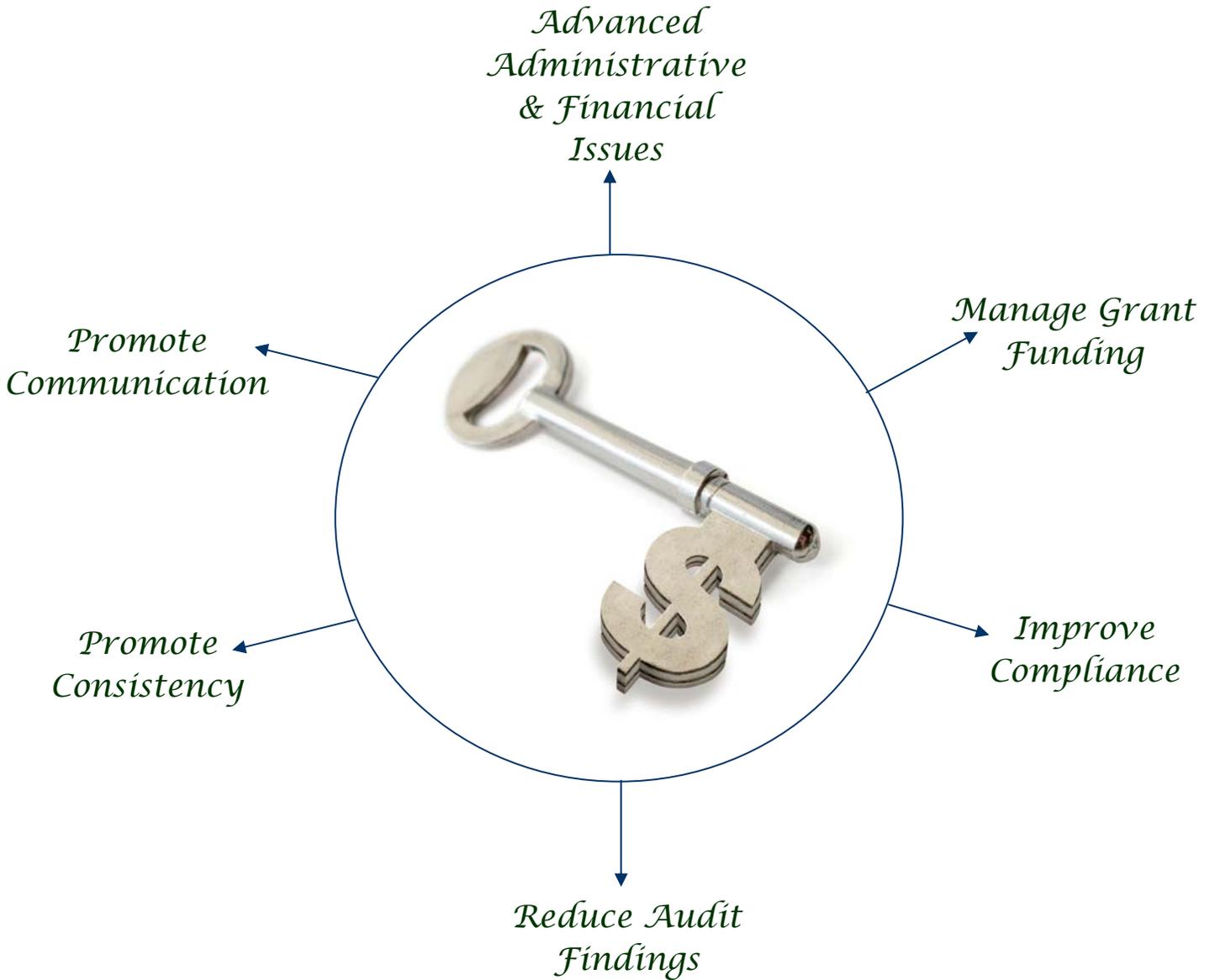


Advanced Grants Management

Course Workbook ~ Summer 2019



Agenda	1
Goals and Objectives	2
WSFR Program Requirements & Reports	3
Program Income	4
In-Kind Match	5
Federal Financial Report	6
Real and Personal Property	7
Pass Through Agreements	8
Financial Systems and Cost Principles	9
Indirect Cost	10
WSFR Quick Reference Sheets	11
Instructor Bios	12

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1

Advanced Grants Management Course

Wildlife and Sport Fish Restoration

National Training Program

June 10-13, 2019

SUNDAY (Travel Day)

Check-in

MONDAY

8:30 a.m. Welcome / Introductions / Getting Acquainted

Review Agenda

Course Goals and Objectives

MORNING BREAK

IPAD Basics

License Certification Process

LUNCH

Basic, and Enhanced Hunter Education Funding Requirements

Wildlife, Sport Fish, and SWG Safety Margins

AFTERNOON BREAK

Boating Access Requirements and Safety Margins

FBMS and Prism Financial Assistance Award Reports

Review Day 1 / Preview Day 2 / Wrap-up

4:30 p.m. Adjourn

TUESDAY

8:00 a.m. Review Day 1 / Preview Day 2
 Program Income – Definition
 Exercise – Income Determination

MORNING BREAK

Disposition Methods for Program Income
Accounting for Program Income
Net vs Gross Income
Income Earned After the Period of Performance
Program Income Banking

LUNCH

In-Kind Match – Definition
Valuing Various Types of Match
Exercise – Match Types and Valuation

AFTERNOON BREAK

Exercise – Match Types and Valuation
Documenting Volunteer In-kind
Review Day 2 / Preview Day 3 / Wrap-up

4:30 p.m. Adjourn

WEDNESDAY

8:00 a.m. Review Day 2 / Preview Day 3

Federal Financial Report – Instructions

Exercise - Completing the Federal Financial Report

MORNING BREAK

Exercise - Completing the Federal Financial Report

LUNCH

Understanding Real vs Personal Property

Real Property Valuation

Land as Match

Ownership vs Non-Ownership Interests

Managing and Monitoring Real Property

AFTERNOON BREAK

Real Property Records

Disposal of Real Property

Exercise – Real Property

Personal Property – Definition

Acquisition, Use, Management, and Disposal of Personal Property

Exercise – Personal Property

4:30 p.m. Adjourn

THURSDAY

- 8:00 a.m. Review Day 3 / Preview Day 4
- Pass Through Agreements
 - Judgement Determinations – Subawards vs Contracts
 - Characteristics of Subrecipients
 - Characteristics of Contractors
 - Requirements for Pass-Through Entities Under 2 CFR 200

MORNING BREAK

- Exercise – Subawards vs Contracts
- Reporting of Subawards
- Financial Management System Requirements under 2 CFR 200

LUNCH

- Internal Controls
- Exercise – Allowable Costs
- 10% Rule and Budget Changes
- Indirect Cost

AFTERNOON BREAK

- Quiz Bowl
- Course Review / Post-Course Survey / Certificates

- 4:30 p.m. Adjourn

FRIDAY

- Travel Day - Have a safe trip home!

2

Introduction and Course Purpose

Welcome to the Advanced Grants Management (AGM) class. This class is part of a suite of Financial Assistance classes taught by the United States Fish and Wildlife Service (Service) Wildlife and Sport Fish Restoration (WSFR) Program, Division of Financial Assistance Support and Oversight – Training Branch.

The mission of the WSFR Training Branch is to provide a systematic and ongoing national training program to develop basic and specialized grants management knowledge and skills that result in the consistent and sensible application of regulations, processes, and decisions in those awards administered by the WSFR program.

The purpose of the AGM is to provide recipients with a conceptual and working knowledge of advanced administrative and financial issues associated with receiving, managing, and completing awards administered by the WSFR program.

AGM Course Goal

To more effectively manage grant funding, improve compliance with administrative and financial rules and regulations, reduce audit findings, and promote consistency and communication.

AGM Course Objectives

The objectives of this course are to increase participant's knowledge, skills, and abilities related to:

- Understanding Congressional Acts, regulations, Office of Management and Budget guidance, and Service policy and guidance.
- Funding sources and methods for funds distributed under various grant programs administered by WSFR.
- Administrative compliance requirements including subrecipient monitoring.
- Issues arising from management and monitoring of grant funds, spending mandates, and grant awards.
- Accessibility of professional contacts across state and regional boundaries to assist in solving grant administrative and financial issues.
- Audit findings, with the intent to minimize and reduce future audit findings.

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3

Module 3 Program Requirements and Reports

Learning Objectives:

1. Describe the purpose and process of certifying hunting and fishing license holders and the importance of accurately reporting this information on the annual certification.
2. Analyze license counts to be included in an annual license certification in accordance with the rules and regulations.
3. Explain the requirements and spending mandates related to the Wildlife Restoration Program, including basic and enhanced hunter education.
4. Explain the requirements and spending mandates related to the Sport Fish Restoration Program including aquatic education, boating access, and the marine/freshwater split.
5. Discuss the strategies for allocating and managing the requirements and mandates for both the Wildlife Restoration and Sport Fish Restoration Programs.
6. Define and understand the terms apportionment, allocation, obligation, de-obligation, recovery, and revert.
7. Explain the various WSFR reports available to grantees in order to better manage obligations, expenditures, and balances.

Handouts:

- 3-1 License Certification FWS Form 3-154a
- 3-3 License Certification Summary FWS Form 3-154b
- 3-5 State of Protection Annual, Single Year Privilege License Sales
- 3-6 State of Protection Multi-Year Privilege License Sales
- 3-7 Wildlife Restoration Act Funds Flow Chart
- 3-9 Basic Hunter Education Funds Apportionment
- 3-11 Safety Margin Note Pages
- 3-19 Sport Fish Restoration Act Funds Flow Chart
- 3-21 State Wildlife Grants Funds Flow Chart

Hunting and Fishing License Certification

A State fish and wildlife agency must annually certify the number of people having paid licenses to hunt and paid licenses to fish because the Service uses these data in statutory formulas to apportion funds in the Wildlife Restoration and Sport Fish Restoration programs among the States and Territories (**50 CFR 80.30**). The following forms are used to complete the certification process:

- License Certification (FWS Form 3-154a) (**Handout 3-1**)
- License Certification Summary (FWS Form 3-154b) (**Handout 3-3**)

Wildlife Restoration Apportionment formula:

50% land area (including inland waters) + 50% number of paid licensed hunters

Sport Fish Restoration Apportionment formula:

40% land area (including coastal waters) + 60% number of paid licensed fishers

The annual certification counts are reviewed by the Regional Office and the Washington Office (WSFR HQ). If a State's certification shows an increase or decrease of greater than 5% in the number of certified paid license holders, States are asked to provide an explanation to determine the reasonableness of such changes.

