




FEMA

March 01, 2023

MEMORANDUM FOR: Regional Administrators
FEMA Regions I – X

ATTENTION: Federal Coordinating Officers
Regional Recovery Division Directors

FROM: Ana Montero 
Director
Public Assistance Division

SUBJECT: Simplifying the Public Assistance Program
Management Costs

Dr. Melissa Forbes, Assistant Administrator of the Recovery Directorate, issued two (2) memorandums dated March 28, 2022, and September 7, 2022, simplifying the Public Assistance (PA) Program. As the broader PA Assessment continued, we sought further opportunities to quickly implement changes to simplify the program and found instances where quick changes could have a significant impact.

FEMA’s Policy for Documentation Requirements for Management Costs – Force Account Labor and Equipment

FEMA provides contributions for management costs that a Recipient or Subrecipient incurs in administering and managing PA awards under a major disaster or emergency declaration. Eligible activities include any indirect cost, direct administrative cost, and other administrative expense associated with developing and managing eligible PA projects under a major disaster or emergency. For Recipients, FEMA provides PA funding for management costs based on actual costs incurred up to 7 percent of the total award amount. For Subrecipients, FEMA provides PA funding for management costs based on actual costs incurred up to 5 percent of the Subrecipient’s total award amount. Additional information is available in FEMA’s interim policy, FEMA Recovery Policy FP 104-11-2, [Public Assistance Management Costs \(Interim\)](#) and FEMA’s [Public Assistance Management Costs Standard Operating Procedures](#).

FEMA refers to the Applicant’s personnel as “force account labor.” FEMA reimburses force account labor based on actual hourly rates plus the cost of the employee’s actual fringe benefits. Detailed documentation has been required on force account labor because management costs funding is based on actual costs (see Public Assistance Program and Policy Guide (PAPPG), Chapter 6, Section II).

Simplifying Documentation Requirements for Management Costs – Force Account Labor and Equipment

Applicants' management costs funding will still be based on actual costs incurred. To reduce the administrative burden on Applicants in supporting management costs claimed, PA is simplifying documentation requirements for force account labor and equipment used for administering and managing PA awards through the following actions:

- **Summary of Costs:** FEMA will now accept a higher-level summary of force account labor costs incurred for the administration and management of PA awards, rather than requiring more detailed information such as individual timesheets, etc.
- **Simplified Documentation Requirements:** The summary should capture the work and costs being claimed, including number of employees, list of equipment used and the equipment rates, total labor and equipment hours (or miles for vehicles) during the time frame, total labor and equipment costs, and general description of all tasks performed by individuals during the time frame.

FEMA's simplification will require less detailed documentation as a starting point for Applicants to demonstrate their actual costs incurred, and only request detailed documentation if additional review is necessary due to questions or concerns.

Please note that Applicants are required to retain actual cost documentation pursuant to federal record retention regulations and may be asked to provide documentation for audits or to support appeals or arbitration cases. (See [2 Code of Federal Regulations \[C.F.R.\] §200.334](#)). All claims must be associated with eligible facilities, work, and costs as defined in the PAPPG (Chapter 6, Section XVI).

I am pleased to provide this new, streamlined approach to simplify the PA program. These changes are effective for major disasters and emergencies declared on or after September 18, 2022. If you have any questions, please contact Tod Wells, Deputy Director of Policy and Strategy, Public Assistance Division, at Tod.Wells@fema.dhs.gov.