

INTRODUCTION

The Emergency Solutions Grant (ESG) Program is a federal program operated by the U.S. Department of Housing and Urban Development (HUD) to make grants to states, local governments, and territories for the purposes of funding activities that directly serve people experiencing homelessness, including people at risk of homelessness. The Iowa Finance Authority (IFA) is a direct recipient of ESG from HUD and administers an annual allocation of ESG funding. In turn, IFA awards ESG funds to eligible applicants as Subrecipients.

This ESG Match Policy (the “Policy”) provides:

- The structure under which IFA manages its ESG Match requirement; and
- Comprehensive guidance to Subrecipients regarding their ESG Match requirements.

1. OVERVIEW

1.1 The ESG Program is regulated under [24 CFR Part 576 -- Emergency Solutions Grants Program](#), the ESG Program Interim Rule. The ESG Program Interim Rule requires state recipients to make matching contributions (“Match”) to supplement each fiscal year’s ESG award equal to the total amount of the award less \$100,000. IFA meets this requirement by:

- Requiring each ESG Subrecipient to provide Match (cash or in-kind) equal to **65 percent** of the amount of ESG funds it receives, except as provided below;
- Passing the benefit of the \$100,000 Match exemption onto the Subrecipient(s) that are least capable of providing matching contributions (as required by the ESG Program Interim Rule) via the selection process defined in this ESG Match Policy; and
- Matching the remaining ESG funds with cash Match provided by IFA through the state’s Shelter Assistance Fund (SAF).

1.2 IFA must account for its ESG Match on an annual basis, reporting to HUD as part of the Consolidated Annual Performance and Evaluation Report (CAPER). IFA retains the responsibility for meeting all ESG Match requirements not passed on to its Subrecipients through executed ESG grant agreements.

1.3 Since IFA uses SAF dollars to fulfill ESG Match requirements, a Subrecipient cannot contribute SAF as Match under any other program, including ESG.

1.4 IFA does not utilize ESG funds to meet any other program’s matching requirements. Therefore, a Subrecipient may contribute ESG as Match under other programs.

1.5 Because ESG Match contributions are provided based on the total ESG grant amount, they do not have to be provided on a component-by-component basis. For example, if IFA or a Subrecipient is spending \$10,000 on HMIS, they do not need to specifically find \$10,000 in data collection funds from another source to use as Match.

2. ELIGIBLE MATCH TYPES

2.1 Match can be provided in the form of either:

- 2.1.1 Cash Match, which is cash expended for allowable costs of IFA or the Subrecipient; or
- 2.1.2 In-kind Match (also referred to as non-cash Match), which is the value of any real property, equipment, goods, services, or donated building contributed to IFA's or the Subrecipient's ESG program, provided that, if the contribution had been paid for with ESG funds, the cost would have been allowable. In-kind Match may include the purchase value of any donated building.

2.2 Match requirements can be met with any combination of Cash Match and In-Kind Match provided that the combined value of all provided Match meets the minimum Match requirement established under the executed ESG grant agreement.

3. ELIGIBLE MATCH SOURCES

3.1 Match contributions from any source other than the ESG Program are eligible for use as Match including, but not limited to, other federal funds, local or state government funds, and private donations of cash, property, and labor, provided that the following criteria are met:

- 3.1.1 They meet the requirements of [2 CFR 200.306\(b\)\(4\)](#), except that matching contributions are not subject to the expenditure limits in [24 CFR 576.100](#);
- 3.1.2 The Match source is not prohibited from matching the ESG Program under a specific statutory prohibition;
- 3.1.3 The Match source is not counted as Match for another program; and
- 3.1.4 The Match contribution would have been an allowable cost under the ESG Program if paid for using ESG funds.

