



# FEMA

# RECOVERY POLICY

---

## **I. TITLE: Public Assistance Donated Resources**

**II. DATE: JUN 25 2018**

## **III. PURPOSE:**

Currently, Chapter 2:V.L. of the *Public Assistance Program and Policy Guide*<sup>1</sup> (PAPPG) Version 3.1 only provides for the application of the value of donated resources (third-party in-kind contributions) toward the non-Federal cost share of eligible Emergency Work projects and Direct Federal Assistance (DFA). The language in this policy document supersedes the language in Chapter 2:V.L of the PAPPG Version 3.1. It authorizes Applicants to apply the value of donated resources used during the performance of eligible Permanent Work toward the non-Federal cost share of its eligible Permanent Work projects. This policy is retro-active to disasters declared on or after August 23, 2017.

## **IV. SCOPE AND AUDIENCE:**

The policy is applicable to incidents declared on or after August 23, 2017. It is intended for all personnel involved in the administration of the Public Assistance (PA) Program.

## **V. AUTHORITY:**

Donated resource offsets are authorized under Title 2 Code of Federal Regulations (CFR) §200.306.

## **VI. POLICY:**

Individuals and organizations often donate resources to assist with response and recovery activities. FEMA does not provide PA funding for donated resources. However, FEMA allows Applicants to use the value of donated resources (non-cash contributions of property or services)<sup>2</sup> related to eligible Emergency Work to offset the non-Federal cost share of its eligible Emergency Work Project Worksheets (PW) and DFA; and to use the value of donated resources related to eligible work on a Permanent Work project to offset the non-Federal cost share of that specific Permanent Work PW. FEMA applies the offsets regardless of the cost share arrangements between the Recipient and the Subrecipients. In addition to overarching Federal PA Program requirements as defined in the PAPPG, the following policy language applies.

The Applicant may apply the offset if all of the following conditions are met:

- The donated resource is from a third-party (a private entity or individual that is not a paid employee of the Applicant or Federal, State, Territorial, or Tribal government);

---

<sup>1</sup> [www.fema.gov/media-library/assets/documents/111781](http://www.fema.gov/media-library/assets/documents/111781)

<sup>2</sup> Title 2 Code of Federal Regulations (CFR) § 200.96.



- The donated resource is necessary and reasonable for accomplishment of the project;<sup>3</sup>
- **The Applicant uses the resource in the performance of eligible work** and within the respective project's period of performance;<sup>4</sup> and
- The Applicant or volunteer organization tracks the resources and work performed, including description, specific locations, and hours.<sup>5</sup> Donated resources for Permanent Work must be tracked to the specific PW for which it is associated.

FEMA considers unpaid individuals who volunteer their labor to an Applicant to be third-party even if they are officially members or employees of the Applicant organization (e.g. volunteer fire fighters at a private non-profit volunteer fire department performing eligible emergency work).

Resources donated to the Applicant by an organization that would normally provide the same resources under its mission are eligible as an offset provided the organization is not federally funded. Additionally, if a mutual aid agreement provides for assistance at no cost to the Applicant, the Applicant may use the value of that assistance to offset its non-Federal cost share.

The value of a donated resource is not eligible as an offset toward the non-Federal cost share if the resource is:

- Donated by a Federal agency,
- Donated by another federally funded source,
- Funded through a Federal award,<sup>6</sup>
- Used as an offset to any other Federal award,<sup>7</sup>
- Used for ineligible work, or
- Considered a duplication of benefits as described in Chapter 2:V.P of the PAPPG.

### Offset Amounts

FEMA applies values to donated resources as follows:

- **Volunteer Labor:** The offset is based on the same straight-time hourly labor rate, and fringe benefits, as a similarly qualified person in the Applicant's organization who normally performs similar work. FEMA does not offset volunteer labor based on overtime or premium rates. If the Applicant does not have employees performing similar work, FEMA credits the non-Federal share based on a rate consistent with those ordinarily performing the work in the same labor market.<sup>8</sup>
- **Equipment:** The offset is based on equipment rates and must not exceed the fair rental value (if loaned) or the fair market value of equipment that is in similar age and condition

<sup>3</sup> 2 CFR § 200.306(b)(3).

<sup>4</sup> 2 CFR § 200.309.

<sup>5</sup> 2 CFR § 200.434(d) and 306(b)(1).

<sup>6</sup> 2 CFR § 200.306(b)(5).

<sup>7</sup> 2 CFR § 200.306(b)(2).

<sup>8</sup> 2 CFR § 200.306(e) and (f).



at the time of donation (if donated with a transfer of title). See Chapter 2:V.B of the PAPPG for information on equipment rates.<sup>9</sup>

- Supplies or Materials: The offset is based on current commercial rates, which FEMA validates based on invoices from previous purchases or information available from vendors in the area. The amount must not exceed the fair market value at the time of donation.<sup>10</sup>
- Buildings or Land: The offset is based on the fair market value at the time of donation as established by an independent appraisal and certified by the Applicant.
- Space: The offset is based on the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.<sup>11</sup>
- Logistical Support: Reasonable logistical support for volunteers doing eligible work, such as donations warehousing and management related to eligible work, may be eligible either for funding (if the Applicant provides the logistical support) or as a donated resource offset (if a third-party provides the logistical support), subject to approval by FEMA.

All projects approved under PA are subject to cost sharing.<sup>12</sup> FEMA applies the Federal cost share to the total value of the project, which includes the value of the donated resources. FEMA does not apply the offset toward other State, Territorial, or Tribal government obligations, or toward another disaster or another Applicant's projects.

For Emergency Work, the donated resource offset is applied against the combined non-Federal cost share of all of the Applicant's Emergency Work PWs (Category A and B). The offset may not exceed the total out-of-pocket costs and is capped at the total non-Federal cost share of these PWs. FEMA prepares the Emergency Work donated resource PW separate from the actual Emergency Work project PWs. FEMA does not obligate the donated resource PW until after it obligates all of that Applicant's Emergency Work PWs.

Although FEMA obligates the donated resource PW as a separate PW, the donated resources are still considered part of the FEMA approved scope of work and not a separate project. As such, administrative costs related to tracking the donations for a project may be claimed as Direct Administrative Costs (DAC) on the related project if tracked to that specific project. DAC may not be claimed on the separate donated resource PW.

For Permanent Work, the donated resource offset is applied against the non-Federal cost share of the specific Permanent Work PW for which the resources were donated. The offset may not exceed the total out-of-pocket costs is capped at the non-Federal cost share of that specific Permanent Work PW. The type and amount of resources donated must directly correlate to, and may not exceed, the type and amount approved in the scope of work of the Permanent Work

<sup>9</sup> 2 CFR § 200.306(g), (h), and (i).

<sup>10</sup> 2 CFR § 200.306(g).

<sup>11</sup> 2 CFR § 200.306(i)(3).

<sup>12</sup> 44 CFR § 206.203(b).



# FEMA

# RECOVERY POLICY

---

project (e.g., if the approved scope of work includes replacement of 10 chairs and 15 chairs are donated, the donated resource offset is limited to 10 chairs). The Applicant needs to submit the donated resource information in its closeout package submittal. FEMA will adjust the Permanent Work PW to capture any donated resource offsets related to that PW at closeout.

## VII. RESPONSIBLE OFFICE:

Recovery Directorate (Public Assistance Division)

A handwritten signature in blue ink, appearing to read "Keith Turi".

---

Keith Turi  
Assistant Administrator  
Recovery Directorate