

Hazard Mitigation Assistance Guidance (2015) – Hazard Mitigation Grant Program Management Costs (Interim) Policy Crosswalk

Page Number	Section	Existing Information	Updated Information / Additions to Text	Policy Section (effective date)
Page 27	Part III, C. Cost Sharing	For HMGP , available HMGP management costs are calculated as a percentage of the Federal funds provided.	<p>Change to:</p> <p>For HMGP, available HMGP management costs are calculated as a percentage of the HMGP total award amount including the federal share and non-federal share.</p>	FEMA Policy #104-11-1 Hazard Mitigation Grant Program Management Costs (Interim) [HMGP-MC] A. Management Costs Definition and Rates (November 15, 2018)
Page 27	Part III, C. Cost Sharing	<p>Table 2. Row: HMGP, Column: Subrecipient Management Costs (Percent of Federal/Non-Federal Share)</p> <p>./.(1)</p>	<p>Change to:</p> <p>100/0</p> <p>Remove: Footnote 1</p>	FEMA Policy #104-11-1 HMGP-MC (Interim) B. 1. (November 15, 2018)
Page 41	Part III, E.1.5 Management Costs	Management costs are any indirect costs and administrative expenses that are reasonably incurred by a Recipient or subrecipient in administering an award or subaward.	<p>Change to:</p> <p>Management costs are any indirect cost, any direct administrative cost, and any other administrative expense associated with a specific project under a major disaster, emergency or disaster preparedness or mitigation activity or measure.</p>	FEMA Policy #104-11-1 HMGP-MC (Interim) A. Management Costs Definition and Rates (November 15, 2018)
Page 51	Part III, E.8 Statutory, Regulatory, and Other Requirements	Management Costs (44 CFR Part 207)	<p>Delete:</p> <p>Management Costs (44 CFR Part 207)</p>	FEMA Policy #104-11-1 HMGP-MC (Interim) Background (November 15, 2018)

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Page 54	Part IV, E.4. Management Costs Funding Restrictions	For HMGP only: The Recipient may request a flat percentage rate (4.89 percent) of the projected eligible program costs for management costs. The Recipient is responsible for determining the amount, if any, of funds that will be passed through to the subrecipient(s) for their management costs. For further information on HMGP management costs, see Part VIII, A.2.5 and A.5.	<p>Change to:</p> <p>For HMGP only: The Recipient will be reimbursed not more than 15 percent of the total amount of HMGP grant award of which not more than 10 percent may be used by the recipient and 5 percent by the subrecipient. FEMA will provide the management costs to the recipient. The recipient must provide the subrecipient management costs for documented actual costs, up to 5 percent of the total amount of the HMGP grant award.</p> <p>If a state and tribal government both receive a Presidential declaration for the same incident within the same state, then both are recipients. As such, each is eligible to receive recipient management costs contributions up to 10 percent of the amount of the award apportioned to them. Management costs up to 5 percent of each apportioned award amount is available for subrecipients.</p> <p>For further information on HMGP management costs, see Part VIII, A.2.5 and A.5.</p>	FEMA Policy #104-11-1 HMGP-MC (Interim) A. Requirements and B. Program Requirements and Procedures (November 15, 2018)
Page 60	Part IV, H.2 Considerations of Management Costs	Subapplicants who are requesting management costs include management costs in their project or planning subapplication cost estimate.	<p>Change to:</p> <p>For FMA and PDM, subapplicants who are requesting management costs include management costs in their project or planning subapplication cost estimate.</p> <p>For HMGP, subapplicants who are requesting management costs should apply through their recipient.</p>	
Page 60	Part IV, H.2 Considerations of Management Costs	None	<p>Add Section:</p> <p>H.2.4 HMGP Subrecipient Management Costs. Subrecipient management costs will be obligated as additional subawards are awarded. The recipient must document subrecipient management costs estimates, up to 5 percent of the amount of the HMGP subaward using the budget amendment process in Part VI, D.2 and D.3.</p>	FEMA Policy #104-11-1 HMGP-MC (Interim) A. Requirements and B. Program Requirements and Procedures (November 15, 2018)