3.2 The value specified in [2 CFR 200.306\(d\)](#) for any building the Subrecipient donates for long-term use in the Subrecipient's ESG Program may be counted as Match provided that depreciation on the building is not counted as Match or charged to any federal award. If a third-party donates a building to the Subrecipient, the Subrecipient may count as Match either depreciation of the building and fair rental charges for the land for each year the building is used for the Subrecipient's ESG Program or, if the building is donated for long-term use in the Subrecipient's ESG Program, the fair market value of the capital assets as specified in [2 CFR 200.306\(h\)\(2\)](#), [\(i\)](#), and [\(j\)](#). To qualify as a donation for long-term use, the donation must be evidenced by a recorded deed or use restriction that is effective for at least ten (10) years after the donation date.

4. CALCULATING THE VALUE OF IN-KIND MATCH

4.1 To determine the value of any donated material or building, or of any lease, the Subrecipient must use a method reasonably calculated to establish its fair market value.

Services provided by individuals must be valued at rates consistent with those that the Subrecipient ordinarily pays to existing employees performing similar work. If the Subrecipient does not have employees performing similar work, the rates must be instead

consistent with those ordinarily paid by other employers in the same labor market for similar work.

For In-kind Match contributions that would have been indirect costs if paid for with ESG funds, these contributions can only be counted as Match if the Subrecipient has established, along with its regular indirect cost rate, a special rate for allocating the value of those contributions.

5. PROGRAM INCOME AS MATCH

- 5.1** Program Income has the meaning provided in [2 CFR 200.80](#) and includes any amount of a security or utility deposit returned to IFA or the Subrecipient. Costs paid by ESG Program Income may count toward meeting the Subrecipient's Match requirements provided the costs are eligible ESG costs that supplement the Subrecipient's ESG Program.

6. COMMON MATCH SOURCES

This section lists several common sources of Match. It is not intended to be all-inclusive. Rather, the section is intended to provide guidance and information regarding several common approaches to meeting ESG Program Match requirements. The information provided is intended to be broad and general. Subrecipients are encouraged to submit any specific questions about their Match plans directly to IFA using the contact information provided below.

- 6.1 Administrative Costs:** The costs of administering the ESG Program are a common source of Match, since the administrative costs allowance under ESG is generally insufficient to cover the administrative costs incurred by ESG Subrecipients in full. These administrative costs include but are not limited to budgeting, reporting, payroll, and compliance monitoring. To be considered an eligible source of Match, the administrative costs must be otherwise allowable under the ESG Program, meaning they must directly relate to the implementation of the ESG funding award. This may exclude expenses such as salary and fringe benefits for a Subrecipient's executive director unless the executive director is performing direct program management responsibilities for the Subrecipient's ESG-funded activities.
- 6.2 HMIS/DVIMS Costs:** All ESG projects are required to maintain participant and project data in HMIS/DVIMS. These costs, including software, equipment, and salary and fringe benefit expenses for Subrecipient staff performing data entry and maintenance, can be difficult to predict during the ESG budgeting process, making excess HMIS/DVIMS costs a potential source of Match contributions.
- 6.3 State or Local Government Funds:** State or local government funds, often in the form of general purpose revenue or other sources of unrestricted funding, are a common and valuable source of Match for ESG. However, it is important to distinguish the underlying source of state or local government dollars, especially if that source is a federal grant program. In all cases, to be considered eligible ESG Match, the underlying source of the state or local government funds must meet all criteria specified in Section 3.1 of this ESG Match Policy.
- 6.4 Private Contributions (Cash or In-Kind):** Private cash contributions (for example, foundation grants, corporate grants, and fundraising revenue) and in-kind contributions (for

example, volunteer labor, donated buildings, or other donated goods and services) are among the most common sources of ESG Match. Generally, these private resources have few funding source or activity restrictions, but it is important to ensure that:

- The private contribution does not carry conditions that would put the ESG project out of compliance (for example, a condition that an ESG-RRH project serves only participants referred through a local hospital system or an ESG-HP project serves only employees of a local corporate donor rather than the Coordinated Entry system);
- In-kind contributions are valued correctly according to this ESG Match Policy and all other applicable federal guidance.

