

DEPARTMENT OF HOMELAND SECURITY

ASSISTANCE LISTING 97.039 HAZARD MITIGATION GRANT PROGRAM (HMGP)

I. PROGRAM OBJECTIVES

The purpose of the Hazard Mitigation Grant Program (HMGP) is to mitigate the vulnerability of life and property to future disasters during the recovery and reconstruction process following a disaster. HMGP provides funds to implement projects to reduce risk from future hazard events in accordance with priorities identified in state, Indian tribal government, territory, or local hazard mitigation plans. It also provides funds designed to develop state, Indian tribal government, and local mitigation plans that meet the planning requirements outlined in 44 CFR Part 201.

II. PROGRAM PROCEDURES

HMGP is a cost-shared program administered by the Federal Emergency Management Agency (FEMA), Department of Homeland Security (DHS). FEMA provides HMGP awards to states and federally recognized Indian tribal governments (recipients), which, in turn, may provide subawards to state agencies, local governments, Indian tribal governmental agencies, and other eligible entities (subrecipients). Each recipient administers the HMGP according to a FEMA-state or FEMA-Indian tribal government agreement, a comprehensive Standard or Enhanced Mitigation Plan, and a state or Indian tribal government HMGP Administrative Plan. These plans must be approved by FEMA before funds are awarded to the state or Indian tribal government. FEMA is responsible for approving or denying project applications and reviewing the recipient's quarterly and final reports.

FEMA also provides funding for costs incurred by recipients and their subrecipients in administering HMGP. For federal disasters declared prior to November 13, 2007, the recipient receives a statutory administrative cost allowance determined according to a formula based on percentages of the aggregate federal share of funding provided to subrecipients for hazard mitigation projects. Management costs not covered by the allowance may be allowed with FEMA prior approval. The recipient awards statutory administrative cost allowances to subrecipient according to a formula based on percentages of the subrecipient's net eligible project costs. If requested, management costs are awarded as a part of the HMGP ceiling.

For federal disasters declared on or after November 13, 2007, FEMA makes available funds for costs incurred by recipients and their subrecipients in administering and managing HMGP. These costs are now termed "management costs" and include 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 the administration and management of HMGP. Recipients may identify and make available a percentage or amount of pass-through funds for management costs to their subrecipients. The basis, criteria, or formula for equitable distribution is determined by the recipient and must be included in the FEMA-approved state or Indian tribal government HMGP Administrative Plan before funds for management costs can be awarded. Management costs are not subject to the federal funding limits for HMGP projects (see III.G.1, "Matching, Level of Effort, Earmarking – Matching"), and are provided in addition to the HMGP program ceiling.

Application and Award Process

After determining that disaster relief and recovery needs cannot be met with resources available within the state, the governor requests a presidential major declaration designating the state a disaster area. Indian tribal governments may also submit a request for a major disaster declaration within their impacted area. Applicants have up to 12 months from the date the disaster is declared to review and submit applications. The application must identify the specific mitigation measure(s) for which the state or Indian tribal government requests funding, and any entities to which the recipient intends to make subawards.

In addition to submitting applications and supporting documents to FEMA, the recipient's authorized representative appoints a state hazard mitigation officer. This official ensures that all potential applicants are made aware of the assistance available under the HMGP and provides technical advice and assistance to eligible subrecipients. Indian tribal governments can receive HMGP assistance as subrecipients of states or apply directly to FEMA. Where FEMA provides an award directly to an Indian tribal government, the two entities enter into a FEMA-tribal agreement modeled on the FEMA-state agreement.

Source of Governing Requirements

HMGP is authorized by Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended (the Stafford Act), 42 USC 5170c. Program regulations are codified at 44 CFR parts 80; 201; 206, Subpart N (Hazard Mitigation Grant Program); and 207.

1. Performance Metrics

Performance metrics for this program are as follows:

- Quarterly Progress Reports (QPR)

FEMA uses the QPR data reported by the recipient to evaluate project status and identify potential funding issues (e.g., cost overruns). The scorecard below evaluates the status and progress of quarterly progress reporting for all obligated projects using the following six criteria:

- Timeliness
- Regions submitted to HQ on time
- Data Completeness
- Critical data elements that are reported on each project – Cost Code, Status, Percentage Work Complete, Total Recipient Drawdown, and Sub-recipient Expenditures to date
- Data Reasonableness and Accuracy
- Comparative data analysis between current and previous QPRs

- Closeout

FEMA (HMA) distributes closeout updates to help regional HMA branch chiefs and closeout POCs remain focused on closeout performance measures and established priorities for the fiscal year.

1. Disaster Closeout Initiative (DCI) reports show progress and work remaining to close grant awards eight years beyond the declaration date. The monthly report provides detailed information concerning the number of projects open in each disaster, the Period of Performance end dates for each HM Program and Period of Availability end date for State Management Cost.
2. HM Only Program Open Reports provide a list of HM programs that, if closed, would allow closure of FEMA-State Agreements (FSA).
3. HM Program Closeout Performance Report provides the monthly HMGP closeout performance status, by region. Regional goals to achieve expectation and excellence are established at the beginning of the fiscal year.
4. Government Performance and Results Act (GPRA) reports provide a summary of the progress made each month toward closing FSA/FEMA-Tribal Agreements (FTA) targeted for closure during the fiscal year.

