



Fact Sheet: Supplanting vs. Supplementing

Intended Recipients

ARPA (American Rescue Plan Act) external contractors and grantees.

Purpose

The purpose of this fact sheet is to ensure that community partners are aware that supplanting with federal funds is not allowable. With the recent influx of federal stimulus funds, this fact sheet serves as a refresher on what supplanting versus supplementing is, and what is or is not allowable.

Action

Community partners should ensure that any federal funds they receive through ARPA are not used to supplant existing funds for the same purpose. It is recommended that any record(s) of changes in budget allocations should be retained in accordance with record retention policies, and available as one method of providing supporting evidence that no supplanting occurred. Any other supporting documentation should also be retained for audit purposes.

Background

The purpose of the requirements around supplementing, not supplanting, is to provide assurances that federal grant funds are expended to benefit the intended purpose defined in the authorizing statute, rather than covering expenses that would have otherwise been paid out using other funds. In this way, the federal government can ensure that the level of state and local support for a program remains, at least, constant and is not replaced by federal funds.

What is supplanting?

Supplanting happens when an entity uses federal grant funds for a planned expenditure to replace funds in an existing budget. Supplanting is not allowed with federal grant funds.¹

What is supplementing?

Supplementing may entail:

- an entity using federal grant funds for a brand new activity or program that has no other funding support
- an entity using federal grant funds to support the continuation of a program whose funding is ending
- an entity using federal grant funds in combination with other funds for a planned expenditure (only in the case of expansion or enhancement of current activities)

Supplementing funds is allowable to the extent they are used to meet the programmatic purpose and no other provision prohibits its use this way.

Why does this matter?

Entities that are determined to have supplanted funds must return those funds to the federal government or granting agency. Since audits are usually conducted after the grant period has ended, there is often no other alternative corrective action available other than returning the funds.

How this applies to use of grant funds for staff salaries:

Supplanting (NOT allowed) in the context of staff support might look like the following:

- Using federal grant funds to pay for the salary of an existing employee, even if the employee has new job responsibilities related to the grant administration.
- Using federal funds to pay for part of a supervisor's salary who is now overseeing a new staff position that is tied to grant funding.

Supplementing (IS allowed) in the context of staff support might look like the following:

- New staff member(s) to be hired to support the grant activities.
- A part time staff member will have enough additional responsibilities related to grant administration that they will need to work a full time schedule (grant funds can be used to pay for the difference between the part time and full time salary).
- Training for existing staff to support the grant administration/initiatives (training costs and staff time during training can be supported).

What if I am unsure about the difference between supplanting and supplementing?

If you are unsure about the use of funds when it comes to supplanting versus supplementing you can do the following:

- Contact your finance team and talk through the current budget and how you would like to use the federal funds;



- If applicable, reach out to your single auditor and/or include them on the conversation with your finance team; and/or,
- Contact your program contact at the Department with questions.

As a potential tool, below is a decision tree that may help assist with decisions around supplanting versus supplementing. This decision tree should only be used as a supplemental tool to the bullets listed above.

For more information

Complete the Form Found [HERE](#)
<https://hcpf.colorado.gov/arpa>

¹ *Supplanting is not allowed unless the law specifically calls out supplanting as allowable.*