7. INELIGIBLE MATCH

7.1 Because Match is contributed to the ESG Program and expended for IFA's or the Subrecipient's allowable ESG costs, the following are not allowed to be used as Match:

- 7.1.1** SNAP benefits because the funds are being used to cover the client's costs;
- 7.1.2** Section 8 Housing Choice Vouchers because the funds are used to pay the Public Housing Authority's obligations under its Housing Assistance Payment contract with the landlord;
- 7.1.3** The tenant's portion of the rent because this amount is the tenant's obligation;
- 7.1.4** HOME Program Tenant-Based Rental Assistance (TBRA) funds because the requirements for rental assistance are significantly different between HOME and ESG, including an inability under HOME TBRA to require a tenant to participate in supportive services such as case management; and
- 7.1.5** Supportive Housing Program (SHP) funds generally cannot be used as Match because very few activity costs are allowable under both SHP and ESG (contact IFA to discuss before using SHP as Match for ESG purposes).

8. MATCH EXEMPTION

8.1 Under each fiscal year's annual ESG funding allocation, IFA is not required to match the first \$100,000 allocated, IFA is required to pass this benefit to the Subrecipient(s) that are least capable of providing matching contributions. After ESG awards have been determined for the fiscal year, IFA will identify the Subrecipient(s) that are eligible to submit an ESG Match Waiver application based upon the Subrecipient(s) meeting one or more of the following criteria:

- 8.1.1** Subrecipient is considered rural and therefore disproportionately likely to be under-resourced;
- 8.1.2** During monitoring, IFA identified a concern related to the Subrecipient's difficulty producing the necessary level of Match;
- 8.1.3** During the previous calendar year, the Subrecipient provided less than its full Match requirement; and/or
- 8.1.4** Subrecipient has been granted an ESG Match Waiver during one or more of the past three calendar years.

- 8.2** Subrecipients interested in applying for an ESG Match Waiver must complete the required application and submit to IFA by the established deadline. Completion of the ESG Match Waiver application is not a guarantee of approval.
- 8.3** The Subrecipient(s) granted an ESG Match Waiver will be notified of IFA's approval in writing. IFA will make the determination as to which Subrecipient(s) benefit from the ESG Match Waiver, and IFA's decision is final and cannot be appealed.

9. MATCH REPORTING AND DOCUMENTATION

- 9.1** Subrecipients must report ESG Match expenditures using the Match Contributions worksheet contained in the current ESG Financial Management Workbook provided by IFA. The Match Contributions worksheet should be submitted via email to homelessprograms@iowafinance.com with each monthly Draw Request.
- 9.2** All Match contributions should be reported cumulatively to date, such that the final Match Contributions worksheet submission included with the final Draw Request includes all eligible Match expended under the ESG grant award.
- 9.3** The Match Contributions worksheet includes the following required reporting elements for every Match item:
- 9.3.1** Match Type, to be selected from the following dropdown list:
- In-Kind (non-cash donations such as volunteer hours)
 - Local Government Funds (such as City/County)
 - Non-ESG HUD Funds
 - Other (please describe)
 - Other Federal Funds
 - Private Funds
 - Program Income
 - State Government Funds (non-SAF)
- 9.3.2** Description of Match Source (enter the name of the specific program, entity providing the contribution, or other relevant descriptor for the Match source)
- 9.3.3** Match Expenditure Start Date (for Cash Match, the date the funds are expended or the allowable cost is incurred; for In-Kind Match, the date the service or other In-Kind Match source is actually provided to the ESG project)
- 9.3.4** Match Expenditure End Date
- 9.3.5** Match Expenditure Amount (\$)
- 9.3.6** Newly Reported Match, to be selected from the following dropdown list:
- Yes (enter if this is the first time the Match item is being reported as expended)
 - No (enter if this Match item has been previously reported)
 - Correction (enter if this is a correction to a previously reported Match expenditure)
- 9.3.7** Additional Notes/Explanation (optional)

