

To: Non-entitlement Communities

From: CDBG Division

Proposed Effective Date: September 1st, 2025.

RE: In- Kind Contribution Policy

A. Purpose

This Policy Notice describes the procedure set forth by the Office of Community and Rural Affairs (OCRA) for eligible non-entitlement grant applicants looking to include in-kind match contributions as part of their required local match. The policy specifies the in-kind options available to grant applicants, including Force Account Work, Volunteer Labor, and In-Kind Donations (which may include items or administrative services). It also broadens its applicability to all Community Development Block Grant (CDBG) programs, unless stated otherwise in program materials.

B. Proposed Policy

This Policy Notice clarifies the process by which an applicant's Chief Elected Official (CEO) must request the use of in-kind contributions (including items or administrative services), Force Account Work, and Volunteer Labor in an application, pending prior approval from OCRA.

C. In-Kind Contribution Limits

The sum of all Force Labor, Volunteer Labor, and In-Kind Donations can only account for 5% of the grant amount or a maximum \$25,000 towards the applicant's local match. The applicant must seek approval from OCRA before factoring the in-kind contribution into the local match budget and submitting their application. The approval letter from OCRA must be included in the grant application documentation.

D. Types of In-Kind Contribution and Request Process

1. Force Account Work

Force Account Work refers to work performed by regular employees of a state or political subdivision on project construction, at their standard hourly pay rate, which may be less than the prevailing wage rates designated for the project. Applicants seeking to use Force Account Work must consult Indiana Code IC 36-1-12-3 to confirm that the necessary work complies with the regulations set forth in the Indiana Code.

For an applicant to be eligible to utilize Force Account Work, the following request process is required.

The applicant's Chief Elected Official must submit a formal letter to the Office of Community and Rural Affairs in the city, town or county official letterhead titling the request as "Force Account Work request" and submit the documentation prior to addition of the in-kind contribution into the budget and grant application submission. The letter must include:

- A description of the services to be performed
- The estimated number of hours each employee will work
- The regular hourly pay rate for these employees
- Proof of employment for each employee must accompany the request.
- The letter must include a statement acknowledging the responsibility to track employee names, hours, and pay rates.
- A breakdown of how the amount requested to be used towards the local match was calculated

If awarded, the grantees must provide documentation of the hours worked by employees on the project site in the designated form or format.

Example:

"The City utility employees have sufficient manpower to install the replacement light fixtures. Our utility superintendent anticipates that it will take approximately 90 hours (three employees at 30 hours each) at a cost of \$2,250 (\$25.00 per hour). We are therefore requesting to use \$2,250 in force account labor as in-kind local match."

2. Volunteer Labor Requests

Volunteer labor refers to the provision of professional services or technical assistance by individuals who are not employed by the political subdivision involved in a construction project, reducing the project's overall costs. Volunteers must not have been paid as laborers on this project at any time. The value of volunteer labor is standardized at \$15.00 per hour, regardless of the type of work performed. For an applicant to be eligible to utilize Volunteer Labor Request, the following request process is required.

The applicant's Chief Elected Official must submit a formal letter to the Office of Community and Rural Affairs in the city, town or county official letterhead tilting the request as "Volunteer Labor Request" and submit the documentation prior to addition of the in-kind contribution into the budget and grant application submission. The letter must include:

- Must specify the type of work performed
- The estimated hours per volunteer.
- Commitment of tracking volunteer names and hours worked and ensuring volunteers are not compensated for their work.

A volunteer letter must accompany the submission the volunteer letter must:

- Describe the type of work to be performed
- The cost of the type of work to be provided
- A statement acknowledging that there will be no contribution received for the volunteer labor provided
- Signature from volunteer

If awarded, a grantee must provide a list of the names of volunteers that will assist with the project and must be submitted to Grant Services prior to commencing work. People not included on the list cannot work on the project. The grantee is responsible for tracking volunteer names and hours worked and ensuring volunteers are not compensated for their work.

3. In-Kind Donation (Items or Administrative Services)

In kind donation refers to the provision of donated items or administrative services towards a construction or planning project. Donated goods or services are valued at cost but subject to the in-kind contribution limit. For an applicant to be eligible to utilize in-kind donations (Item or Administrative Services), the following request process is required.

The applicant's Chief Elected Official must submit a formal letter to the Office of Community and Rural Affairs in the city, town or county official letterhead tilting the request as "In-Kind Donation (Item or Administrative Services) Request" and submit the documentation prior to addition of the in-kind contribution into the budget and grant application submission. Requests to use in-kind match must include:

- The type of services or items being donated and the normal cost for these services or items.

- Identifying the in-kind amount requested and a breakdown of how the in-kind amount was calculated.
- Supporting documentation, including a commitment letter from the donor regarding what is being donated and the value; and
- In the case of land donation, the applicant must include the appraised fair market value of donated land, a copy of the fee appraisal (a review appraisal is not required) and all supporting URA documentation. Land donations by applicants, developers, organizations or individuals with financial or ownership interest in the project are ineligible as an in-kind match.

Effective Date

This policy is effective as of September 1st, 2025, and will remain in effect until amended, superseded, or rescinded.