REGIONAL FISHERIES COALITION

February 25, 2022

Match Challenges & Next Steps

To support our state's salmon recovery efforts, the Regional Fisheries Coalition asks grantors to streamline the granting process by eliminating match requirements at the sponsor level. Identifying, obtaining, tracking, and reporting matching funds to each grant award is a significant burden on project sponsors and is often done simply to satisfy a 'match' requirement and not necessarily because a project needs the funds. **Match complicates, slows and sometimes presents roadblocks to implementing our state's salmon recovery plans.** Match is difficult to obtain. It costs sponsors precious staff and money to write multiple grants for a project just to satisfy match requirements. It can be difficult to track, creates an unnecessary exposure and burden for salmon recovery sponsors, and complicates the state's effort to recover endangered species.

We see 'fully funding' a project as different from meeting match requirements. We'll use Lead Entity funding to illustrate two examples:

> Example 1: A $1M project presented to a Lead Entity which only has $300K to distribute, will need other fund sources to make the project funding whole. As sponsors, we seek grants until we are able to make projects whole.
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> Example 2: A $1M project presented to a Lead Entity which has ample funds to make the $1M project whole, will only distribute $700,000 because match is a 'requirement'. So the sponsor must artificially break apart the grant request and ask for partial funds from the LE and go seek the remaining funds elsewhere, even though the LE could have fully funded the project. The sponsor must bear the burden of seeking, writing, obtaining, administering, reporting and tracking another grant (which drives total project cost up) because of the 'match' requirement, not because the LE couldn't fund the project.

Examples of how match complicates implementing salmon recovery projects and burdens project sponsors:

- Sponsors will typically document the minimum match requirement, RCO reimbursements decline as match percentages increase. (There is a disincentive to document more than minimum match).
- Match sources may be received by sponsors prior to, or after, a grant agreement making that match ineligible and resulting in sponsors having to find additional match for the sake of match, not necessarily because the project needs additional funding.
- Sponsors are burdened by having to find the “right” match source when state or federal sources cannot be matched. Seeking and writing grants costs sponsors precious staff time and money that could be used on salmon recovery itself rather than meeting match requirements for the sake of meeting match requirements.
- There are inconsistencies about eligible match tasks, sources, and timing across funding sources, further complicating tracking and reporting.
- Sponsors can be penalized for not having enough, or the “right” match, resulting in partial reimbursements.
- If match is part of a grant scoring criteria, sponsors are encouraged to take additional financial risks to increase their odds of receiving a grant.
- In-kind match can be difficult to value and difficult to track in financial accounting systems. Yet, when small amounts of match are needed, in-kind is sometimes the only way to make the match since few grant programs offer small enough awards to make a grant viable.

A few specific examples of match issues for sponsors:

- Project phasing and grant timing can create inefficiencies. For instance, on one small project we had one grant for feasibility, another for design, and a third for construction and monitoring. The feasibility grant ended before the preliminary design, so they couldn’t match each other. We can’t claim match before it is spent – even if the grant is in hand – so even though the construction is federal and the design is state, we still need to find match for the design phase. And monitoring isn’t an eligible cost in many grants so even if it’s in hand at the right time, it isn’t an eligible match expense. But if each grantor is looking to leverage fund sources for the project, shouldn’t the goal be to look at the entirety of the project, not phase by phase? At the end of the project, we’ll be able to show federal, state and local funding. But right now, match is creating significant stress and delays.
- Match can create cash flow difficulties. For RCO grants, you need to demonstrate match invoice by invoice. For instance, if you submit a reimbursement request for $10,000, you also need to demonstrate 15% match for that invoice. If your match is for a later phase, or from a grant that is not

active yet, the invoice gets paid at 85%. Therefore, you will wait until your match comes through to see the remainder. For a large project, for which you are paying out large consulting contracts, you may incur significant expenses that you need to wait over a year to be fully reimbursed. This may not be difficult for a large jurisdiction, but it can be difficult for a nonprofit organization.

- The amount of time spent documenting community contributions is inefficient. It can take hours to go through the sign-in sheets of partner meetings, look at various on-line sources to document a pay rate, and then print out that documentation. But for some projects, a lot of match comes from volunteers, community members getting engaged in the process, and other agency employees and partners participating in implementation. To count that as match, you have to thoroughly document who donated each hour, doing what, and at what eligible billing rate.
- Match represents significant risk to project sponsors – who are already managing a large number of risks. A sponsor may write a number of grant applications for a project, hoping that enough will come through to not only complete the project, but be eligible to match each other. In a perfect world, if the grants don't come on line fast enough, you just complete the project more slowly – so that it takes 4 years to finish a design instead of 3. But if the right TYPE of grants don't come through, you may be stuck with grant types that don't match each other – causing the project to not move forward at all.

Suggested Next Steps:

1. The 'matching funds' requirement has been institutionalized. We've heard it said that the need for match no longer exists the way it once did. What does this mean? Is it possible that WA State is meeting match requirements at a programmatic level and it no longer needs to be done at a sponsor level? If so, work to revise policies to eliminate match requirements for state salmon recovery, fish barrier removal and community education and stewardship grants.
2. We've heard it said that 'the legislature likes to see funds leveraged', yet when we talk to our legislators we have not heard this concern voiced. Are we perpetuating an old narrative that we could let go of? Work with key legislators to better understand this. If there is still legislative pressure, work with key members of the House and Senate to educate them as to the inefficiencies of sponsor level match and about the way match actually can slow and sometimes stop important salmon recovery projects. Get them to start dropping the narrative.
3. If, after exploring 1 & 2, there is some justifiable, immovable need for match - then consider doing it at a programmatic level so that projects requiring multiple fund sources to be fully funded, could somehow show the sum total of 'other

funding awards' as match rather than doing it sponsor by sponsor, grant by grant, invoice by invoice.

4. If match is going to remain a requirement on a grant by grant basis, consider allowing grants spent beforehand as eligible match, and accepting an award total as evidence of match even if it isn't spent yet. Get away from item by item accounting of match expenditures.