- 9.4** At IFA’s discretion, IFA may elect to suspend further disbursement of ESG funds or not to disburse funds at all until the Subrecipient has met the Match requirement specified in the executed ESG grant agreement in full.
- 9.5** Supporting documentation of Match expenditures is not required to be submitted with the Match Contributions worksheet unless specifically requested by IFA, as determined necessary at IFA’s sole discretion, but the Subrecipient must maintain supporting documentation for all reported Match expenditures and make such documentation available to IFA upon request. Match supporting documentation must include documentation of the Subrecipient’s receipt of the Match contribution (such as deposit or other banking and accounting records), the source of the contribution, and the use of the Match contribution. Examples of documentation for Match source contributions include but are not limited to executed grant agreements or letter of commitment from other funders, an itemized fair market value calculation of donated materials or services, a property tax assessment or an appraisal of a building’s fair market value, a report listing donations from individuals, or documentation of volunteer hours.
- 9.6** IFA will monitor the Subrecipient’s Match expenditures as part of the ESG desk monitoring process.
- 9.7** The Subrecipient must maintain all records and documents related to ESG Match expenditures for a minimum period of five (5) years, as specified in the executed ESG grant agreement with IFA.

10. CONTACT INFORMATION

Questions may be directed to homelessprograms@iowafinance.com or sent directly to the following IFA staff.

Sarah Sorensen	Homelessness Programs Assistant Manager	sarah.sorensen@iowafinance.com	515-452-0425
Rebecca Stout	Homelessness Programs Manager	rebecca.stout@iowafinance.com	515-452-0424
Terri Rosonke	Housing Programs and Strategic Initiatives Manager	terri.rosonke@iowafinance.com	515-452-0440

Appendix A

Match: Budget Verification

ESG Subrecipients are required to provide verification of secured and/or anticipated Match contribution commitments as part of the annual ESG grant agreement execution process at the time of budget submission. IFA will request the Match: Budget Verification form when the Subrecipient’s annual ESG budget is established after signature of the grant agreement. *Note: A fillable PDF version of this form is available on IFA’s [ESG web page](#) under Resources – Financial Management.*

ESG Subrecipient Agency: _____

Calendar Year of ESG Award: _____

I hereby certify that the above-named Subrecipient, for which I am an authorized representative, commits to provide the following otherwise non-obligated and eligible Match support for the Iowa Statewide ESG Program during the above specified grant term. These Match resources will be used for ESG eligible activities and applied pursuant to applicable federal, state, local, and any other governing law, statute, regulation, and guidance, including IFA’s ESG Match Policy.

CASH MATCH		
Source	Description of Match	Match Amount
Local Government Funds		\$
Non-ESG HUD Funds		\$
Other Federal Funds		\$
Private Funds		\$
Program Income		\$
State Government Funds (non-SAF)		\$
Other		\$
TOTAL CASH MATCH		\$

IN-KIND MATCH		
Source	Description of Match	Match Amount
		\$
		\$
		\$
		\$
		\$
		\$
TOTAL IN-KIND MATCH		\$

Authorized Representative Signature: _____

Printed Name: _____

Title: _____

Date: _____

Appendix B

SAMPLE

Match: Volunteer Hours Tracking Form

For volunteer hours contributed as ESG Match, the Subrecipient must track those hours using this or a similar form or spreadsheet. To be considered eligible Match, if the Subrecipient had to pay for the volunteer activities with ESG grant funds, the costs must have been allowable under ESG rules.

Calculating the value of volunteer hours: the dollar value of a given hour is determined using a rate consistent with the rate paid for similar work within the Subrecipient organization or, if no similar work is performed within the Subrecipient organization, the rate paid for similar work in the Subrecipient’s labor market. Rate consistency should be documented in the “Rate Rationale” column. *Note: A fillable PDF version of this form is available on IFA’s [ESG web page](#) under Resources – Financial Management.*

Date	Volunteer Name	Volunteer Activity	Number of Volunteer Hours	Volunteer Rate (\$/Hour)	Rate Rationale

Authorized Representative Signature: _____

Printed Name: _____

Title: _____

Date: _____