



## New Hampshire Department of Safety Division of Homeland Security and Emergency Management

### DRRA – Management Costs Policy Update

#### Disaster Recovery Reform Act 2018 (DRRA) – Management Costs Policy Changes

President Donald J. Trump signed into law the Disaster Recovery Reform Act of 2018 (DRRA) on October 5, 2018. This bill amended portions of the Stafford Act, to include Section 324 – Public Assistance Management Costs. These changes are retroactive and apply to all major disasters and emergencies declared on or after August 1, 2017.

This change in FEMA policy will give some applicants options in pursuing administrative costs associated with disaster recovery, with the overall goal to simplify and streamline the process while allowing for additional administrative activities to become eligible.

**This new policy requires action on behalf of all Applicants under New Hampshire DR 4329, DR 4355, DR 4370 and DR 4371 by **Tuesday, February 5<sup>th</sup> 2019.****

#### Summary of Changes

The DRRA eliminates Direct Administrative Costs (DAC) and the Public Assistance Alternative Procedures (PAAP) DAC pilot program and replaces it with an updated version of Management Costs, which includes the following eligible expenses when they are associated with the PA portion of a major disaster or emergency declaration:

- Indirect costs
- Direct administrative costs
- Other administrative expenses associated with a specific project

Additionally, this new policy changes the reimbursement rate for actual costs incurred by the Subrecipient to a 100% Federal share (zero non-federal share) of 5% of the total project amount obligated. This means that the Subrecipient may receive up to 5% reimbursement of the total of their eligible project costs with no Subrecipient cost share required. After all of the applicant's Category A-G projects have been closed, the final amount for the management costs project will be based off of the final eligible project totals.

Management costs will be awarded as a separate Category Z project to the Subrecipient and will be subject to the same closeout requirements as a large project (*see Chapter 3:IV.C.1 of the Public Assistance Program and Policy Guide-PAPPG*) and record retention requirements of all FEMA PA projects (*a period of 3 years from the date of disaster closeout – reference 2 CFR 200.333*).

Donated Resources: Since management costs are based on actual costs incurred, there will be no excess funds awards and Category B – Donated Resource Project Worksheets will not be included in the calculation of the Category Z award (as they are not project awards).

Excess Funds: Under the new policy, management costs will be reimbursed for actual costs incurred. Excess management cost funding may not be retained.

**Activities Eligible for Management Costs**

Activities eligible as management costs include those related to developing eligible PA projects and receiving reimbursement. Some activities that are now eligible under this new definition of management costs 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
- Site inspections
- Travel expenses
- Developing the detailed site-specific damage description
- Evaluating Section 406 hazard mitigation measures
- Preparing Small and Large Projects
- Reviewing PWs
- Collecting copying, filing, or submitting documents to support a claim
- Requesting disbursement of PA funds
- Training

**For Which Disasters does the DRRA Apply?**

The new management cost policy under the DRRA is retroactive for all incidents declared on or after August 1, 2017. For the State of New Hampshire, this amendment to the Stafford Act applies to the follow disasters:

- DR 4329 – July 1-2, 2017: Severe Storms and Flooding (Declared August 9, 2017)
- DR 4355 – October 29-November 1, 2017: Severe Storm and Flooding
- DR 4370 – March 2-8, 2018: Severe Storm and Flooding
- DR 4371 – March 13-14, 2018: Severe Winter Storm and Snowstorm

**Options for NH Applicants and Subrecipients**

<b>Administrative Cost Options</b>				
Status of the Applicant/Subrecipient	Management Costs	PAAP DAC	DAC	No Management Costs or DAC Desired/ Requested
No Projects Obligated	✓		✓	✓
DAC Requested (Regardless of Obligation)	✓		✓	✓
Opted Into PAAP DAC (Regardless of Obligation)	✓	✓		✓
No DAC Requested & RTM Not Completed	✓		✓	✓
No DAC Requested & RTM Completed	✓			✓

### Opt-In Procedures and Deadline

Once you have spoken to your HSEM Field Representative to discuss your options, you will complete a selection form provided to you by your HSEM Field Representative to either remain in the DAC or PAAP DAC program (as applicable) or opt into the new management cost policy.

Subrecipients have until **Tuesday, February 5<sup>th</sup> 2019** to confirm their choice of program with the State of New Hampshire. Subrecipients who do not submit the form before the deadline will automatically remain in their current program (as per the new policy guidance).

### Frequently Asked Questions (FAQ)

***Q. Why were these new policies created?***

A: FEMA is working to implement the Disaster Recovery Reform Act (DRRA) provisions. Section 1215 of the DRRA amends Section 324 of the [Robert T. Stafford Disaster Relief and Emergency Assistance Act \(Stafford Act\)](#) to provide funding under the Hazard Mitigation Grant Program (HMGP) and the Public Assistance (PA) program for incurred management costs.

These interim policies also align with the FEMA Administrator's intent to have locally executed, state, tribe or territory managed, and federally supported emergency management activities, and supports FEMA's strategic priorities to reduce complexity and build a culture of preparedness.

***Q. When will FEMA put out the final policies?***

A: FEMA will evaluate each interim policy as it is implemented and will update Public Assistance management costs in the [Public Assistance Program and Policy Guide](#) and HMGP management costs in the [Hazard Mitigation Assistance Guidance](#) during the next scheduled document updates.

***Q. Is there a cost-share associated with management costs?***

A: No, there is no cost-share associated with management costs.

***Q. Where do I go for more information?***

A: Contact your HSEM Field Representative for more information about this policy and specific information about your projects. Or you can view all of the DRRA provisions on FEMA.gov. The policy is posted at <https://www.fema.gov/disaster-recovery-reform-act-2018>.