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Page 97	Part VIII, A.2 State Administrative Plan	<p>Current bullet(s) in this section:</p> <ul style="list-style-type: none"> ◆ Establish procedures to guide implementation activities, including Recipient management costs and distribution of subrecipient management costs 	<p>Add new bullets after existing bullet:</p> <ul style="list-style-type: none"> ◆ Establish procedures for monitoring and reporting on subrecipient management costs. 	FEMA Policy #104-11-1 HMGP-MC (Interim) A. Requirements and B. Program Requirements and Procedures (November 15, 2018)
Page 99	Part VIII, A.2.5 Management Costs	The Recipient must amend its State Administrative Plan to include procedures for determining the reasonable amount or percentage of management costs that it will pass through to the subrecipient, as well as closeout and audit procedures before FEMA will obligate any management costs (see 44 CFR Sections 207.4(c) and 207.7(b)). The Recipient will determine the amount, if any, of management costs it will pass through to the subrecipient. FEMA has not established any minimum for what constitutes a reasonable amount.	<p>Change to:</p> <p>Before FEMA will obligate any management costs, the recipient must amend its Administrative Plan to establish procedures for the following: making management costs available to subapplicants, documenting and estimating management costs expenses for applications, documenting subapplicants who choose not to request or use management costs, monitoring and reporting on subrecipient management costs, and closeout and audit procedures on the subrecipient's use of management costs. The recipient must provide the subrecipient management cost funding for documented actual costs, up to 5 percent of the total amount of the HMGP grant award.</p>	FEMA Policy #104-11-1 HMGP-MC (Interim) A. Requirements and B. Program Requirements and Procedures (November 15, 2018)
Page 100	Part VIII, A.4 HMGP Funding	In the blue flowchart graphic, bottom right of the page, first and second items.	<p>Change to:</p> <p>THE HMGP FINAL LOCK-IN Total Management Costs (15 percent of Total Available HMGP – up to 10 percent for the recipient and up to 5 percent for the subrecipient):</p> <p>Prior to 12 Months: FEMA may obligate up to 75 percent of total HMGP funding separate from Management Costs</p>	FEMA Policy #104-11-1 HMGP-MC (Interim) A. Management Costs Definition And Rates (November 15, 2018)
Page 102	Part VIII, A.5 HMGP Management Costs	The amounts, allowable uses, and procedures for HMGP management costs are established in 44 CFR Part 207. Examples of allowable management costs are listed in Part III, E.1.5. HMGP management costs will be provided at a rate of 4.89 percent of the HMGP ceiling. The Recipient, in its State Administrative Plan, will	<p>Change to:</p> <p>A.5 HMGP Management Costs</p> <p>The amounts, allowable uses, and procedures for HMGP management costs are established in Section 324 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended by Section 1215 of the Disaster</p>	FEMA Policy #104-11-1 HMGP-MC (Interim) B. Program Requirements and Procedures (November 15, 2018)

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		<p>determine the amount, if any, of management costs it will pass through to the subrecipient (see Part VIII, A.2.5). Management costs are provided outside of and separate from the HMGP ceiling amount. There is no additional costshare requirement for HMGP management costs.</p> <p>FEMA will establish the amount of funds that it will make available for management costs by calculating a lock-in, which will act as a ceiling for management cost funds available to a Recipient, including its subrecipients. FEMA will determine, and provide to the Recipient, a preliminary management cost lock-in estimate at 30 days after the date of declaration (or soon thereafter). For planning purposes, FEMA will revise the lock-in amount at 6 months. FEMA will determine the final lock-in amount 12 months after the declaration, or after determination of the final lock-in ceiling, whichever is later.</p> <p>Upon receipt of the initial 30-day lock-in, Recipients may request that FEMA obligate 25 percent of the estimated lock-in amount(s) to the Recipient. No later than 120 days after the date of declaration, the Recipient must submit documentation to support costs and activities for which the projected lock-in for management cost funding will be used. In extraordinary circumstances, FEMA may approve a request by a Recipient to submit supporting documentation after 120 days.</p> <p>FEMA will work with the Recipient to approve or reject the documentation submitted within 30 days of receipt. If the documentation is rejected, the Recipient will have 30 days to resubmit it for</p>	<p>Recovery Reform Act (DRRA). Examples of allowable management costs are listed in Part III, E.1.5. HMGP management costs will be provided at a rate of 15 percent of the HMGP ceiling. Of this 15 percent, not more than 10 percent may be used by the recipient and 5 percent by the subrecipient. The Administrative Plan must include procedures for monitoring and reporting on subrecipient management costs before receiving funding for management costs under Section 324, as amended. If an Administrative Plan was approved prior to the enactment of the DRRA, the Plan must be updated to include subrecipient management costs monitoring and reporting procedures and submitted to FEMA for approval before receiving an increase in management costs. Management costs are provided outside of and separate from the HMGP ceiling amount. There is no additional cost-share requirement for HMGP management costs.</p> <p>FEMA will establish the amount of funds that it will initially make available for management costs based on point-in-time HMGP funding projections. FEMA will provide a preliminary management costs estimate 30 days after the date of the major disaster declaration (or soon thereafter). FEMA will revise the estimated amount at 6 months. FEMA will determine the total management costs estimate 12 months after the date of the major disaster declaration, or after determination of the total HMGP grant award, whichever is later.</p> <p>A.5.1 Thirty Day Estimate Upon receipt of the initial 30-day management costs estimate, Recipients with Enhanced Mitigation Plans and who also have a Program Administration by States (PAS) designation may apply to FEMA for 35 percent of the estimated amount(s). Other recipients may apply to FEMA for 25 percent of the estimated amount(s).</p> <p>A.5.2 Six Months Estimate If the 6-months management costs increase beyond the 30-day estimate, and if the recipient can justify a need for</p>	