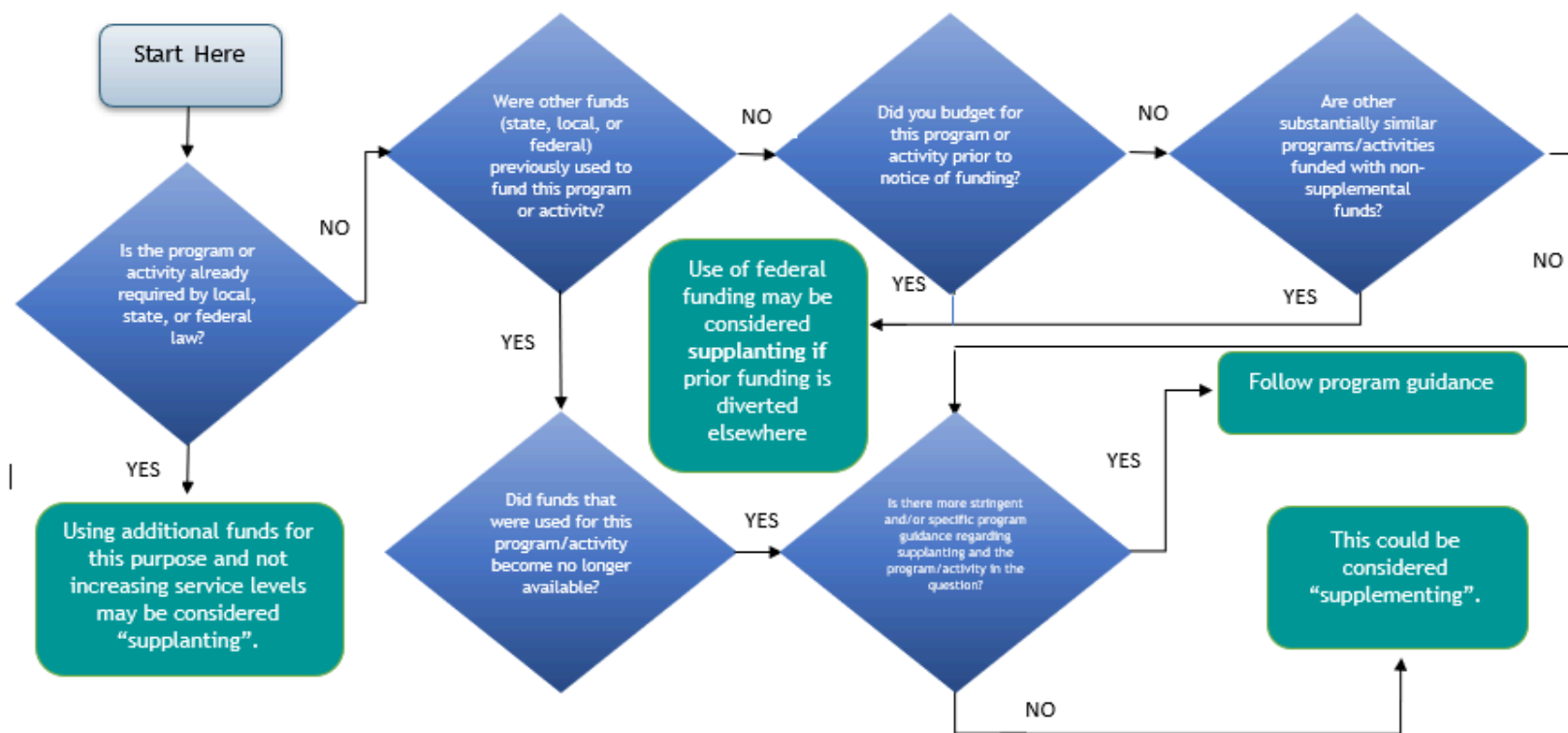
Supplement, Not Supplant

Why does this topic matter?

Federal Regulation for stimulus and supplemental funding, generally, state that funds must be used to supplement, not supplant. As such, it is vital to consider this topic when making decisions about funding issues.

What is the purpose of this flow chart?

This resource is intended to help users work through this topic when making decisions about funding issues. Users are also encouraged to document the decision-making process and work with federal partners to ensure this topic is being considered appropriately.



Supplemental Grant Application Questions for Projects Seeking Staff Support

Please answer the following questions to show how your organization’s staff support request will be used to supplement your current work:

1. Is your organization requesting funds to pay for staff salaries? If yes, please complete the following table:

Position/ Title	New or Existing Position?	Current # of Hours (for existing staff only)	Hours Supported by Grant	Total Grant Funded Salary Request	Notes

2. Is your organization requesting funds to train staff? If yes, please explain:

Training Type:

Training Date:

Training Expense	Cost	Notes
Employee salary (# employees attending * salary)		
Facilitator fees, if applicable		
Technology fee, if applicable		
Venue fees, if applicable		
TOTAL COST		