While not part of the certification process, States and Territories must also submit a signed State Certification of Spending (FWS Form 3-2197a). This form certifies that States and Territories expended funds apportioned under the Wildlife Restoration and Sport Fish Restoration Act in accordance with the requirements of the Acts. This form is required annually to be submitted no later than November 29.

All license certification and certification of spending forms are available on the [WSFR Toolkit](#).

A State's certification period must:

- a. Be 12 consecutive months;
- b. Correspond to the State's fiscal year or license year;
- c. Be consistent from year to year; and
- d. End at least one year and no more than two years before the beginning of the Federal fiscal year.

License Certification – Single Year Licenses (August 31, 2011)

States and Territories may certify a license sold to any person who has a paid license to hunt or a paid license to fish during their certification period (**50 CFR 80.31**). Paid licenses must be issued either: (1) in the license holder's name; or (2) with a unique identifier that is traceable to the license holder, who must be verifiable in State records.

States and Territories may count only those single year licenses sold to a person that conveys a privilege to hunt, fish, or both hunt and fish (**50 CFR 80.33**). A person who holds a paid combination license to hunt and fish may be certified once each for hunting and fishing. The State fish and wildlife agency must receive at least \$1 net revenue from the sale of a license in order to certify the license towards its annual certification. The State fish and wildlife agency must receive at least \$2 net revenue from the sale of a combination license in order to certify the license under both hunting and fishing.

Single year licenses that span more than once certification period. A State fish and wildlife agency must count a person holding a single-year license only once in the certification period in which the license first becomes valid.

Elimination of duplicate licenses. If a person has more than one paid fishing or more than one paid hunting license during the State certification period, then the State fish and wildlife agency may only count that person once in their fishing and once in their hunting license certification.

There is no use requirement in order to certify a license. Individuals who voluntarily purchase licenses, even if they are not required to, may be counted in a State's certification.

Short term licenses (i.e. 1-day, 3-day, 7-day) may be certified as long they convey a privilege to hunt or fish, generate at least \$1 net revenue to the State fish and wildlife agency, and the license holder has not already been counted in the State's certification period.

A person who holds a license to trap animals, engage in commercial fishing, or other commercial activities must not be counted towards a State's annual license certification (**50 CFR 80.33(b)(8)**). If those licenses convey the ability to hunt or fish, then they may be certified, assuming they meet the other requirements for single year license certification.

Notes:



Exercise: License Certification – Single Year License

Using the license certification criteria established August 2011, use **50 CFR 80.30-39** to answer the questions below regarding the State of Protection’s annual license certification for single year licenses. The State of Protection’s annual license sales information can be found on **Handout 3-5**.

1. How would the State of Protection count the “A”, “C”, and “CC” licenses?

Each holder would be counted once for hunting and once for fishing since each of these licenses conveys a privilege to both hunt and fish.
See **50 CFR 80.33**.

2. What would the State need to do to certify the “E” or “N” licenses?

The State would have to ensure that the counts do not include duplicates. If so, they would need to remove the duplicates. See **50 CFR 80.31(b-c)**.
Additionally, the State must also receive at least \$1 of net revenue from the sale of each license. See **50 CFR 80.33(b)**.

3. Could the State count the “H”, “I”, or “J” licenses in its hunting certification?

No. These licenses require the purchase of a hunting license, therefore the privileges of these licenses are already counted. These licenses should be ignored when totaling the paid hunting license holders.
See **50 CFR 80.33**.

4. How many Fishing Licenses can be certified by the State? How many Hunting Licenses can be certified by the State?

Fishing = 355,100 (A, B, C, K, L, M, N, O, CC, KK, MM, and OO).
Hunting = 213,000 (A, B, C, D, E, F, CC, DD, and FF).

Commercial fishing licenses may be included because they convey a privilege to fish in the State.



Exercise: License Certification – Multiyear Licenses

Using the license certification criteria established August 2011, use **50 CFR 80.30-39** to answer the questions below regarding the State of Protection’s annual license certification for multiyear licenses. The State of Protection’s annual license sales information for multiyear licenses can be found on **Handout 3-6**.

1. Can the State of Protection certify all the infant lifetime license holders as paid hunting or fishing license holders? Please explain your answer.

They can count valid licenses. For example, if the law required Hunter Education before the license was valid, then the State would be required to eliminate those licenses who have not completed the class.

Additionally, the State would need to remove licenses for death, etc.

Is the revenue in close approximation? See **50 CFR 80.35(b)**.

2. Can the State of Protection count all the adult lifetime license holders? Please support your answer.

No the State would have to eliminate for death using a statistically valid Method. If the State revoked the privileges of lifetime holders if they moved out of state they would also account for those holders.

3. How does the State go about determining the number of “Z” licenses to certify towards the number of fishing license holders?

The State must remove those holders of a 3-year fishing license whose privileges expired after holding the license for 3 years.

Additionally, the State would need to remove those holders of the license who may have had their privileges revoked for any reason.

NEW License Certification Criteria – All Licenses

The effective date of the new license certification requirements is _____. The State fish and wildlife agency must follow these new requirements as soon as practical, but not later than 2 years from the effective date of the new certification requirements. A State may choose to apply these new standards to all licenses certified in the license certification period that the new certification requirements becomes effective.

States and Territories may certify a license sold to any person providing them the privilege to hunt, fish, or both hunt/fish during their certification period (**50 CFR 80.31**). Paid licenses must be issued either: (1) in the license holder’s name; or (2) with a unique identifier that is traceable to the license holder, who must be verifiable in State records.

The State fish and wildlife agency must receive at least \$2 revenue from the sale of a license in order to certify the license towards its annual certification. The State fish and wildlife agency must receive at least \$4 revenue from the sale of a combination license in order to certify the license under both hunting and fishing (**50 CFR 80.34(a)(1-2)**).

Single year licenses that span more than once certification period. A State fish and wildlife agency must count a person holding a single-year license only once in the certification period in which the license first becomes valid (**50 CFR 80.33(b)**).

Elimination of duplicate licenses. If a person has more than one paid fishing or more than one paid hunting license during the State certification period, then the State fish and wildlife agency may only count that person once in their fishing and once in their hunting license certification (**50 CFR 80.33(d)**).

Short term licenses (i.e. 1-day, 3-day, 7-day) may be certified as long they convey a privilege to hunt or fish, generate at least \$2 revenue to the State fish and wildlife agency, and the license holder has not already been counted in the State’s certification period.

Notes:

Additional Requirements for Multiyear Licenses

The State fish and wildlife agency must receive at least \$2 revenue from the sale of a license in order to certify the license towards its annual certification. The State fish and wildlife agency must receive at least \$4 revenue from the sale of a combination license in order to certify the license under both hunting and fishing (**50 CFR 80.34(a)(1-2)**).

If using an investment, annuity, or other similar method to fulfill the net-revenue requirements, the State fish and wildlife agency must discontinue that methodology and convert to following (**50 CFR 80.35(b)**):

(1) If the revenue collected at the time of sale has not been spent, the agency must begin using the new standard by applying the total amount the agency received at the time of the sale. For example, if a single privilege, multiyear license sold for \$100 in 2014, and the agency adopts the new standard in 2018. Then the license holder may be certified for up to 50 years ($\$100 / \$2 = 50$ years).

(2) If the revenue collected at the time of sale has been spent, the agency must apply the new standard as if it were applicable at the time of sale. For example, if a single privilege, multiyear license sold for \$100 in 2014, and the agency adopts the new standard in 2018, then 4 years have been used toward the amount received by the agency ($4 \text{ years} \times \$2 = \8). Then the license holder may be certified for up to 46 more years ($\$100 - \$8 = \$92 / \$2 = 46$ years).

State fish and wildlife agency must count only those multiyear license that meet the minimum required revenue for the license period based on:

- 1) The duration of the license with a specified ending date; or
- 2) Whether the license holder remains alive.

The State fish and wildlife agency must use and document a reasonable technique for deciding how many multiyear license holders remain alive in the certification period or may instead use a rule of 80 years of age as the default for life expectancy (**50 CFR 80.35(h)**).

Notes:

Certifying Licenses Paid for by the State or Other Entities

State fish and wildlife agency may certify a license in which it receives funds from the State or other entity to cover the fees as long as:

- The funds come from sources other than hunting and fishing license revenue.
- State must identify funds to cover those licenses separately from other funds provided to the agency.
- Agency must receive the average amount of State-provided discretionary funds during the State's 5 previous fiscal years.
- The license must be issued in a license holder's name or by using a unique identifier that is traceable to a license holder, in State records.
- The fees received must meet all other requirements of 50 CFR 80.

Discounted Licenses

State fish and wildlife agency may sell and certify a discounted license when combined with another license/privilege as long as the agency receives a minimum of \$2 revenue (\$4 revenue in the case of a combination license) (**50 CFR 80.37**).

Additional criteria involving discounted licenses is available at **50 CFR 80.38**.

Errors in a State's License Certification Data

State fish and wildlife must submit revised certification data on paid license holders within 90 days after the agency becomes aware of errors in its certified data. If not, the State may become ineligible to participate in the benefits of the relevant Act(s) (**50 CFR 80.39**).

Notes:



Exercise: New License Certification Criteria

Answer the following questions using the information provided regarding the new license certification criteria incorporated into 50 CFR 80.

1. State fish and wildlife agency sells a 5-year, joint (spouse) fishing license for \$18. How many times may the agency certify this license in its annual license certification process?

