

To: Non-entitlement Communities

From: CDBG Division

Proposed Effective Date: January 12th, 2026.

RE: In- Kind Contribution Policy

A. Purpose

This Policy Notice amends CDBG Policy Notice 2025-004 In-Kind Contribution Policy by increasing the in-kind contribution cap and incorporating a standard use form for the implementation of this policy. This Policy 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 to leverage all available resources that a local government has at their disposal. 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 professional services). It also broadens its applicability to all Community Development Block Grant (CDBG) programs, unless stated otherwise in program materials.

B. 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. 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 final application submission.

C. In-Kind Contribution Limits

The sum of all Force Labor, Volunteer Labor, and In-Kind Donations can only account for 10% of the grant amount requested or a maximum of \$75,000 towards the applicant's local match.

D. Types of In-Kind Contribution

1. Force Account Work

Force Account Work refers to construction activities carried out by the regular employees of a political subdivision on a Community Development Block Grant (CDBG) project. These employees are compensated at their standard hourly pay rate, which may be lower than the prevailing wage rates established for the project.

Labor performed by regular employees of a city, town, or county government to carry out project-related tasks—such as construction or installation—must also comply with Indiana Code IC 36-1-12-3.

Applicants who intend to use Force Account Work must ensure that the project meets the requirements outlined in Indiana Code IC 36-1-12-3 and qualifies as a “Public Work” under the definition provided in Indiana Code IC 36-1-12-2.

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 \$2,250 to use force account labor as in-kind local match."

2. Volunteer Labor Requests

Volunteer labor refers to professional services provided by individuals who are not employed by the political subdivision. This contribution helps reduce the overall project costs. Volunteers must not receive payment as laborers on the project at any time.

The value of volunteer labor is standardized at the total private average hourly earnings for the State of Indiana, as reported by the U.S. Bureau of Labor Statistics¹, when the work performed is considered unskilled. For skilled labor, volunteer time may instead be valued at the individual's regular professional rate.

Example:

“If a licensed electrician from the community donates 10 hours of work to install wiring for a CDBG-funded project, and their standard professional rate is \$40 per hour, the value of their contribution can be recorded at \$400.”

“If a general community volunteer assists with painting for 10 hours, the contribution is valued at the average hourly earnings rate for Indiana, rather than a specialized trade rate.”

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

In-kind donations are contributions of items or professional services provided at no cost to the applicant to support a construction or planning project. These may include donated property or land, as well as services such as administrative support, architectural work, or other project-related expertise.

Donated goods are valued at their fair market cost, while donated professional services are valued at the donor's standard professional service rate per hour, subject to the established in-kind contribution limit.

Land donations made by applicants, developers, organizations, or individuals with a financial or ownership interest in the project are ineligible as an in-kind match.

In-Kind requests must include a donor letter that includes the following information:

- The professional service rate.
- A description of the type of services or items being donated
- The regular cost of those services.
- The in-kind amount requested with a detailed breakdown of how the amount was calculated.
- Supporting documentation, including a commitment letter from the donor specifying what is being donated and its value.
- For land/property donations, the applicant must provide the appraised fair market value, a copy of the fee appraisal (review appraisal not required), and all supporting URA documentation.

E. Request Process

¹ U.S. Bureau of Labor Statistics: Total Private Average Hourly Earnings and Weekly Hours and Earning by State
<https://www.bls.gov/charts/state-employment-and-unemployment/average-hourly-earnings-and-weekly-hours-and-earnings-by-state.htm>

The applicant's Chief Elected Official must submit a [CDBG-003- In-Kind Contribution Request Form](#) to the Office of Community and Rural Affairs via email to CDBG@ocra.in.gov titling the request as "In-Kind Contribution request" and submit the documentation prior to addition of the in-kind contribution into the budget and grant application submission. If the in-kind contribution request is approved, applicants must include OCRA's "**In-Kind Contribution Approval Letter**" to their final application submission in the Grants Management System (GMS).

F. Compliance with Policy During Implementation

Grantees are required to maintain full compliance with this policy throughout the implementation of the project. This includes adhering to all documentation, and reporting, established by the Office of Community and Rural Affairs (OCRA). Any use of in-kind contributions, force account work, or volunteer labor must follow the procedures outlined in this policy and remain consistent with applicable state and federal regulations.

Applicants must submit the **CDBG-003 In-Kind Contribution Request Form** and obtain pre-approval of the proposed in-kind financial contribution toward the local match before including it in the budget and submitting the final application in the Grants Management System (GMS), as instructed in **Section E. Request Process** of this policy.

Grant Services will review the information provided in the CDBG-003 In-Kind Contribution Request Form during Labor Release to verify that only individuals listed as approved are eligible to participate as volunteers/ force account labor or in-kind professional services.

Individuals providing in-kind work hours are required to submit a self-attestation confirming their commitment to perform the stated hours and their agreement to receive no compensation. This attestation must be documented using the letter provided in **Appendix A of the CDBG-003 In-Kind Contribution Request Form**. Individuals not included on the approved list as outlined in **CDBG-003 In-Kind Contribution Request Form** submission are not permitted to participate in the project. The grantee is responsible for tracking volunteer names and hours worked and for ensuring that volunteers are not compensated for their contributions. **Appendix B of the CDBG-003 In-Kind Contribution Request Form** must be utilized to document all hours worked on an in-kind basis. This record is required to be made available to Grant Services during monitoring.

Failure to comply may result in disallowance of contributions, delays in project approval, or other corrective actions as determined by OCRA. Continuous monitoring and verification will be conducted to ensure that all activities meet the standards of accountability, and eligibility required under the CDBG program.

Effective Date

This policy is effective as of January 12th, 2026, and will remain in effect until amended, superseded, or rescinded.