

Policy Regarding Use of Cost Share Program Funds as Match

Purpose

It is the goal of the Commission to take maximum advantage of opportunities to use state cost share program funds to leverage additional investment for conservation. Districts, the division and partners regularly seek grant funds to enable districts to more effectively address conservation objectives. Often these grants rely upon cost share program funds as match to meet the requirements of the granting organizations.

With so many partners applying for local, regional, and statewide grants to benefit district conservation activities, the potential exists for multiple partners to commit the same cost share funds or technical assistance time for match on multiple projects. This presents a concern for the Commission, since it is the Commission's and the conservation partnership's reputation of effectively implementing and tracking conservation on the ground that makes the partnership attractive to receive grants. It is important to recognize the need to coordinate use of state cost share funds as match to ensure that cost share funds are not double-counted as match in ways that will jeopardize the program or the conservation partners.

Statement of Policy

The Commission authorizes each district to commit up to 50% of its allocation of cost share financial assistance and technical assistance funds to match projects according to the discretion of the board of supervisors. Within 10 working days of the district being notified of a grant award, the district shall notify the Division of its intent to use cost share funds as match. This notification shall include:

1. The cost share program from which match funds are being committed (e.g., Ag Cost Share Technical Assistance, CCAP)
2. The amount of cost share funds committed for match and the program years affected
3. A description of the practice type(s) or activities
4. The name of the granting organization
5. The amount of the grant
6. An acknowledgement that future allocations are subject to availability of funds

The Commission also authorizes the division to commit up to 50% of cost share financial and technical assistance funds to match projects.

If either the district or the division needs to access greater than 50% of a district's annual allocation or if there is a conflict, the division and the district are authorized to negotiate as needed to reach a mutually satisfactory resolution. Districts shall also notify the division if the cost share funds previously committed for match are no longer needed for match.

The division shall track all projects and activities using state cost share program funds as match and report this information to the Commission annually.

Background Document Use of Cost Share Program Funds as Match

Most grant making organizations require or encourage the grant recipient to share in the cost of implementing a grant project. The recipient's share of the project is called the recipient's "match" for the grant funds. Match funds can be in the form of a cash contribution (e.g., cost share financial assistance funds) or labor, supplies, equipment, etc. provided by the grant recipient to help implement the grant project (this kind of match is referred to as "in-kind" match). Even when match is not required by the grantor, it is often encouraged as a way to make the application more attractive for funding. The grant application generally must include a budget that specifies the matching funds the applicant is committing to provide in support of the project.

The Commission first implemented a policy requiring approval for use of cost share program funds as match in November 1992. The policy required all match requests to be first reviewed by the Agricultural Task Force for a recommendation for Commission approval. This policy was reaffirmed in March 1998, and a letter was distributed to all districts reminding them of the policy. In 2001, the policy was revised to remove the requirement that requests be reviewed by the Ag Task Force before it was considered by the Commission. The 2001 policy remains in effect, but this policy has not been consistently enforced.

The division and the Commission have for many years encouraged districts to apply for grant funds to supplement existing state, federal, and local funds to address their priority conservation needs. Many districts have a very successful track record of implementing grant-funded projects. Cost share program funds are often critical to supply the required match for these projects.

Also, the division frequently applies for grants on behalf of districts. Often these grants address projects on a watershed scale or even statewide. The division is currently administering twelve grants/cooperative agreements totaling \$271,329,702 relying on \$14,426,168 of cost share program funds as match over the life of the agreements. These grants range from benefitting 2-3 districts to benefitting 75 districts. These grants bring in outside financial resources to supplement existing state, federal, and local funds for implementing BMPs and for hiring staff at the local level. Match for these projects may be statewide. The division handles all the progress reporting and documentation of match for these projects, permitting the districts to focus on implementation.

For instance the Division has a \$6 million agreement with NRCS to provide 42 supplemental staff based in local offices to carry out conservation work over a 5-year period ending August 2015. Non-federal match for this agreement involves \$3 million of cost share BMP implementation statewide which has been already been documented as completed.

Another example is the High Rock Lake Watershed BMP implementation project. The Division is working through 13 SWCDs to implement a Clean Water Management Trust Fund grant

awarded to the Division to install BMPs in the High Rock Lake Watershed, which is impaired for chlorophyll-a and turbidity. The participating districts identified BMP needs under a previous USDA grant in which districts were provided funds to hold stakeholder meetings and develop implementation plans. The division has committed to use a portion of the cost share funds in those 13 districts to match the grant funds. If the district elects to pursue a separate grant project, without proper coordination, it might end up committing the same cost share funds that have already been committed.

It is generally not difficult for the division to avoid duplicating match commitments of districts as it administers regional or statewide projects, but that can only happen if the division is aware of each district's match obligations.

The Cost Share Committee evaluated the policy as part of its comprehensive review of all cost share program policies. The Committee's recommendation to revise the policy acknowledged the importance of tracking match to avoid potential conflicts involving double counting of match. It also noted that since the Commission only meets every other month, it is often difficult to obtain advance approval. The proposed solution was to ask the Commission to delegate this approval to the division to allow a more timely response to those wishing to use cost share funds as match.

The proposed policy is aimed at reducing the potential for double counting as match, allowing districts and partners to proceed with grant applications with confidence that the required match to support their application is indeed available.

Example notification:

Date: May 5, 2013

The Alamance Soil and Water Conservation District has received a \$40,000 grant from the Clean Water Management Trust Fund for the purpose of installing stream protection system practices in the Haw River Watershed. The District has committed to use a portion of its funds allocated by the Commission as match for this project as shown in the table below.

Program	Type of Funds	Program Years	Purpose	Match Amount Committed
ACSP	Financial Assistance	2013, 2014	Install Stream Protection System BMPs	\$30,000
ACSP	Technical Assistance	2013, 2014	Install Stream Protection System BMPs	\$10,000
Total				\$40,000

The District acknowledges that future allocations are subject to availability of funds.