

3.V.B of the *Public Assistance Program and Policy Guide (PAPPG)*, and the *Public Assistance Alternative Procedures for Direct Administrative Costs (DAC Pilot)*.

Recipients or Subrecipients that (as of the date of this Interim Policy) have:	OPTIONS		
	Management Costs Interim Policy	DAC Pilot	Previous DAC Policies
Opted into the DAC Pilot (regardless of whether funding has been obligated).	✓	✓	-
Not opted into the DAC Pilot, but have DAC funding obligated.	✓	-	✓
Not opted into the DAC Pilot and have no DAC funding obligated.	✓	-	-

Recipients and Subrecipients must notify FEMA of which option they choose within 90 calendar days from the date of the Interim Policy or they will continue receiving the option applied prior to this Interim Policy. The following charts outline the differences between each of the implementation options:

SUBRECIPIENTS		
<i>Management Costs Interim Policy</i>	<i>DAC Pilot</i>	<i>Standard DAC Policy</i>
5% cap calculated based on final actual eligible project costs, including Federal and non-Federal cost shares, after insurance and any other reductions.	5% cap calculated based on the total of the following (prior to insurance or cost share reductions): <ul style="list-style-type: none"> The fixed amount for any Alternative Procedures Permanent Work Pilot projects. The eligible amount of non-Permanent Work Pilot PWs submitted to FEMA within 2 years of the declaration date 	No cap.
Receive reimbursement for actual reasonable costs not-to-exceed (NTE) the 5% calculation. Cannot retain excess funds.	Receive reimbursement for actual costs up to the 5% calculation (1% of this is withheld by the Recipient and deobligated if closeout requirements are not met). May retain excess funds when used for specific purposes.	Receive reimbursement for actual reasonable DAC. Cannot retain excess funds.
Management costs related to small projects are funded based on actual costs.	DAC related to small projects are funded based on actual costs.	DAC on small projects may be funded based on estimates.
Management costs are funded at 100 percent Federal cost share.	DAC is funded based on the Federal cost share for Permanent Work.	DAC is funded based on the Federal cost share of the associated project.
Includes both direct and indirect costs.	May only claim indirect costs if Recipient passes through funding from its 3.34 percent.	May only claim indirect costs if Recipient passes through funding from its 3.34 percent.
Obligated on one Category Z PW.	DAC is obligated on one Category Z PW.	DAC is obligated within each Category A-G PW.