

PUBLICATION

FEMA Extends Deadline for Choice on Management Costs Allocations to March 15

Authors: Danielle M. Aymond, Wendy Huff Ellard, Michelle Faye Zaltsberg

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In January, Baker Donelson published an alert on the Federal Emergency Management Association's (FEMA) *Public Assistance Management Costs Interim Policy*, FEMA Recovery Policy FP 104-11-2. That alert noted that, for emergency and disaster declarations issued from August 1, 2017 to October 4, 2018, FEMA will allow any recipient or subrecipient to select whether to receive management costs contributions pursuant to the Interim Policy, or receive such funding under management costs and direct administrative costs (DAC) policies in effect at the time the emergency or disaster was declared (including the PAPPG and DAC Pilot Program options). FEMA has since extended the deadline for recipients and subrecipients to notify FEMA of their management costs election to March 15, 2019. In a letter to all FEMA regional administrators, FEMA advises that this extension is in response to "delays and complication caused by the recent lapse in appropriations and associated government shutdown." With this extension notice, FEMA also released a *Public Assistance Management Costs Interim Policy Fact Sheet* and a *Public Assistance Management Costs Standard Operating Procedures (SOP)*.

How to Make the Election

The SOP provides a form in **Appendix C** to make the election, but also allows the submittal of a letter. It also advises: Subrecipients that have not yet had a Recovery Transition Meeting should notify their Program Delivery Manager (PDMG) and submit their written selection via Grants Portal. Subrecipients that have already had the Recovery Transition Meeting should submit their written selection through the recipient to the respective FEMA regional office.

New Details About the Program in the SOP

- Subrecipients may only request the initial Category Z PW once projects have been obligated.
- Applicable Section 428 projects that already have a fixed cost estimate signed by all parties may be amended.
- Documentation requirements for substantiating costs claims for eligible management activities are provided.

Any recipient or subrecipient presented with the option to continue receiving a prior management costs/DAC award based on standard processing or the prior DAC Pilot Program, or to elect to use the Interim Policy, should carefully weigh the differences of each available option. The programs treat reimbursement amounts and insurance reductions differently. There are also differences in the federal cost share considerations and in whether an entity is allowed to keep excess costs. For more information on the programs, see the Baker Donelson alerts listed below.

- [FEMA's New Interim Policy Requires Choice on Management Cost Allocations by February 12](#)
- [Update: FEMA Issues Revised Policy on Alternative Procedures for Direct Administrative Costs](#)
- [Hurricane Season 2018: The Basics of FEMA's New Alternative Procedures for Direct Administrative Costs](#)

For more information or to discuss these changes or other aspects of various federally funded disaster assistance programs, please contact [Ernie Abbott](#), [Wendy Ellard](#), [Danielle Aymond](#), [Michelle Zaltsberg](#), or any of the members of Baker Donelson's [Disaster Recovery and Government Services Team](#).