State must receive \$2 revenue for each year the license is valid for the privilege to fish. In the case of joint license, the State must receive \$4 each year (\$2 husband and \$2 wife). The State may certify the joint license for 4 years (\$4 x 4 yrs = \$16). In year 5, the State can only certify either the wife or husband, since only \$2 revenue remains. (50 CFR 80.34(a))

2. A State fish and wildlife agency sells non-resident elk permits for \$75. Next year, the agency decides to include an out-of-state annual fishing license to all out-of-state hunters who purchase an elk permit. The elk permit still costs \$75. Can the agency certify these annual out-of-state fishing licenses?

Yes. The agency may certify this license sold at discount when combined with another privilege as long as the license meets the minimum revenue (\$2) for each privilege sold (50 CFR 80.37). In this case, the agency is receiving \$75 for both the elk permit and fishing license, so they are meeting the requirements at 50 CFR 80.34.

3. A State fish and wildlife agency issues a lifetime hunting license to seniors once they turn 65. The cost is \$50. How many years may the agency certify these licenses? What other considerations may come into play?

25 years (\$50 / \$2 = 25 years). However, 50 CFR 80.35(g-h) require the agency to use/document a technique to decide how many multiyear license holders remain alive during the certification period. Such techniques include statistical sampling, life-expectancy tables, mortality tables, or the rule of 80. If they used the rule of 80, then agency may only certify these licenses for 15 years.

Wildlife Restoration Apportionment

Federal funding provided through excise taxes collected from the manufacturers on the sales of firearms, ammunition, pistols, revolvers, handguns, and archery equipment (see **Handout 3-7**). The apportionments are determined based on a two-part formula which includes: (1) 50% land and water area; and (2) 50% number of certified paid hunting license holders. Funds are available for two years for obligation. Funds not obligated within two years revert and are made available for the purposes of the Migratory Bird Conservation Act.

Additional information may be found on **Handout 11-13** "Wildlife Restoration Quick Reference" guide.

No State shall receive more than 5% or less than 0.5% of the total available funds. Puerto Rico shall receive 0.5% of the total available funds. Guam, Virgin Islands, American Samoa, and Northern Mariana Islands shall receive 1/6th of 1% of the total available funds.

Eligible activities for funding include (**50 CFR 80.50(a)**):

- Restore and manage wildlife for public benefit.
- Conduct research on the problems facing wildlife and its habitat.
- Obtain data to guide and direct the regulation of hunting.
- Acquire real property for habitat, access to hunting, or other wildlife-dependent recreation.
- Build structures, acquire equipment or goods and services for habitat restoration and public access.
- Operate and maintain Wildlife Restoration funded and non-Wildlife Restoration funded facilities if necessary for Wildlife Restoration authorized activities.
- Coordination of grants in the Wildlife Restoration program and related subprograms.

Notes:

Basic Hunter Education Apportionment

Federal funding provided from one half of the excise taxes collected on the sales of pistols, revolvers, handguns, and archery equipment (see **Handout 3-8**). The apportionments are based on the States or Territories population compared to the total U.S. population (using the most current census data). Funds are available for two years for obligation. Funds not obligated within two years revert and are made available for the purposes of the Migratory Bird Conservation Act.

No State shall receive more than 3% or less than 1% of the total available funds. Puerto Rico, Guam, Virgin Islands, American Samoa, and Northern Mariana Islands shall receive 1/6th of 1% of the total available funds.

Recipients may choose to transfer any or all amount of their Basic Hunter Education apportionment into their Wildlife Restoration subaccount. If they do so, this restricts how the recipient must use their Enhanced Hunter Education apportionment (see **Handout 3-9**).

Additional information may be found on **Handout 11-6** "Hunter Education Quick Reference" guide.

Eligible activities for funding include (**50 CFR 80.50(b)**):

- Teach the skills, knowledge, and attitudes necessary to be a responsible hunter.
- Construct, operate, or maintain firearm and archery ranges for public use.

Enhanced Hunter Education Apportionment

Federal funding provided from \$8 million taken from the Wildlife Restoration Trust Fund (see **Handout 3-7**). The apportionments are based on the States or Territories population compared to the total U.S. population (using the most current census data). Funds are available for one year for obligation. Funds not obligated within one year revert and are made available the following fiscal year to those States and Territories who obligated all of their current year Basic Hunter Education apportionment on basic hunter education eligible activities.

Additional information may be found on **Handout 11-6** "Hunter Education Quick Reference" guide.

No State shall receive more than 3% or less than 1% of the total available funds. Puerto Rico, Guam, Virgin Islands, American Samoa, and Northern Mariana Islands shall receive 1/6th of 1% of the total available funds.

Eligible activities for funding include (**50 CFR 80.50(c)**):

- Enhanced programs for hunter education, hunter development, and firearm and archery safety. Hunter development programs introduce individuals to and recruit them to take part in hunting, bow hunting, and target shooting or archery.
- Enhanced interstate coordination of hunter-education and firearm- and archery-range programs.
- Enhanced programs for education, safety, or development of bow hunters, archers, and shooters.
- Enhanced construction and development of firearm and archery ranges.
- Update safety features of firearm and archery ranges.

Reverted Enhanced Hunter Education Apportionment

Federal funding provided to those States and Territories that were eligible to receive the previous fiscal years reverted enhanced hunter education apportionment funding. Funding basically assumes the requirements of Wildlife Restoration subprogram funding. It is available for two years for obligation.

Reverted Enhanced Hunter Education apportionment funding may be used for any activity allowable under the Wildlife Restoration subprogram.

States and Territories are eligible to receive up to four separate apportionments under the Wildlife Restoration Act:

- ✓ Wildlife Restoration
- ✓ Basic Hunter Education
- ✓ Enhanced Hunter Education
- ✓ Reverted Enhanced Hunter Education

Notes:

Sport Fish Restoration Apportionment

Federal funding provided through excise taxes collected from the manufacturer and sales of fishing tackle and certain equipment, in addition to motorboat and small engine fuel tax (see **Handout 3-19**). The apportionments are determined based on a two-part formula which includes: (1) 40% land and water area (including coastal waters); and (2) 60% number of certified paid fishing license holders. Funds are available for two years for obligation. Funds not obligated within two years revert and are reapportioned back out the following fiscal year.

Additional information may be found on **Handout 11-10** "Sport Fish Restoration Quick Reference" guide.

No State shall receive more than 5% or less than 1% of the total available funds. Puerto Rico shall receive 1% of the total available funds. The District of Columbia, Guam, Virgin Islands, American Samoa, and Northern Mariana Islands shall receive 1/3rd of 1% of the total available funds.

Fish and wildlife agencies must allocate funds from each year's apportionment between marine and freshwater projects. The amounts allocated over a variable period, not to exceed 3 years, must result in an equitable allocation between marine and freshwater projects (**50 CFR 80.66(e)**).

Eligible activities for funding include (**50 CFR 80.51(a)**):

- Restore and manage sport fish for public benefit.
- Conduct research on the problems facing sport fish, their habitat, and the problems of fish culture if necessary to administer sport fish resources efficiently.
- Obtain data to guide and direct the regulation of fishing.
- Develop and adopt plans to restock sport fish and forage fish.
- Stock fish for recreational purposes
- Acquire real property for habitat or buffering habitat and for providing access to sport fishing
- Build structures, acquire equipment or goods and services for habitat restoration and public access.
- Operate and maintain Sport Fish Restoration funded and non-Sport Fish Restoration funded facilities if necessary for Sport Fish Restoration authorized activities.
- Coordinate grants in the Sport Fish Restoration program.

Boating Access Subprogram

States must allocate funds from each annual apportionment under the Sport Fish Restoration Act for use in the boating access subprogram. Funds are available for 5 years for obligation. Funds not obligated within 5 years revert and are reapportioned back out the following fiscal year. Over each 5-year period, the total allocation for the subprogram in each of the Service’s geographic regions must average at least 15% of the Sport Fish Restoration funds apportioned to the States in that Region (**50 CFR 80.61(b)**).

Additional information may be found on **Handout 11-2** “Boating Access Quick Reference” guide.

If a Regional allocation for a 5-year period is less than 15%, then:

1. The States may, among themselves, agree which of them will make the additional allocations to eliminate the Regional shortfall; or
2. The Regional Director may require States to make changes needed to achieve the 15% Regional average before the end of the fifth year; and
3. The Regional Director must not require a State to increase or decrease its allocation if the State has allocated at least 15% over the 5-year period.

Eligible activities for funding include (**50 CFR 80.51(b)**):

- Acquire land for new facilities, build new facilities, or acquire, renovate, or improve existing facilities to create or improve public access to the waters of the United States or improve suitability of these waters for recreational boating.
- Conduct surveys to determine the adequacy, number, location, and quality of facilities providing access to recreational waters for all sizes of recreational boats.

States do not have to allocate boating access subprogram funding between marine and freshwater, as long as the State equitably allocates Sport Fish Restoration funds as a whole between marine and freshwater projects (**50 CFR 80.65(a)**).

Notes:

Aquatic Education and Outreach/Communications subprograms

Each State may spend a maximum of 15% of the annual Sport Fish Restoration apportionment on the Aquatic Resources Education and the Outreach and Communications subprogram. The 15% maximum applies to both subprograms as if they were one (**50 CFR 80.62(a)**). The 15% percent maximum does not apply to Puerto Rico, Northern Mariana Islands, District of Columbia, Guam, Virgin Islands, and American Samoa. Funds are available for 2 years for obligation. Funds not obligated within 2 years revert and are reapportioned back out the following fiscal year.

Additional information may be found on **Handout 11-1** "Aquatic Education Quick Reference" guide.

Eligible activities for funding under the Aquatic Education subprogram include (**50 CFR 80.51(c)**):

- Enhance the public’s understanding of water resources, aquatic life forms, and sport fishing, and develop responsible attitudes and ethics toward the aquatic environment.

Eligible activities for funding under the Outreach and Communications subprogram include (**50 CFR 80.51(d)**):

- Improve communications with anglers, boaters, and the general public on sport fishing and boating opportunities.
- Increase participation in sport fishing and boating.
- Advance the adoption of sound fishing and boating practices including safety.
- Promote conservation and responsible use of the aquatic resources of the United States.

