

FEMA Public Assistance

Management Costs and Direct Administrative Costs

January 2019



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PA Management Costs (Interim)

FEMA Recovery Policy FP 104-11-2

PA Management Costs (Interim)

- Supersedes all existing Management Costs & DAC regulations (44 CFR 207) and policies
- Declarations on or after August 1, 2017
- And those who select to utilize the policy
 - (August 1, 2017-October 4, 2018)
- Defines framework and requirements



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PA Management Costs (Interim)

FEMA Recovery Policy FP 104-11-2 PA Management Costs (Interim)

- FEMA may provide management costs contributions based on actual costs incurred
- May not exceed 5 percent of the total eligible project costs after Insurance reductions



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Requirements-Applicability

Effective Dates

Incidents declared from August 1, 2017 - October 4, 2018

- Subrecipients have options:
 - a) Receive management costs in accordance with the Interim Policy (one Cat Z project); or
 - b) Receive administrative costs through project specific DAC, per Public Assistance Program and Policy Guide (PAPPG)
 - ~~c) May utilize the PAAP pilot~~
- Whichever option is selected applies to all projects



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Selection Deadline

- Selection must be submitted in writing by **February 12, 2019**
- If no written notice is received by **February 12, 2019** then the Interim Policy (i.e. management costs on one Category Z project) will apply
- A form has been provided, though any written notice by the deadline will suffice



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Management Costs Procedures

All management costs will be:

- Written on one Category Z project
- Funded at 100% cost share
- Closed out on actual eligible costs
 - Large
 - Small
- Minimum project threshold does not apply to the Category Z project



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Management Costs Procedures

- Five percent cap based on Subrecipient's total project amounts
 - Includes 406 Hazard Mitigation, and required codes and standards upgrades
 - Reduced by any insurance or other reductions
- Applicants can draw down on actual reasonable costs incurred
 - Obligations will occur no more than quarterly



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Management Costs Defined

- Indirect costs, **plus**
- Direct administrative costs, **plus**
- Other administrative expenses, **equals**

Management Costs



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Management Costs - Eligible Activities

Activities related to developing **eligible** PA projects and submitting drawdown or closeout requests to the state for reimbursement

- Activities related to ineligible projects are not eligible
- Excess management cost funding may not be retained



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Management Costs - Eligible Activities

These activities may include, but are not limited to:

- Preliminary Damage Assessments
- Meetings regarding the PA Program or overall PA damage claim
- Organizing PA damage sites into logical groups
- Preparing correspondence
- Travel expenses
- Training



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Management Costs - Eligible Activities

Eligible activities may include, but are not limited to:

- Site inspections
- Developing the detailed site-specific DDD
- Evaluating Section 406 hazard mitigation measures
- Preparing Small and Large Projects
- Reviewing PWs
- Collecting copying, filing, or submitting documents
- Requesting disbursement of PA funds



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DAC - Eligible Activities

- Meetings regarding the specific project
- Preparing correspondence for the specific project
- Site inspections for specific projects
- Developing the project DDD
- Preparing Section 406 hazard mitigation proposal
- Reviewing specific project
- Collecting copying, filing, or submitting documents for the specific project
- Requesting disbursement of project funds
- Project closeout



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<u>Direct Administrative Costs (DAC)</u>	<u>Interim Policy Management Costs</u>
Direct costs only	Includes direct, indirect and other admin costs
Costs are limited to those that are reasonable and reflective of the work required	Costs are capped at 5% of total project awards and still limited to what is reasonable
written onto each Category A-G project	written as a separate Cat Z project
funded at cost share of project (typically 75%)	funded at 100%
Insurance reductions are not a factor in the amount	5% cap calculated after insurance reductions
DAC on small projects may be funded on estimates	Mgmt costs for all projects funded on actual costs (no minimum project threshold)
Period of performance (POP) starts and ends with the specific A-G project POP	POP may begin as early as the start of the incident period and ends (continued on next slide)



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Cat Z-Period of Performance End

- 180 days after all disaster work is complete, or
- 180 days after the end date of the latest performance period, or
- 8 years from a Major Disaster Declaration date

Whichever comes first.