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		<p>reconsideration and approval. FEMA will not obligate any additional management costs unless the Recipient's documentation is approved.</p> <p>The documentation for management costs must include:</p> <ul style="list-style-type: none"> ◆ A description of activities, personnel requirements, and other costs for which the Recipient will use the management cost funding provided under this part ◆ The Recipient's plan for expending and monitoring the funds provided under this part and ensuring sufficient funds are budgeted for award closeout ◆ An estimate of the percentage or amount of pass-through funds for management costs provided under this part that the Recipient will make available to subrecipients, and the basis, criteria, or formula for determining the subrecipient percentage or amount (e.g., number of projects, complexity of projects) <p>Upon receipt of the 6-month management costs lock-in, and if the Recipient can justify a bona fide need for additional management costs, the Recipient may submit a request to the Regional Administrator for an interim obligation. Any interim obligation must be approved by the Chief Financial Officer and will not exceed an amount equal to 10 percent of the 6-month lock-in amount, except in extraordinary circumstances.</p> <p>The Recipient must justify in writing to the Regional Administrator any requests to change the amount of the lock-in or the cap, extend the time period before lock-in, or request an interim</p>	<p>additional management costs, the recipient may apply for available funding. Recipients with an Enhanced Mitigation Plan and who also have a Program Administration by States designation may apply for 75 percent of the available or remaining Recipient management costs. Other recipients may apply for 50 percent of the available or remaining recipient management costs.</p> <p>A.5.3 Adjustment Funding Recipients may apply to FEMA for an adjustment in available funding based on the 30-day or 6-months estimates, that is, if they need management costs more than the 30-day (35/25 percent) and 6-months (75/50 percent) percentage estimates. This option is intended for recipients that do not have sufficient capacity because of lack of funding, staffing or other necessary expertise to satisfy HMGP requirements; or have experienced significant disruption from a declared disaster or other event that impacts their ability to complete HMGP activities.</p> <p>Recipients must apply to FEMA for adjustment funding, provide justification that they need an exception, and complete one of the following:</p> <ul style="list-style-type: none"> • Provide a management plan that outlines how they will build state or tribal workforce proficiency and experience in grants management, mitigation planning or application review. This option is only available to Recipients FEMA has determined the degree of risk in making a federal award to them requires that special conditions be attached to the award per 2 CFR Section 200.205; or • Enter into a Program Administration by States agreement if they meet program requirements. <p>A.5.4 Twelve Months Adjustment At 12 months after the major disaster declaration, the Recipient is eligible to apply for the total management costs award subject to certain withholdings set forth in Section D of FEMA Policy #104-11-1 Hazard Mitigation Grant Program Management Costs (Interim). From the 12-months</p>	