States do not have to allocate aquatic education or outreach/communication subprogram funding between marine and freshwater, as long as the State equitably allocates Sport Fish Restoration funds as a whole between marine and freshwater projects (**50 CFR 80.65(a)**).

Notes:

Safety Margins

Safety margins are an accounting technique used to determine the age of unobligated funds. It is the WSFR programs most liberal interpretation of 2nd year period of availability of funds. The following programs utilize safety margins:

- ✓ Wildlife Restoration (comprised of a rollup of funds from Wildlife Restoration, Basic Hunter Education, and Reverted Enhanced Hunter Education subprogram funds).
- ✓ Sport Fish Restoration (comprised of a rollup of funds from Sport Fish Restoration – both freshwater and marine, Aquatic Education, and Outreach and Communication subprogram funds).
- ✓ Boating Access (comprised of a rollup of funds from Boating Access – both freshwater and marine subprograms).
- ✓ State Wildlife Grants.

Safety margins are set annually at the end of the Federal fiscal year. For Wildlife Restoration, Sport Fish Restoration, and State Wildlife Grants, the safety margin is defined as the amount of funds obligated out of the current fiscal year apportionment (see **Handout 3-11** for powerpoint note slides about safety margins).

The Boating Access safety margin is defined as the sum of the last four fiscal year's boating access allocation amounts, less the unobligated balance of funds from the current fiscal year.

Any amount of unliquidated funds remaining at the close of a grant must pass through each safety margin (beginning with the year of obligation) in order to recover to the State's apportionment. Each time funds pass through a safety margin, they reduce that year's safety margin by that amount. Any funds that do not pass through a safety margin are reverted.

States are not responsible for calculating safety margins. The Regional Office is responsible for calculating and tracking safety margins.

Notes:

WSFR Financial and Milestone Reports

Prior to the 2011 conversion to the Department of the Interior's financial business management system (FBMS), WSFR recipients had access to a variety of reports in the Service's financial assistance information management system (FAIMS). Recipients could view account information (obligations, expenditures, and balances), grant status, and reporting due dates. Since recipients cannot access FBMS, they no longer have direct access to these informative reports.

With the implementation of Wildlife TRACS, WSFR developed eight reports (similar to the FAIMS reports) to provide recipients the ability to independently access grant financial and reporting information. These reports are housed in Wildlife TRACS and updated regularly by WSFR Systems and Performance Accomplishment & Reporting (PAR) Branches.

Effective October 1, 2018, access to these reports was suspended when the current version of TRACS was taken offline to allow WSFR PAR Branch staff to dedicate vital resources and time to the development of the Enhanced TRACS. Recipients should contact their Regional Fiscal Officer for continued access to these reports.

Things to keep in mind regarding these financial and milestone reports:

- ✓ Reports are refreshed and downloaded from FBMS on, or around, the 1st of each month.
- ✓ Reports are a snapshot in time as of the "Report Refreshed Date" in the heading of each report. The information you are viewing may not represent the actual current status of your funds.
- ✓ These reports only account for grants that have been fully processed and obligated by the Regional Office. Pending grants and amendments will not be included in these calculations.
- ✓ Many reports will require filtering or sorting to isolate the desired information.
- ✓ Reports can be used individually to gain a forest level view of current fund status for a grant program or in tandem with other reports to obtain very specific information.

Notes:

Program Funds Management Overview Report

Financial assistance program apportionments are initially loaded into roll-up accounts by the Washington Headquarters office. Your Regional Office will move these funds from the roll-up account to the appropriate subaccounts based on:

- Apportionments to States;
- Requirements of the Federal program; or
- Specific requests by the recipient.

Roll up account	Sub accounts	Account description
5220		Section 4 WR Roll-up
	5221	Section 4 Hunter Education
	5222	Section 4 Wildlife Restoration
5230		Section 10 Hunter Education/Wildlife Restoration Roll-up
	5231	Section 10 Hunter Education
	5232	Section 10 Wildlife Restoration.
5620		State Wildlife Grants Roll-up (2008 and subsequent appropriations)
	5621	SWG Implementation (50/50 split)
	5622	SWG Planning (75/25 split)
	5624	SWG Implementation (65/35 split)
5720		State Wildlife Grants Roll-up (2002 through 2007 appropriations)
	5721	SWG Implementation (50/50 split)
	5722	SWG Planning (75/25 split)
	5724	SWG Implementation (65/35 split)
9510		Sport Fish Restoration Roll-up
	9511	Freshwater/Inland Aquatic Education
	9512	Saltwater/Marine Sport Fish Restoration
	9513	Saltwater/Marine Aquatic Education
	9514	Freshwater/Inland Sport Fish Restoration
9520		Boating Access Roll-up
	9521	Freshwater/Inland Boating Access
	9522	Saltwater/Marine Boating Access

Notes:

Reports Available to Recipients

(1) Federal Assistance Summary Report:

Provides a general overview of grants funding by grant program and subprograms. Use this report to determine:

- Total Federal funding available to date for the current FFY.
 - Total available funding includes carryover, current year apportionment, and recoveries.
- Total amount obligated as of report run date.
- Balance of unobligated funds as of the report run date.
- De-obligations, recoveries, and reversions.

Notes:

(2) Subsidiary Ledger Detail Report

Provides a list of grant actions for the grant program during the current federal fiscal year (note the different tabs for each program). Use this report to determine:

- If a specific grant has been obligated and on what date the obligation occurred.
- If and when funds were de-obligated from a specific grant.
 - Did the funds recover (available for re-obligation).
 - Did the funds revert (should they have?).
- Overall status of grant actions for your program.
- The subaccount of funding lines in ASAP (Fresh/Marine).

Notes:

(3) Obligation & Expenditure Status Report

Provides a summary of all obligations and payments for each award line item for every open award. Use this report to determine:

- If a grant has been opened or closed in the FBMS system.
- The unexpended balance for each grant and/or grant line item in ASAP.
- The subaccount of funding lines in ASAP (Fresh/Marine).

Notes:

(4) Obligation & Payment Report

Provides a listing of grant obligations by line and the payments (draws from ASAP) per line item. Use this report to determine:

- If/when an award or amendment has been obligated.
- The remaining balance available on a particular line item.
- The remaining balance available on a grant.
- If a requested draw has been processed thorough ASAP and the date draw down occurred.
- Grant/line item period of performance.

Notes:

(5) Milestone Plan Query

Provides reporting due dates for all open awards. NOTE: Once a report is received, it no longer appears on this report. Use this award to determine:

- Reporting due dates.
- If you have any reports overdue.

Notes:

(6) FWS Year End Carry Over Report

Provides a scenario of what would happen to unobligated funds at the program and subprogram levels if the fiscal year were to end as of the report refresh date. Use this report to determine:

- How much the State will carryover in each grant program.
 - Reversion adjustments will be returned to the State as carryover within the same grant program at a higher level.
- How much the State would revert if the fiscal year were to end as of the report refresh date.

Notes:

(7) Safety Margin Report

Provides previous year beginning and ending safety margin balances for each year by program. Use this report to determine:

- Track remaining balances on prior year safety margins.
- Determine if a de-obligation will recover or revert.
- Determine if the safety margin you are planning on establishing in the current year is similar to past years.

Notes:

(8) FWS Safety Margin Simulation

Provides a simulation that calculates the safety margin for the current fiscal year based on obligations as of the report refresh date. Use this report to determine:

- The current year safety margin for each program as of the report refresh date.

Notes:



Learning Points

- ✓ An accurate count of certified license holders is part of the apportionment process under the Wildlife and Sport Fish Restoration programs. Inaccurate reporting results in incorrect apportionment amounts and may result in audit findings.
- ✓ Wildlife Restoration and Basic Hunter Education subprogram funds are available for 2 years for obligation towards an award. Funds not obligated within 2 years revert. Unliquidated funds remaining at the close of a grant must pass through safety margins in order to recover to the recipient's apportionment.
- ✓ Enhanced Hunter Education program funds are available for 1 year for obligation.
- ✓ Sport Fish Restoration apportionment funds must be split between marine and freshwater projects in proportion to the estimated number of resident marine and freshwater anglers.
- ✓ Sport Fish Restoration funds are available for 2 years. Funds not obligated within 2 years revert. Unliquidated funds remaining at the close of a grant must pass through safety margins in order to recover to the recipient's apportionment.
- ✓ The Sport Fish Restoration Act mandates that, over each 5-year period, each Service Geographic Region must allocate at least 15% of its Sport Fish Restoration apportionment to the Boating Access subprogram.
- ✓ Boating Access funds are available for 5 years for obligation. Funds not obligated within 5 years revert. Unliquidated funds remaining at the close of a grant must pass through safety margins in order to recover to the recipient's apportionment.
- ✓ Funding for the Aquatic Education and Outreach/Communication subprograms may not exceed 15% of a State's annual apportionment. The 15% percent maximum does not apply to Puerto Rico, Northern Mariana Islands, District of Columbia, Guam, Virgin Islands, and American Samoa.
- ✓ A suite of grants management reports are available to States/grantees to assist them with effective grants implementation and management.

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UNITED STATES
DEPARTMENT OF THE INTERIOR
Fish and Wildlife Service
Wildlife and Sport Fish Restoration Program



PART I - CERTIFICATION

A. Hunting License Holders

I certify that _____ had
(enter name of State, territory, or District of Columbia)
 _____ paid hunting license holders during the license year ending
(enter total number)
 _____. I certify this information as per the Federal Aid in Wildlife
(mm/dd/yyyy)
 Restoration Act, as amended (50 Stat. 917; 16 U.S.C. Sec. 669 et seq.), and the
 regulations of the Secretary of the Interior.

B. Sport Fishing License Holders

I certify that _____ had
(enter name of State, territory, or District of Columbia)
 _____ paid fishing license holders during the license year ending
(enter total number)
 _____. I certify this information as per the Federal Aid in Sport
(mm/dd/yyyy)
 Fish Restoration Act, as amended (64 Stat. 430; 16 U.S.C. Sec. 777 et seq.
 except 777e-1), and the regulations of the Secretary of the Interior.