- Obligations

Aligning the 2014–2018 FEMA Strategic Plan, Strategic Priority 4: Enable Disaster Risk Reduction Nationally and Objective 4.2: Incentivize and facilitate investments to manage current and future risk, FEMA measures the aggregate of HMGP obligations per annual year.

- Obligate HMGP grants

- Achieved Expectations
- Achieved Excellence

Availability of Other Program Information

Other program information is available at <http://www.fema.gov/hazard-mitigation-grant-program>.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary

matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. **When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.**

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	N	N	Y	N	N	Y	N	N

A. Activities Allowed or Unallowed

The activities allowed for an HMGP project are those described in the grant application approved by FEMA and the supporting documentation. All projects funded must also conform to the state’s, and/or Indian tribal government’s (when applying directly to FEMA), comprehensive Hazard Mitigation Plan. Additionally, all subaward projects funded under HMGP must be in accordance with priorities identified in the Indian tribal government or local hazard mitigation plans (44 CFR sections 201.6 and 201.7). Eligible projects include, but are not limited to:

1. Structural hazard control or protection projects;
2. Construction activities that will result in protection from hazards;
3. Retrofitting of facilities;
4. Property acquisition or relocation;
5. Development of state, Indian tribal government, or local mitigation standards;
6. Development or improvement of warning systems; and
7. Development of a mitigation plan meeting the requirements of 44 CFR Part 201. (44 CFR section 206.436(d)(2)).

B. Allowable Costs/Cost Principles

1. *Administrative Costs for Federal Disasters Declared Prior to November 13, 2007*
 - a. *Recipient Direct Costs* – A state or Indian tribal government may use funds made available by FEMA under its administrative cost allowance only for extraordinary direct costs of preparing applications and quarterly reports and making final audits and related field inspections. Specific cost items allowable as direct administrative costs include overtime pay, per diem and travel expenses for state or Indian tribal government employees, but not their regular (straight-time) salaries. Cost items not eligible for funding from the state’s or Indian tribal government’s administrative cost allowance, but still related to managing the program, may be funded from the award if FEMA gives prior approval. Regular (straight-time) salaries may be funded in this way. In the case of staffing costs for the state’s or Indian tribal government’s portion of the Joint Field Office, FEMA gives prior approval by approving the state’s staffing plan (44 CFR section 207.9(b)(1)).
 - b. *Subrecipient Administrative Costs* – A subrecipient may use funds made available by the recipient in its administrative cost allowance only for direct costs of requesting, obtaining, and administering its subawards (44 CFR section 207.9(b)(2)).
 - c. *Indirect Costs* – Recipient indirect costs identified in accordance with the federal cost principles are allowable. Indirect costs at the subrecipient level are unallowable (44 CFR section 207.9(c)).
2. *Management Costs for Federal Disasters Declared on or after November 13, 2007*
 - a. *Recipient* – A state or Indian tribal government may use funds made available by FEMA under its management cost allowance for any indirect costs, any administrative expenses, and any other expenses not directly chargeable to a specific project that are reasonably incurred in administering and managing the HMGP. All charges must be in accordance with 44 CFR Part 207.
 - b. *Subrecipient* – A state or Indian tribal government may identify and make funds for management costs available to subrecipients in accordance with the FEMA-approved HMGP Administrative Plan. A subrecipient may use funds made available for management costs for any indirect costs, administrative expenses, and other expenses not directly chargeable to a specific project that are reasonably incurred in administering and managing the HMGP subaward (44 CFR section 207.6). See also definition of “Management Costs,” 44 CFR section 207.2.

E. Eligibility**1. Eligibility for Individuals**

Not Applicable

2. Eligibility for Group of Individuals or Area of Service Delivery

Not Applicable

3. Eligibility for Subrecipients

The following types of entities are eligible to apply for HMGP subawards. Additionally, an eligible entity must have a FEMA-approved Mitigation Plan to be eligible to receive a project subaward (44 CFR sections 201.6 and 201.7).

- a. State and local governments;
- b. Private nonprofit organizations or institutions that own or operate a private nonprofit facility as defined at 44 CFR section 206.221(e); and
- c. Indian tribal governments and Alaskan Native villages or organizations (44 CFR section 206.434(a)).

L. Reporting**1. Financial Reporting**

- a. *SF-270, Request for Advance or Reimbursement* – Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Applicable

2. Performance Reporting

Not Applicable

3. Special Reporting

Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act

See Part 3.L for audit guidance.

IV. OTHER INFORMATION

In the administration of this grant, the state or Indian tribal government may provide subaward funds to another part of the state (e.g., a state agency) or designated area within an Indian tribal government. If the part of the state or Indian tribal government receiving the subaward is included in the audit of the state, such as a state-wide audit, or Indian tribe, as applicable, then for purposes of determining Type A programs and reporting on the Schedule of Expenditures of Federal Awards, these subawards within the single audit reporting entity (state or Indian tribe) should be eliminated. However, all federal awards expended under this program (including subawards) are subject to 2 CFR Part 200, Subpart F.