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Documentation Requirements

Actual cost documentation must include information necessary to demonstrate eligibility of activities and costs claimed, including but not limited to:

- Payroll data
- Procurement procedures
- Contracts
- Invoices
- Explanation of activities performed



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Documentation Requirements

Table 10 PAPPG

Table 10. Documentation to Support Costs Claimed

Documentation to Support Costs Claimed
The Applicant should submit the following to support costs claimed (not an all-inclusive list): Applicant (Force Account) Labor and Prisoner Labor:
For each individual:
<input type="checkbox"/> Name
<input type="checkbox"/> Job title and function
<input type="checkbox"/> Type of employee (i.e., full-time exempt, full-time non-exempt, part-time, temporary, prisoner, etc.)
<input type="checkbox"/> Days and hours worked
<input type="checkbox"/> Pay rate(s) and fringe benefit rate(s)
<input type="checkbox"/> Description of work performed with representative sample of daily logs / activity reports, if available
<input type="checkbox"/> Representative sample of timesheets
<input type="checkbox"/> Fringe benefit calculations
<input type="checkbox"/> Pay policy
Applicant-Owned (Force Account) Equipment:
For each piece of equipment:
<input type="checkbox"/> Type of equipment and attachments used, including year, make, and model
<input type="checkbox"/> Size/capacity (e.g., horsepower, wattage)
<input type="checkbox"/> Locations and days and hours used with usage logs
<input type="checkbox"/> Operator name
<input type="checkbox"/> Schedule of rates, including rate components
Rented or Purchased Equipment:
<input type="checkbox"/> Rental or lease agreements, invoices, receipts
<input type="checkbox"/> Days used
Supplies from Stock:
<input type="checkbox"/> Historical cost records
<input type="checkbox"/> Inventory records
<input type="checkbox"/> Type of supplies and quantities used, with support documentation such as daily logs
Purchased Supplies:
<input type="checkbox"/> Receipts or invoices
Contracts:
<input type="checkbox"/> Procurement policy
<input type="checkbox"/> Procurement and bid documents
<input type="checkbox"/> For procurements in excess of the simplified acquisition threshold, a cost/price analysis
<input type="checkbox"/> Contracts, change orders, and invoices
<input type="checkbox"/> Dates worked
<input type="checkbox"/> For time and materials (T&M) contracts, monitoring documentation
Mutual aid:
<input type="checkbox"/> Written agreement
<input type="checkbox"/> Services requested and received
<input type="checkbox"/> Same information listed for labor, equipment, and supplies above (as applicable)
<input type="checkbox"/> Invoices



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Documentation Requirements

- Explanation of each specific task
- Number of hours
- Rates of pay and fringe
- Title or position
- Specific activities which required materials, equipment, or use of space
- Number and purpose of meetings/site inspections
- Purpose for travel, and travel policy*
- Location, course offered for training costs*

*Documentation required for interim policy management costs, not eligible under DAC



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Documentation Requirements

- Documentation must also include information to demonstrate that costs are reasonable. FEMA's established procedures are described in FEMA's *Public Assistance Reasonable Cost Evaluation Job Aid*.
- FEMA makes the final decision regarding all eligibility determinations under the PA Program including whether costs are reasonable.



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Grants Portal Resources - Forms

- Labor Summary
- Benefit Calculation Worksheet
- Equipment Summary
- Material Summary
- Rented Equipment Summary
- Contract Work Summary



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Additional Guidance

- **PA Policy and Guidance:** <https://www.fema.gov/public-assistance-policy-and-guidance>
- **PAPPG V3.1:** <https://www.fema.gov/media-library/assets/documents/111781>
- **Section 1215 Management Costs:** <https://www.fema.gov/media-library/assets/documents/174133>
- **Reasonable Cost Evaluation:** <https://www.fema.gov/media-library/assets/documents/90743>



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Questions



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