 (Signature)

 (Date)

 (Title)

We are disclosing the following according to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) and the Privacy Act of 1974 (5 U.S.C. 552a):

The Federal Aid in Wildlife Restoration Act (16 U.S.C. 669 et seq.) and Federal Aid in Sport Fish Restoration Act (16 U.S.C. 777 et seq. except 777e-1) authorize us to collect this information. We use this information to apportion funds using the formula in each Act. You must complete this form to obtain benefits. See Title 50 CFR part 80 subpart D, for additional guidance. Once submitted, this form becomes public information and is not protected under the Privacy Act.

We estimate that the public reporting burden for this form averages 12 hours per response. Our estimate includes time for gathering information, and for completing, reviewing and signing the form. You may send your comments about this form to the Service Information Collection Clearance Officer, U.S. Fish and Wildlife Service, MS BPHC, 5275 Leesburg Pike, Falls Church, VA 22041-3803 (mail), or hope_grey@fws.gov (email).

Federal agencies may not conduct or sponsor and you are not required to respond to an information collection unless it displays a currently valid OMB control number. The Office of Management and Budget has reviewed this information collection and assigned OMB Control No. 1018-0007.

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UNITED STATES
 DEPARTMENT OF THE INTERIOR
 Fish and Wildlife Service
 Wildlife and Sport Fish Restoration Program



PART II - SUMMARY OF HUNTING AND SPORT FISHING LICENSES ISSUED

Name of State, Territory, or District of Columbia: _____
 License Year Ending (mm/dd/yyyy): _____

NOTE: Include all paid and nonpaid licenses, tags, stamps, and permits issued for hunting, both firearm and bow, and for sport or recreation fishing.

TYPE ¹	HUNTING		FISHING	
	Number ²	Cost ³	Number ²	Cost ³
Resident				
Nonresident				
Total				

1. Estimate the distribution between these two categories when a type of license is issued to both residents and nonresidents.
2. Include the number of licenses that allow a license holder to both hunt and fish in the total number in the hunting column and again in the total number in the of fishing column.
3. Enter the total cost of all licenses. Prorate the cost of combination licenses between hunting and fishing based on the respective cost of each type of license.

We are disclosing the following according to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) and the Privacy Act of 1974 (5 U.S.C. 552a):

The Federal Aid in Wildlife Restoration Act (16 U.S.C. 669 et seq.) and Federal Aid in Sport Fish Restoration Act (16 U.S.C. 777 et seq. except 777e-1) authorize us to collect this information. We use this information to verify the numbers that you certified for license holders. You must complete this form to obtain benefits. Once submitted, this form becomes public information and is not protected under the Privacy Act.

We estimate that the public reporting burden for this form averages 20 hours per response. Our estimate includes time for gathering information, and for completing and reviewing the form. You may send your comments about this form to the Service Information Collection Clearance Officer, U.S. Fish and Wildlife Service, MS BPHC, 5275 Leesburg Pike, Falls Church, VA 22041-3803 (mail), or hope_grey@fws.gov (email).

Federal agencies may not conduct or sponsor and you are not required to respond to an information collection unless it displays a currently valid OMB control number. The Office of Management and Budget has reviewed this information collection and assigned OMB Control No. 1018-0007.

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State of Protection Annual, Single-Year Privilege, License Sales.

License	Description	Price	Count	Revenue
RESIDENT				
A	Sportsperson License ¹	\$95	80,000	\$7,600,000
B	Senior License ¹	\$10	40,000	\$400,000
C	Combination Annual Hunting and Fishing License	\$40	10,000	\$400,000
<i><u>Hunting Licenses</u></i>				
D	Annual Hunting License	\$30	50,000	\$1,500,000
E	3-Day Hunting License	\$3	5,000	\$15,000
F	7-Day Hunting License	\$20	15,000	\$300,000
G	Annual Trapping License	\$50	4,000	\$200,000
H	Deer Tag (requires hunting license)	\$25	40,000	\$1,000,000
I	Turkey Tag (requires hunting license)	\$25	45,000	\$1,125,000
J	Elk Tag (requires hunting license)	\$50	3,000	\$150,000
<i><u>Fishing Licenses</u></i>				
K	Annual Fishing License (no trout)	\$20	125,000	\$2,500,000
L	Joint (Spouse) Fishing License ²	\$35	20,000	\$700,000
M	Commercial Fishing License ³	\$50	3,000	\$150,000
N	1-Day Fishing License (no trout)	\$2	50,000	\$100,000
O	7-Day Fishing License (no trout)	\$10	15,000	\$150,000
P	Trout Stamp (requires fishing license)	\$10	30,000	\$300,000
NON-RESIDENT				
CC	Combination Annual Hunting and Fishing License	\$85	2,000	\$170,000
<i><u>Hunting License</u></i>				
DD	Annual Hunting License	\$50	5,000	\$250,000
FF	7-Day Hunting License	\$30	6,000	\$180,000
GG	Annual Trapping	\$150	250	\$37,500
HH	Deer Tag (requires hunting license)	\$25	7,000	\$175,000
II	Turkey Tag (requires hunting license)	\$25	6,000	\$150,000
JJ	Elk Tag (requires hunting license)	\$50	300	\$15,000
<i><u>Fishing License</u></i>				
KK	Annual Fishing License (no trout)	\$40	7,000	\$280,000
MM	Commercial Fishing License ²	\$150	100	\$15,000
OO	7-Day Fishing License (no trout)	\$25	3,000	\$75,000
PP	Trout Stamp (requires fishing license)	\$10	5,000	\$50,000

¹ A and B licenses include all privileges to hunt, fish, and all tags/stamps.

² Do not double the number of licenses sold. The total includes both joint licenses.

³ M and MM licenses include all privileges to recreational fish.

State of Protection Multi-Year Privilege License Sales

License	Description	Price	Current Year Sales	Previous Sales	Total License Holders
A-L	Adult Lifetime Hunting License	\$800.00	20,000	2,000	22,000
B-L	Adult Lifetime Fishing License	\$500.00	10,000	1,000	11,000
C-L	Child Lifetime Hunting License	\$500.00	7,000	1,000	8,000
D-L	Child Lifetime Fishing License	\$400.00	500	100	600
Z	3-Year Fishing License	\$50.00	45,000	90,000	135,000

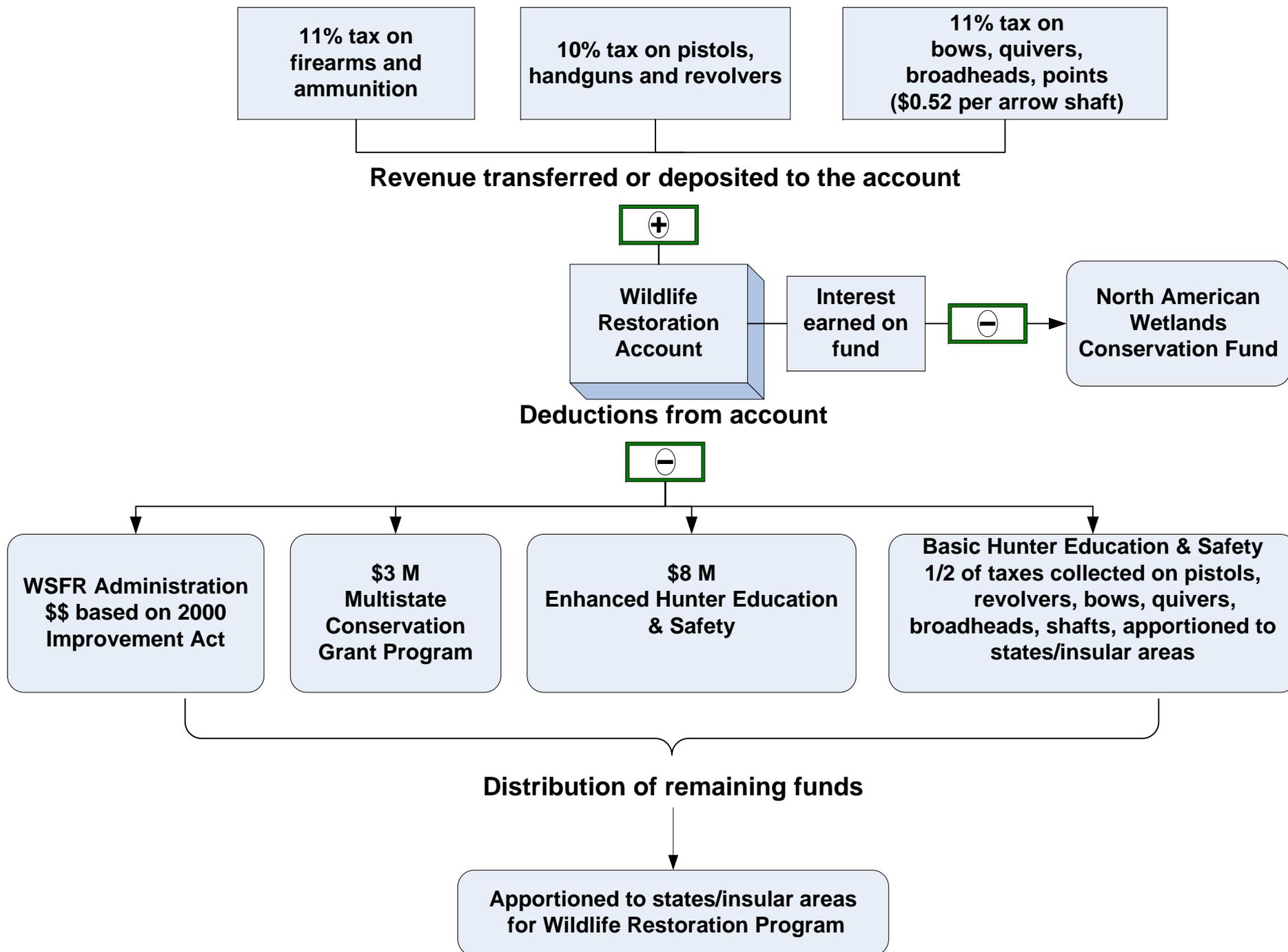
Important:

(1) Child lifetime hunting or fishing licenses are available for purchase for residents of age 5 years and younger.

