

Summer Public Assistance Webinar Series:

Public Assistance Management Costs Funding

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Opening Remarks

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Why are management costs important?

- Your community probably doesn't have a dedicated disaster recovery manager on staff
- Participating in the FEMA PA program can be laborious and time consuming, and it probably distracts from other important administrative work
- **Time is money!**



FEMA is Authorized to Provide Management Costs Funding

- Section 324 of the Stafford Act authorizes FEMA to provide contributions for management costs incurred in the administration of the PA program
- The Disaster Recovery Reform Act (DRRA) in 2018 changed the rules for management costs; today's content is relevant only for disasters declared on or after October 5, 2018



Eligible Expenses

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



Eligible Expenses - Examples

- Conducting Preliminary Damage Assessments (PDAs)
- Conducting or participating in Site Inspections
- Gathering documentation
- Responding to Requests for Information
- Prepare and reviewing Project Worksheets
- Participating in meetings with FEMA
- Training related to your participation in the PA program



Eligible Expenses - Timeline

Costs must be incurred before whichever of the following is first:

- 180 days after work is completed on all other projects
- 180 days after the last period of performance is complete
- Two years from the date of an Emergency Declaration
- Eight years from the date of the major disaster declaration



Management Costs Funding

- Obligated as a separate “Category Z” project for each disaster
- Limited to 5% of the total award amount across all other eligible projects (the total project cost, including the non-federal share)
- 100% federally funded (no non-federal share)



Obligation Process

- Once your first project is obligated, FEMA can obligate management costs equal to 5% of the total obligated amount for other projects
- Once per quarter, you can request additional obligation based on an increased eligible amount with subsequent obligations



Reimbursement of Management Costs Expenses

- Category Z projects are reimbursed based on *actual incurred expenses*
- You will need to provide documentation of your actual incurred costs, including:
 - Payroll data
 - Procurement procedures
 - Contracts and Invoices
 - Explanations of activities performed
 - Validation that your costs are reasonable



Closeout of Management Costs Projects

- FEMA will adjust your final eligible amount to reflect the *lower* of the following:
 - Your actual total incurred expenses
 - 5% of the total eligible costs across all other projects
- Your Category Z project will be the last one to be closed for the disaster



Challenges and Considerations

- If you are pursuing indirect costs, you will need to be able to demonstrate to FEMA that your indirect costs rate is reasonable
- Don't forget to capture eligible pre-declaration costs
- Management costs related to ineligible projects are ineligible
 - Best practice: track your management costs against the lowest total number you can imagine being eligible



Management Costs Resources:

- [FEMA PA Management Costs Interim Policy \(FP 104-11-2\)](#)
- [FEMA Public Assistance Cost Reasonableness Job Aid](#)



What questions or concerns do you have about management costs and the Public Assistance Program?

Closing Remarks

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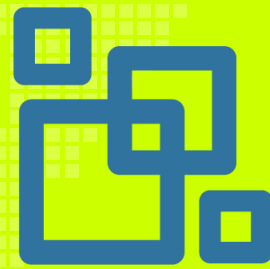
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