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		<p>obligation of funding at the time of the 6-month lock-in adjustment. The Regional Administrator will recommend to the Chief Financial Officer whether to change the amount of the lock-in or the cap, approve the extension, or approve an interim obligation. Changes to the lock-in, extensions, or interim obligations will not be made without the approval of the Chief Financial Officer.</p> <p>The available period to expend management costs is 8 years from the declaration date. The Recipient may expend management cost funds for allowable costs for a maximum of 8 years from the date of a Presidential major disaster declaration or 180 days after the latest performance period of a non-management cost HMGP project expires, whichever is sooner. The period of availability may be extended only at the written justified request of the Recipient, with the recommendation of the Regional Administrator and with the approval of the Chief Financial Officer.</p> <p>For additional information on HMGP management costs, see 44 CFR Part 207.</p>	<p>mark forward, the recipient and subrecipients will only be reimbursed for actual management costs.</p> <p>FEMA will provide management costs for subrecipients (through the recipient) upon approval of each subaward by FEMA, up to 5 percent of each project cost. Subrecipients must meet application and submission requirements found in Part IV H.2.</p> <p>A.5.4.1 Management Costs Withholding To ensure management costs are closed out in a timely manner, FEMA will withhold a percentage of the recipient management costs award excluding subrecipient management costs. FEMA will provide the withheld funding after the recipient closes the last non-management HMGP project.</p> <ul style="list-style-type: none"> • For recipients with an Enhanced Mitigation Plan and who also have a Program Administration by States designation, FEMA will withhold 2 percent of the recipient management costs. • For other recipients, FEMA will withhold 3 percent of the recipient management costs. <p>A.5.5 Disasters Declared before Passage of DRRRA For major disaster declarations made on or after August 1, 2017, and prior to October 5, 2018, recipients and subrecipients may apply for actual expenses of management cost activities in instances where previous rates did not cover allowable costs incurred based on the lower rate (4.89 percent) but not up to more than 10 percent of the total award for recipients, or up to more than 5 percent for subrecipients.</p> <ul style="list-style-type: none"> • FEMA will use the pre-award process (see Part IV, F.2) to review and approve such applications. • This applies to awards and subawards covered under FEMA Policy #104-11-1 Hazard Mitigation Grant Program Management Costs (Interim) (“Interim Policy”) that have been closed out or are 	

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			<p>still open under major disaster declarations prior to the issuance of the Interim Policy.</p> <p>A.5.6 Monitoring for Management Costs Recipients will provide quarterly progress reports to FEMA on funded management costs activities. The recipient will reconcile subrecipient management costs against actual costs of the total award on a quarterly basis. FEMA will reconcile management costs against actual costs on a quarterly basis.</p> <p>A.5.7 Closeout for Management Costs All management costs provided above will be obligated in increments sufficient to cover recipient and subrecipient needs for no more than one year unless contractual agreements require additional funding.</p> <p>A.5.8 Availability of Subrecipient Management Costs The subrecipient can claim management costs incurred up to whichever of the following occurs first:</p> <ul style="list-style-type: none"> • 180 days after work is completed for the non-management costs HMGP project for the declaration; or • 180 days after the latest performance period for the non-management costs HMGP project; or • The recipient management costs award has been closed out. <p>A.5.9 Availability of Recipient Management Costs The recipient can claim management costs incurred up to whichever of the following occurs first:</p> <ul style="list-style-type: none"> • 180 days after work is completed on the last non-management costs HMGP project for the declaration; or • 180 days after the latest performance period of the last non-management costs HMGP project for the declaration; or • Eight years from the date of a major disaster declaration. 	

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			<p>A.5.10 Extensions The period of availability may be extended only at the justified, written request of the recipient, with the recommendation of the Regional Administrator and with the approval of the Chief Financial Officer.</p> <p>A.5.11 Awards over \$6 million Additional controls are needed to ensure management costs are spent in accordance with the HMA Guidance (2015), as updated under the Interim Policy and this Crosswalk, and federal regulations. For management costs awards over \$6 million (including both recipient and subrecipient shares), FEMA will develop an agreement with the recipient that outlines the release of funding. The agreement will define recipient responsibilities and the process for reviewing funding on an incremental basis.</p>	
Page 106	HMGP Fiscal Process graphic	Management Costs are eligible funds to be used by the Recipient to manage the disaster Awards and are finalized at the same time as the lock-in.	Management Costs are eligible funds to be used by the recipient and subrecipient to manage the disaster awards and are estimated at 30 days, 6 months, and at the 12-months lock-in.	FEMA Policy #104-11-1 HMGP-MC (Interim) A. Management Costs Definition and Rates (November 15, 2018)
Page 128	Part IX, Appendix B: Glossary	Management costs: Any indirect costs, administrative expenses, and any other expenses not directly chargeable to a specific project that are reasonably incurred by a Recipient or subrecipient in administering and managing an award or subaward award. For HMGP , management cost funding is provided outside of Federal assistance limits defined at 44 CFR Section 206.432(b).	<p>Change to:</p> <p>Management Costs: Any indirect cost, any direct administrative cost, and any other administrative expense associated with a specific project under a major disaster, emergency or disaster preparedness or mitigation activity or measure. For HMGP, management cost funding is provided outside of federal assistance limits defined at 44 CFR Section 206.432(b).</p> <p>Total Award Amount: The total award amount, for the purpose of calculating the management costs, is the total federal and non-federal contributions (or shares) to complete the project scope of work.</p>	FEMA Policy #104-11-1 HMGP-MC (Interim) A. Management Costs Definition and Rates (November 15, 2018)