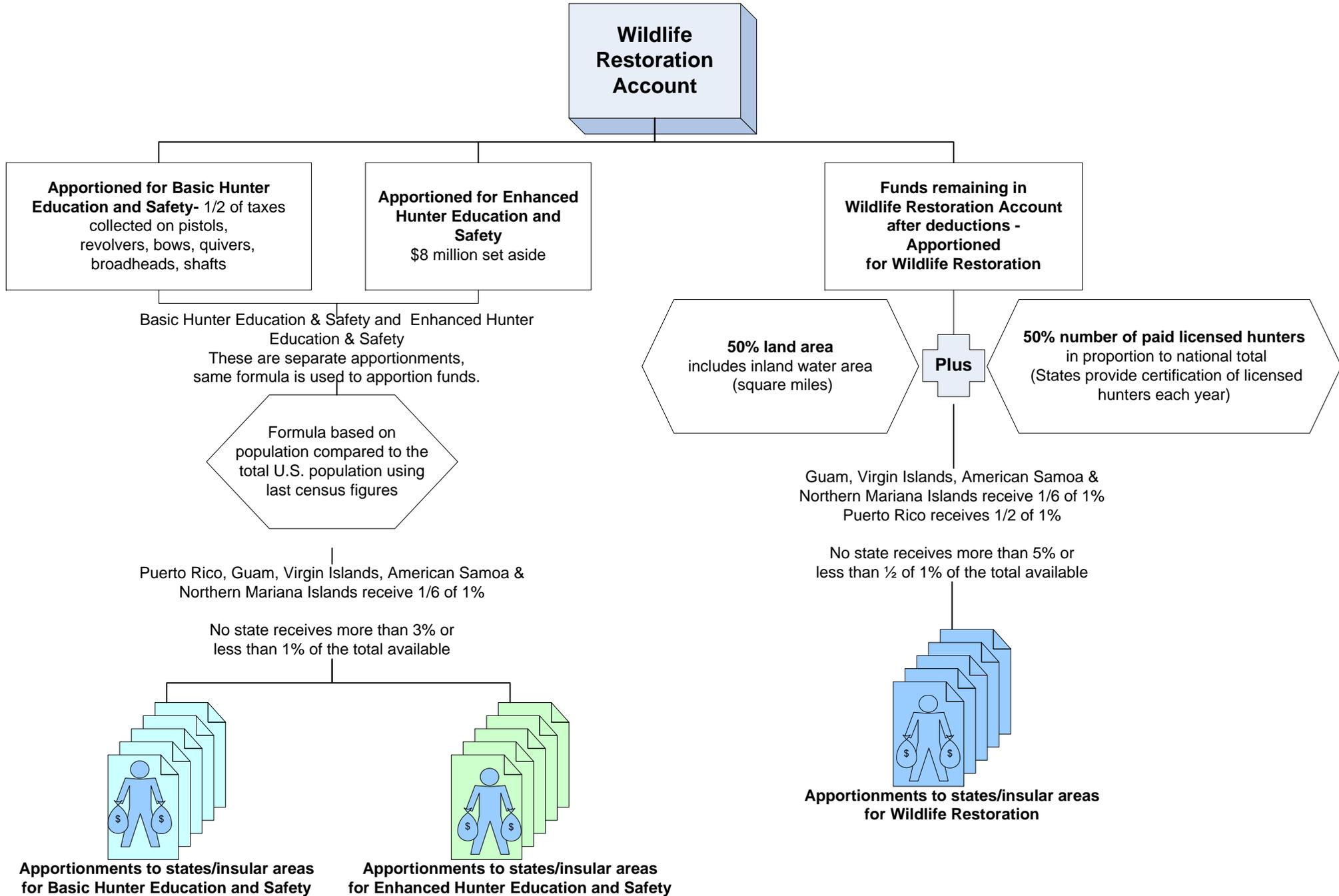
(2) State law does not require a license for residents less than 12 years of age.

(3) Lifetime license holders that no longer reside within the State retain their privileges.

Wildlife Restoration Act



Wildlife Restoration Program Apportionment Formula





CY Basic HE Appportionment

All Basic Hunter Education current year apportionment fully obligated for Basic Hunter Education projects?

Yes

- **State may use Enhanced HE for Basic HE, Enhanced HE or transfer to WR for use on WR grants.**
- **State is eligible for reverted Enhanced HE funds.**

No

- **State is restricted to use Enhanced HE for Enhanced HE only or revert.**
- **State is ineligible for reverted Enhanced HE funds.**
- **Un-obligated or recovered Basic HE funds will be carried over and may cause concern in subsequent year.**

2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
	500K						
	100K						
	100K						
Oblig. > 200K							
Safety Margin 200,000							

74

2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
	500K	300K					
	100K						
	100K						
Oblig. > 200K							
Unoblig. < 300K							
Safety Margin 200,000							

75

2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
	500K	300K	500K				
	100K						
	100K						
Oblig. > 200K							
Unoblig. < 300K							
Safety Margin 200,000							

76



2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
	500K	300K	500K				
	100K	100K					
	100K	200K					
Oblig. >		200K	300K				
Unoblig. >		300K					
Safety Margin		200,000					

77



2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
	500K	300K	500K				
	100K	100K					
	100K	200K					
Oblig. >		200K	300K				
Unoblig. >		300K					
Safety Margin		200,000					

78



2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
	500K	300K	500K				
	100K	100K	100K				
	100K	200K					
Oblig. >		200K	300K	100K			
Unoblig. >		300K					
Safety Margin		200,000	100,000				

79



2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
500K	300K	500K	400K				
100K	100K	100K					
100K	200K						
Oblig. >		200K	300K	100K			
Unoblig. >		300K	400K				
Safety Margin		200,000	100,000				

80



2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
500K	300K	500K	400K	500K			
100K	100K	100K					
100K	200K						
Oblig. >		200K	300K	100K			
Unoblig. >		300K	400K				
Safety Margin		200,000	100,000				

81



2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
500K	300K	500K	400K	500K			
100K	100K	100K	400K				
100K	200K						
Oblig. >		200K	300K	100K	400K		
Unoblig. >		300K	400K				
Safety Margin		200,000	100,000				

82



	2014		2015		2016		2017	
	Old	New	Old	New	Old	New	Old	New
	500K	300K	500K	400K	500K			
	100K	100K	100K	400K	200K			
	100K	200K			200K			
Oblig. >	200K	300K	100K	400K	400K			
Unoblig. >	300K	400K						
Safety Margin	200,000	100,000	400,000					

83



	2014		2015		2016		2017	
	Old	New	Old	New	Old	New	Old	New
	500K	300K	500K	400K	500K	100K		
	100K	100K	100K	400K	200K			
	100K	200K			200K			
Oblig. >	200K	300K	100K	400K	400K			
Unoblig. >	300K	400K						
Safety Margin	200,000	100,000	400,000					

84



What happens if money comes back?

- 2014 grant of \$100,000 closes in FY 2017
- Only \$60,000 was spent
- To be recovered, the remaining \$40,000 must 'pass through' 2014 safety margin and each subsequent safety margin



85



	2014		2015		2016		2017	
	Old	New	Old	New	Old	New	Old	New
	500K	300K	500K	400K	500K	100K		
	100K	100K	100K	400K	200K	40K		
	100K	200K			200K			
Oblig. >	200K	300K	100K	400K	400K			
Unoblig. >	300K		400K		100K			
Safety Margin	200,000	100,000	400,000	400,000	400,000			
Unused FY14)	-40,000	-40,000	-40,000	-40,000	-40,000			
	160,000	60,000	360,000					

86

What happens if more money comes back?



- Another \$100,000 2014 grant closes in FY 2017 and only \$25,000 was spent
- The remaining \$75,000 must pass through the safety margin in order to be recovered



87



	2014		2015		2016		2017	
	Old	New	Old	New	Old	New	Old	New
	500K	300K	500K	400K	500K	100K		
	100K	100K	100K	400K	200K	40K		
	100K	200K			200K			
Oblig. >	200K	300K	100K	400K	400K			
Unoblig. >	300K		400K		100K			
Safety Margin	200,000	100,000	400,000	400,000	400,000			
Unused FY14)	-40,000	-40,000	-40,000	-40,000	-40,000			
	160,000	60,000	360,000					
	85,000	15,000	60,000					

15K Reverts

60K passes through the Safety Margin

88

What happens to reverted funds?



- Returned to USFWS
- Used in Service's Migratory Bird Program



89

What happened to the FY15 Safety Margin?



- Safety Margin was reduced to zero balance
- Any additional FY15, or prior, unused balances will revert

90

What happens to the \$60K which passed through the FY15 Safety Margin?



91



	2014		2015		2016		2017	
	Old	New	Old	New	Old	New	Old	New
	500K	300K	500K	400K	500K	100K		
	100K	100K	100K	400K	200K	40K		
	100K	200K			200K	60K		
Oblig. >	200K	300K	100K	400K	400K			
Unoblig. >	300K		400K		100K			
Safety Margin	200,000	100,000	400,000	400,000	400,000			
	-40,000	-40,000	-40,000	-40,000	-40,000			
	160,000	60,000	360,000	360,000	360,000			
	-75,000	-75,000	-60,000	-60,000	-60,000			
	85,000	0	300,000	300,000	300,000			

92

Remember!
A Safety Margin...




