

**GAINING EARLY AWARENESS AND READINESS FOR
UNDERGRADUATE PROGRAMS (GEAR UP),
OFFICE OF POSTSECONDARY EDUCATION,
UNITED STATES DEPARTMENT OF EDUCATION**

Matching Requirements

What are the matching requirements for the GEAR UP program?

- **Dollar-for-dollar match:** Section 404C(b) of the Higher Education Act requires that at least 50 percent of the *total cost* of a GEAR UP project to be paid with State, local, institutional, or private funds (*i.e.*, for each dollar of Federal funds received, at least one dollar of State or private funds must be contributed). Matching contributions can be in the form of cash or documented in-kind contributions.
- **Contributions that exceed the statutory minimum:** Some GEAR UP grantees proposed in their applications matching contributions exceeding the statutory minimum. Under the GEAR UP regulations at 34 CFR 694.7(a)(2), a grantee is obligated to contribute the entire amount of match stated in its application, even if the amount exceeds the statutory requirement.
- **Timing of contributions:** Grantees are required by the GEAR UP regulations at 34 CFR 694.7(a)(2) to comply with the matching percentage stated in their applications *for each individual year* of the grant. In other words, grantees must make their matching contributions in the year designated in their applications. Federal grants are subject to audit at any time during the grant period, and auditors may look at matching contributions before the end of the grant period. Accordingly, grantees cannot fail to make matching contributions in the early years of a grant and then “catch up” in the final year or two of the grant.

What are the consequences for failure to provide matching dollars as proposed in the application?

- **Potential consequences:** Failure to provide the level of cost sharing reflected in the approved award budget may result in the reduction of the Federal award amount, a refund of Federal funds to the Department of Education, or possible termination of the award.
- **Audits:** Cost sharing commitments are subject to audit, including audit by the Inspector General’s office.

What types of matching contributions count toward the GEAR UP matching requirement?

- **Types of matching:** The following three types of matching are authorized specifically by Section 404C(c) of the Higher Education Act:
 1. **Financial assistance:** The amount of financial assistance paid to students from State, local, institutional, or private funds;
 2. **Waivers:** The amount of tuition, fees, room, or board waived or reduced for GEAR UP students; and
 3. **Early intervention activities:** The amount expended on *documented*, targeted, long-term mentoring and counseling provided by volunteers or paid staff of nonschool organizations, including businesses, religious organizations, community groups, postsecondary educational organizations, nonprofit and philanthropic organizations, and other organizations.

- **Applicable cost principles:** Any items that would be allowable under the applicable cost principles if charged directly to the grant may be included as match for the grantee's cost sharing requirement. Please review OMB circulars that apply to your type of organization.¹ Requirements from these circulars, such as requirements that costs be reasonable, allocable, and consistent, apply to matching as well as direct costs.

- **Indirect costs:** A GEAR UP grantee may charge indirect costs of eight percent or the grantee's negotiated indirect cost rate (whichever is less) of allowable Federal direct costs and of allowable matching contributions. Indirect costs cannot be charged for scholarship components of grants. The grantee must have an approved indirect cost rate agreement in order to charge indirect cost to its project. However, unrecovered indirect costs cannot be counted as matching funds. For example, if a grantee has a negotiated indirect cost rate of 40 percent, the grantee may charge up to eight percent of the Federal direct costs and matching costs (excluding scholarship funds) to the grant as indirect costs.

¹ For States, local governments, and Indian tribes, the applicable OMB circulars are A-87, A-102, and A-133; for educational institutions (even if part of a State or local government) the applicable OMB circulars are A-21, A-110, and A-133; and for non-profit organizations, the applicable OMB circulars are A-122, A-110, and A-133.

What are appropriate sources of matching contributions?

- **Sources of matching contributions:** Matching contributions may be made from any non-Federal source, including non-Federal grants. (Under the Education Department General Administrative Regulations “EDGAR” 34 CFR 80.24, matching or cost sharing requirements may be satisfied by (1) allowable costs incurred by the grantee and/or (2) the value of third party in-kind contributions.)
- **Changes in the source of matching contributions:** If a grantee finds that one or more of the partners in its original grant application is not meeting commitments to the GEAR UP project, the grantee may find a new partner to provide additional resources. In such cases, the grantee’s project officer should be notified.

Are there any limitations with respect to matching contributions?

- **Matching contributions can be counted only one time:** A matching contribution may be counted as cost sharing towards only one Federal project. If a grantee has multiple Federal grants, the same contributions cannot be counted as cost sharing for two or more Federal grants (including multiple GEAR UP grants).
- **Matching contributions must be incurred solely to advance the GEAR UP project:** If matching contributions benefit both a GEAR UP project and another project or entity, the matching contribution must be credited in the proportion that it benefits the GEAR UP project. For example, if a GEAR UP partner hires a tutor to work with GEAR UP students and students that are not in the GEAR UP cohort, only the time that the tutor spends with GEAR UP students may be counted as match. Also, please note that if a GEAR UP project staff member divides his or her time between a GEAR UP project and another activity (including another GEAR UP project), time and effort reports must reflect the percentage of time devoted to the GEAR UP project.
- **Matching contributions cannot be shifted from one project to another:** Grantees that have more than one Federal grant, including more than one GEAR UP grant, must document match separately for each grant. Matching contributions cannot be shifted from one project to another.
- **Matching contributions must be obligated during the grant period:** Matching contributions must be obligated during the grant period. In the case of scholarship money that will not be awarded until after the grant period, matching contributions should be placed in a trust fund or otherwise set aside for the benefit of the GEAR UP cohort during the grant period.

How should grantees document matching contributions?

- **Documentation of a match:** To avoid potential audit findings, documentation of match should:
 1. Capture the cost sharing identified with a particular project;
 2. Contain adequate source documentation for claimed cost sharing;
 3. Provide clear valuation of in-kind documentation; and
 4. Provide support of cost sharing by grant partners.
- **Fiscal agent:** The fiscal agent of a GEAR UP project is responsible for documentation of all matching contributions for the entire grant – even matching provided by its partners. In the event that a grantee is audited, documentation of the match should be housed with the fiscal agent. (See EDGAR, 34 CFR 75.730).
- **Valuation of in-kind contributions:** Costs and third party in-kind contributions counting toward a matching requirement must be verifiable from the records of the grantee and must show how the value of third-party contributions was derived. (See EDGAR 34 CFR 80.24(a)(6).) **Note: *Please review applicable OMB circulars and EDGAR for details regarding how to value in-kind contributions. Requirements vary by type of organization, and by whether the donation came from the grantee or a third party. In most cases, grantees are required to value in-kind contributions of facilities and equipment using depreciation or use allowance rather than fair market value.***

Are there any exceptions to the minimum statutory match?

- **Reduced matching:** In a limited number of cases, some grantees may be eligible for an exemption from part of the statutory matching requirement. Partnerships that meet the eligibility requirements under the GEAR UP regulations at 34 CFR 694.7(b)(2) may request waivers in their applications for funding, and their budgets must reflect the reduced cost share levels. As with all grantees, GEAR UP grantees that are eligible for this waiver are held to the amount of match indicated in their applications.