

Supplanting Guide Sheet

When managing awarded funds, it is important to understand the distinction between **supplanting** and **supplementing**. Many federal, state, and local agencies require that awarded funds be used to supplement existing resources, not to supplant (or replace) them. Misuse of funds due to supplanting can result in compliance issues, disallowed costs, and repayment obligations.

Supplanting

Supplanting occurs when awarded funds are used to replace (or take the place of) federal, state, or other local funds that would otherwise have been spent on the same purpose.

Examples of Supplanting:

- Replacing local funds for after-school programs with award dollars, instead of using the award to expand on those programs.
- Covering expenses with award funding that were previously funded by the organization's unrestricted or state allocations.

Supplementing

Supplementing occurs when an award recipient uses funding to add to, enhance, expand, or extend existing programs, services or resources.

Examples of Supplementing:

- Adding a new component to an existing program (e.g., expanding after-school tutoring to include weekend sessions).
- Hiring additional staff to reduce caseloads or improve services delivery beyond what was originally budgeted.

CATEGORY	SUPPLANTING (NOT ALLOWED)	SUPPLEMENTING (ALLOWED)
PURPOSE	Replacing existing resources	Adds to existing resources
EFFECT	Shifts responsibility to award funding	Expands or enhances program
EXAMPLE	Paying for an existing staff salary already budgeted with local funds	Hiring additional staff members to expand services

In short, **supplanting = replacing** and **supplementing = enhancing**. To remain compliant with award funding requirements, organizations must ensure that awarded dollars are used to supplement existing resources – bringing additional value to the funded programs and communities served.

Examples

Example 1:

A Program Director, who has oversight of the parent involvement component of a local school district, is paid from state general funds. The school district receives State and Local Fiscal Recovery Funds (SLFRF) to provide wrap-around literary services to parents within the district and provides funding to hire 2 FTE positions. The Program Director decides to transfer her salary to the new SLFRF fund until the new staff are hired for the new literary services program. Once the staff are hired, the Program Director's salary returns back to the general fund.

In this example, the fact that the annual budget was decreased and replaced with the new federal grants indicates that supplanting has taken place. If the local budget would not have been reduced due to the new federal funds, then adding or increasing the funding with the new federal funds would have been considered supplementing.

Example 2:

The tutoring center has an annual budget of \$30,000 to hire tutors. The center receives a federal education grant in the amount of \$10,000. The center decides to increase the annual tutoring budget by \$10,000 with the federal education grant.

In this example, the new federal funds were added to the existing budget to increase the funding and enhance the services the tutoring center can provide. This would be considered supplementing.

Example 3:

Organization X was awarded federal funding to purchase four vehicles outlined in one of their target areas. Organization X adjusted its local budget (originally allocated to pay for vehicles) and shifted local funding, which it budgeted to purchase the four vehicles, to other target area purposes.

In this example, Organization X had already budgeted local funds to purchase the four vehicles and decided to replace local funds with the federal funds. This indicates that supplanting has taken place.

Example 4:

A nonprofit received state funding to provide mandated health screenings. The organization then uses a federal award to pay for those same screenings instead of using the award to add more services, such as follow-up care or expanded outreach.

In this example, the organization used award dollars to cover an obligation already funded by state resources. This indicates that supplanting has taken place.

Best Practices to Prevent Supplanting

- Ensure that all staff understand the difference between supplementing and supplanting.
- Ensure that budget categories (personnel, equipment, supplies, etc...) are set up for each award.
- Ensure that all expenditures and reimbursements are consistently tracked for accuracy.
- Never use newly awarded funds to pay for items or costs that the awardee is already obligated to pay with state, local, or federal funds.
- Always have supporting documentation. This may include budget sheets, meeting minutes, agency memoranda, notices or orders, and any other official documents.
- Review internal processes and/or create processes to address supplanting.
- If unsure whether a cost is supplementing or supplanting, seek clarification from the awarding agency.
- Ensure collaboration between finance staff and program managers when planning budgets.
- Cross-check to confirm expenses were not previously covered by other funding sources.