- establishes maximum amount of money with a 2nd year of availability remaining
- is established at end of each FY
- is determined by amount of 'new' \$\$ obligated
- is established annually for WR and BHE

93

Safety Margins



- Unused Balances must "pass through" each Safety Margin, starting with year of obligation, to determine if \$\$ can be re-obligated
- Unused Balances that can't "pass through" the Safety Margin REVERT

94

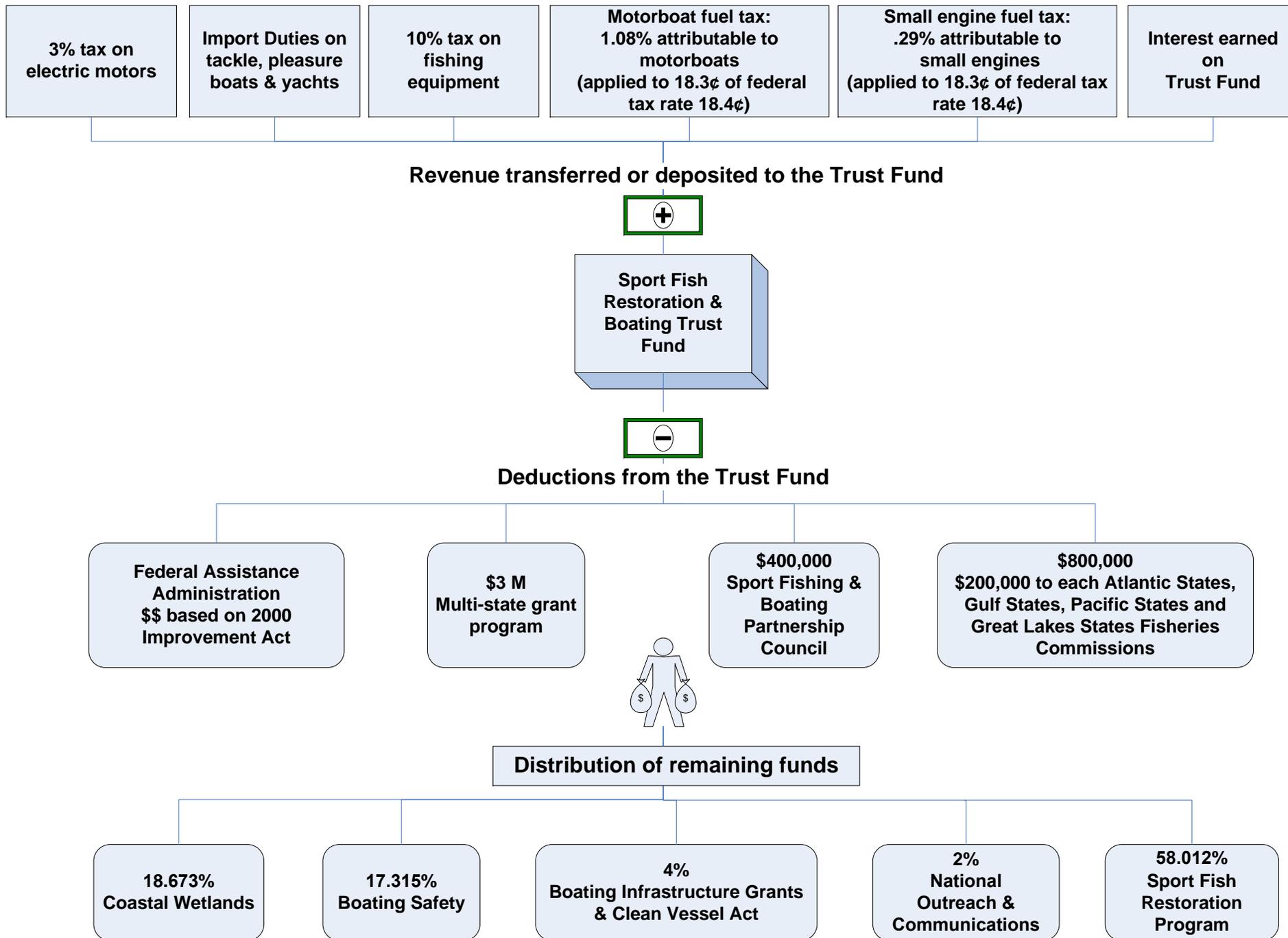


Obligate \$\$ after it's apportioned
(But not more than you plan to spend!)

Spend \$\$ after it's obligated

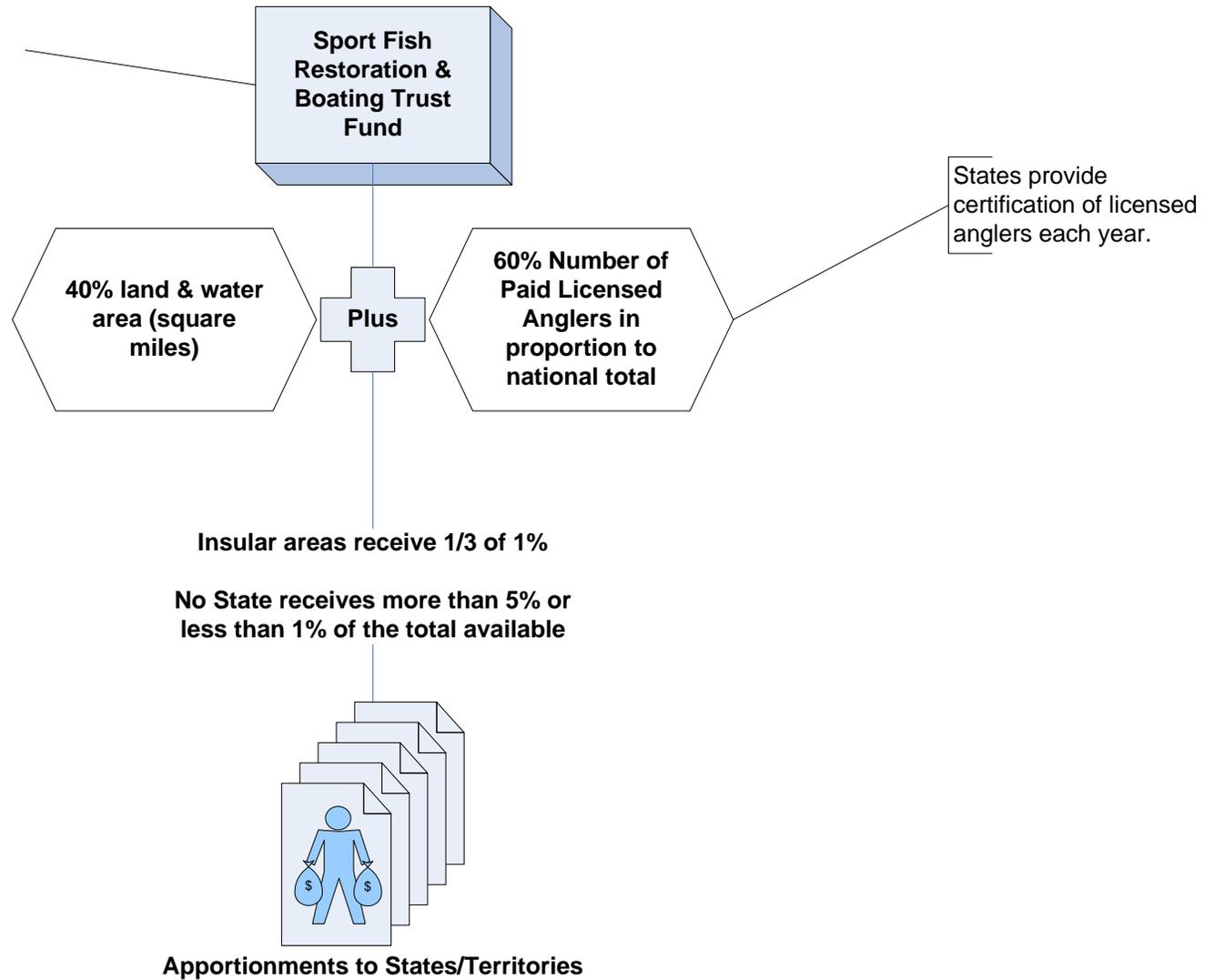
Close grants in a timely manner

Sport Fish Restoration Act



Sport Fish Restoration Program Apportionment Formula

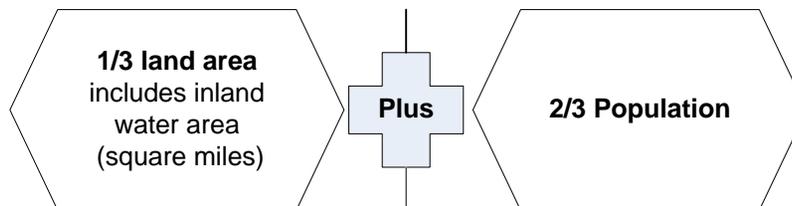
SFR Program receives remaining in Trust Fund after deductions annually.



State Wildlife Grant Program Apportionment Formula



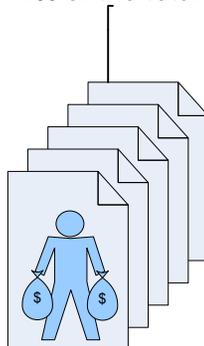
Funds appropriated annually less amount allocated to Tribal Wildlife Grants and 3% for WSFR Administration



District of Columbia and Puerto Rico receive 1/2 of 1%

Guam, American Samoa, Northern Mariana Islands, Virgin Islands receive 1/4 of 1%

No state receives more than 5% or less than 1% of the total available



Apportionments to states/insular areas

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4

Module 4 Program Income

Learning Objectives:

1. Define program income.
2. Identify the types of income that meet the definition of program income.
3. Determine whether proceeds from the sale of real and personal property meet the definition of program income.
4. Describe and demonstrate the methods of expending program income.
5. Discuss the documentation and reporting of program income.
6. Understand the federal requirements for income earned after the period of performance for both prime recipients and subrecipients.

Handouts:

- 4-1 Income Determination Flow Chart
- 4-3 Program Income Guidance
- 4-5 Program Income Guidance Specific to WSFR
- 4-7 Program Income Banking Director Memo
- 4-8 Program Income Banking FAQ's

Program Income

Recipients of Federal financial assistance awards may earn income as a result of their award activities. In fact, the Federal government actually encourages recipients to earn income under their Federal awards because this income helps to defray program costs and allows Federal money to be used for additional activities (see **2 CFR 200.307(a)**).

2 CFR 200.80 defines program income as “gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the federal award during the period of performance”. For those awards issued under the Wildlife and Sport Fish Restoration grant programs, **50 CFR 80.120(a)** has a similar definition to include, “gross income received by the grantee or subgrantee and earned only as a result of the grant during the grant period.”

The award period of performance is defined as “the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award” (**2 CFR 200.77**).

