90% enhanced FFP rate, however, currently California has lost this enhanced funding.

2. Public funds can be used as a match if the funds are obtained in the following manner:
- o appropriated directly to the CWD;
 - o transferred from another public agency to the State or local agency and under its administrative control.

The funds must:

- o not be used to match other federal funds;
- o not be federal funds, or are federal funds authorized by federal law to be used to match other federal funds.

If not feasible to transfer funds to the CWD, the funds may be considered as the match if the CWD executes a Memorandum of Understanding (MOU) with the other public agency. This arrangement demonstrates CWD oversight and control for use of the funds.

The MOU must contain the following terms:

- o the other public agency must identify the specific amount of funds that the CWD may use as the non-federal share of JOBS expenditures;
- o the non-federal share of JOBS expenditures are for services and activities that are not otherwise available on a nonreimbursable basis;
- o the CWD has the authority to determine the specific activities and services for which these funds will be used.

3. Private funds can be used as a match only:

- o when transferred to the State or local agency and under its administrative control;
- o are donated without restrictions;
- o do not revert to the donor's facility or use.

Title XIX

The following requirements apply to the use of matching funds for Title XIX.

1. Public funds can be used as a match if the funds are obtained in the following manner:
- o appropriated directly to the State or local Medicaid agency;
 - o transferred from other public agencies (including Indian tribes) to the State or local Medicaid agency and under its administrative control;

- o certified by the contributing public agency as representing expenditures eligible for FFP.

The funds must:

- o not be federal funds, or are federal funds authorized by federal law to be used to match other federal funds.

Food and Nutrition Services

The following requirements apply to the use of matching funds for administrative cost of the Food Stamp program.

1. All cash or in-kind contributions shall be allowable when they are necessary and reasonable and the contributions are:
 - o verifiable and not contributed for another federally assisted program, unless authorized by federal legislation;
 - o not paid by the federal Government under another assistance agreement unless authorized under the other agreement and its subject laws and regulations;
 - o in the approved budget.
2. Third-party in-kind contributions from nonpublic agencies are unallowable for reimbursement.
3. The value of services rendered by volunteers shall be allowable only to meet any matching administrative cost requirements for the Food Distribution Program on Indian Reservations.

Staff Development

The following requirements apply to the use of matching funds for Title IV-A and IV-E Staff Development costs.

1. Third-party in-kind contributions are unallowable.
2. Public funds can be used as a match if the funds are obtained in the following manner:
 - o appropriated directly to the CWD;
 - o transferred from another public agency (including Indian tribes) to the State of local agency and under its administrative control;
 - o certified by the contributing public agency as representing expenditures eligible for FFP;
 - o public educational institutions may contribute to the match (refer to CFL 91/92-01, dated July 10, 1991).

The funds must:

- o not be used to match other federal funds;
- o not be federal funds, or are federal funds authorized by federal law to be used to match other federal funds.

4. Private funds can be used as a match only:

- o when transferred to the State or local agency and under its administrative control;
- o are donated without restrictions;
- o do not revert to the donor's facility or use.

Any public/private organization that donates funds must maintain complete and accurate records relating to the funds used for the county share of costs showing that the funds meet the appropriate requirements and are not being used to supplant existing funds. The CWD must document the funds being received, who supplied the funds, and how they were used for federal and State audit purposes. The documentation must be kept according to the CWD retention records.

If a CWD has a specific situation regarding use of matching funds that they would like comments on, it should be submitted in writing to the California Department of Social Services, Attention: Fiscal Policy Bureau, 744 P Street, MS 8-100, Sacramento, California 95814.

Any questions regarding this CFL should be directed to the Fiscal Policy Bureau at (916) 657-3440.



Gerald R. Rose, Chief
Fiscal Systems and
Accounting Branch

c: CWDA