If you are recipient earning income under an award and are unsure as to whether the income meets the definition of program income, ask yourself these three criteria questions (see **Handout 4-1**). If you answer “yes” to all three questions, then the revenue has a high likelihood of being program income.

1. Is the revenue earned by the grantee or subgrantee?
2. Is the revenue earned during the period of the performance?
3. Is the revenue earned as a direct result of a grant supported activity?

Notes:

See **Handouts 4-3** and **4-5** for additional Service guidance related to Program Income.

Program income includes revenue from:

1. Services performed under a grant.
2. Use or rental of real or personal property acquired, constructed, or managed with grant funds.
3. Payments by concessionaires or contractors under an arrangement with the agency or subgrantee to provide a service in support of grant objectives on real property acquired, constructed, or managed with grant funds.
4. Sale of items under a grant.
5. Royalties and license fees for copyrighted material, patents, and inventions developed as a result of a grant.
6. Sale of a product of mining, drilling, forestry, or agriculture during the period of a grant that supports the: (1) mining, drilling, forestry or agriculture; or (2) acquisition of the land on which these activities occurred.

Program income does not include revenue from:

1. Interest on grant funds, rebates, credits, discounts, or refunds.
2. Sales receipts retained by concessionaires or contractors under an arrangement with the agency to provide a service in support of grant objectives on real property acquired, constructed, or managed with grant funds.
3. Cash received by the recipient or by volunteer instructors to cover incidental costs of a class for hunter or aquatic resource education.
4. Cooperative farming or grazing arrangements under barter transactions.
5. Proceeds from the sale of real property.

Gross vs Net Program Income

If authorized by Federal regulations or the Federal award, recipients may deduct costs incidental to the generation of program income from the total amount of gross income, provided these costs have not been charged to the Federal award (**2 CFR 200.307(b)**).

Notes:

Income Earned from Use/Disposition of Real Property

Use or rental of real property acquired, constructed, or managed with grant funds may meet the definition of program income if it occurs during the grant period.

When real property is no longer needed for the originally authorized purpose, the non-Federal entity must obtain disposition instructions from the Federal awarding agency or pass-through entity (**2 CFR 200.311(c)**).

Disposal of real property acquired with Wildlife Restoration or Sport Fish Restoration federal funds requires prior approval from the Regional Director, even if the grant is closed. The Regional Director and State negotiates the disposal terms (**50 CFR 80.137**).

Revenue earned from the disposition of real property acquired with Federal funds is not program income, unless the original acquisition grant is open. When disposing of Federally acquired land, recipients may choose to repay the Federal awarding agency's percentage of participation on a current, open grant under the same Federal program as the original acquisition grant, using the program income disposition method (deductive).

Revenue earned as a result of timber harvest, grazing, and crops may be considered program income if the revenue is earned during an open grant where such activities are part of the objectives of the grant. If there is no open grant, and the income was earned from an activity supported by license fees or a license fee acquired asset, then the income is considered license revenue.

The determination of whether extracted resources (minerals, oil, and gas) represent personal property or real property ultimately will depend on an interpretation of State property law. Ideally, the State's Attorney General will provide an opinion to the State fish and wildlife agency and WSFR. The Solicitor's Office of the Department of the Interior must then be able to concur with the opinion for it to be determinative of the legal status of the extracted resources.

Notes:

Income Earned from Use/Disposition of Personal Property

Revenue earned from the use/disposition of personal property is considered program income if there is an open acquisition grant. Recipients should also review the Notice of Award for any special terms and conditions related to the treatment of revenue resulting from the use/disposition of personal property.

Guidance for the continued use, management, and disposition of personal property acquired under a Federal award is provided in the following sections of 2 CFR 200:

- §200.313 - equipment
- §200.314 - supplies

For recipients who are States, **2 CFR 200.313(b)** states that they use, manage, and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures. States should be aware of what their State policies and procedures are concerning future use, management, and disposition of equipment acquired under Federal financial assistance.

All other non-Federal entity recipients follow the requirements of **2 CFR 200.313(c-e)** in terms of the use, management, and disposition of equipment acquired under a Federal award.

Both States, if required by law/policy, and non-Federal entities may deduct and retain from the Federal Share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

Notes:



Exercise: Income Determination

Use **2 CFR 200.307** and **50 CFR 80.120-126** to determine if the income in each scenario is program income, license revenue, has no requirement, or whether the income must be returned to the program using the program income method.

1. Income is received as a result of issuing duplicate hunter education cards. The activities are supported in an open hunter education grant.

Program income – see **50 CFR 80.120(b)(1)**.

2. Revenue is received from timber sales on land acquired with license revenue. The activities are being managed by an open WR grant. Managing timber for wildlife habitat is listed as an activity in the project statement.

Program income – see **50 CFR 80.120(b)(6)**.

3. The State fish and wildlife agency sells a surplus vehicle that was acquired with a WR grant using license revenue as the match. The grant is now closed and did not contain any conditional statements relating to equipment disposition. The fair market value of the vehicle is \$5,500.

License revenue – once the grant closes, the Federal nexus drops off.

States follow **2 CFR 200.313(b)** but the vehicle is still license revenue asset.

4. Income from coal royalties are received from land acquired with a SWG grant using license revenue as match. The grant is closed at the time royalties are received.

License revenue – If the State determines that extracted resources are

personal property. See **50 CFR 80.20(b)**.

5. The fish and wildlife agency received income from oil and gas royalties. The land was acquired with a federal grant using license revenue as match that has since closed. The land is currently being managed with State license revenue.

License revenue – There is no open grant for program income to apply.

Does the State determine extracted resources are real or personal property.



Exercise: Income Determination

6. A subrecipient (private marina) is collecting usage fees for a pump out facility that was renovated using a CVA grant. The grant was closed last year.

Unrestricted income. There is no open grant, so the income is not program income. See **50 CFR 85.44**. Proceeds must be used to defray operation and maintenance costs for the pump out facility.

7. State fish and wildlife agency produces fish posters for use in education under an Aquatic Education grant with license revenue used as the match. After the grant closes, the state decides to sell the surplus, remaining posters to the public for \$5 each.

License revenue. Income is earned after the period of performance. See **50 CFR 80.20(c)**. Important, what is the total value of posters remaining at the close of the grant? **2 CFR 200.314** says if the value exceeds \$5,000, then the State must compensate the Federal program for its share.

8. The fish and wildlife agency sells a research vessel that no longer serves the useful purpose of the SFR grant (75/25) under which it was acquired. The grant is closed, but had a conditional statement in the award letter stating that equipment purchased with grant funds was to be used on this grant or other WSFR Program grants until no longer needed and proceeds from disposition after deducting disposal fees are to be returned to the grant program. The vessel was sold at auction for \$10,000 by the State Surplus Agency. The Surplus Agency charges a 10% fee for handling surplus equipment.

Income is not program income, but gets returned to the grant program using the program income method on a current, open grant under the same program. After deducting \$1,000, the State would return \$6,750 (75% of \$9,000) to the program. The State retains the remaining \$2,250.

9. Fish and wildlife agency received revenue generated from oil and gas royalties on land acquired with license revenue. The land is managed by an open WR grant. The activities listed in the project statement include maintaining roads.

License revenue. Despite an open grant with activities to maintain roads, oil/gas extraction are not allowable activities under PR Act, so the revenue is not earned as a direct result of a grant supported activity. The income is considered license revenue because land was bought with license revenue.



Exercise: Income Determination

10. Revenue is received from issuing a permanent easement for a right of way on land acquired with a WR grant. The WR grant is closed and property is managed using license revenue.

Issuing a permanent easement is considered a disposal of real property.

Disposal of real property is not program income. This needs approval of the

Regional Director. Income is returned to the WR program using the program

Income disposition method on a current grant. See **50 CFR 80.120(c)(5)**.

11. An individual private landowner received income generated from the sale of timber on his land. The sale of timber resulted from managing wildlife habitat under an open SWG grant.

Unrestricted. See Directors Memo (December 12, 2005). For SWG and LIP, the Service considers a private landowner as a vendor, not a subrecipient.

The Service acknowledged that if private landowners were to treat this as program income, it would deter private landowners from partnering on work.

12. Bill's Bait Shop receives revenue from concession and bait shop operations on a State WMA. The WMA is managed with federal funds.

Unrestricted. Does not meet the definition of Program Income. Bill is a concessionaire (vendor), not a subrecipient. It is up to the State to negotiate

with the vendor as to how to treat the income. See **50 CFR 80.120(c)(2)**.

13. The Wildlife Management Area supervisor enters into an agreement with a local farmer to allow the farmer's cattle to graze in an area that will not interfere with wildlife habitat. In exchange for grazing rights the farmer has agreed to perform fencing repairs on the WMA. The WMA is listed as a grant supported activity in the State's WR grant.

This is a non-cash transaction (barter agreement). See **50 CFR 80.98** for

guidance. Depending on the value of goods or services exchanged,

compared to the value received, dictates how to declare this on the award.

Disposition of Program Income

Recipients must dispose of program income in any of three methods. These methods are described in **2 CFR 200.307(e)(1-3)** and **50 CFR 80.123(b)** to include: (1) deductive; (2) additive; and (3) cost sharing or matching. The deductive method is the default for all recipients, except Institutions of Higher Education and nonprofit research institutions. For these recipients, the additive method is the default. Applicants may also request permission from the Federal awarding agency to use a specific program income disposition method or a combination of methods in their project application. If approved to use a method different than the default, the Federal awarding agency will note this in the terms and condition of the award. Recipients must account for program income received under the award in the project records and dispose of it according to the terms and condition of the award.

Applicants should indicate the disposition method they want to use in their project application. If not, recipients must dispose of program income using the default method.

If a recipient is authorized to dispose of program income using either the additive or cost sharing method, any amount of program income earned in excess of the amounts specified must be treated deductively (**2 CFR 200.307(e)**).

Non-Federal entities must “to the extent available, disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments (**2 CFR 200.305(b)(5)**). States (**2 CFR 200.305(a)**) follow their Treasury-State Agreements (for those major Federal programs) and default procedures (for those programs not defined as major Federal programs). (see also **31 CFR 205.33(a)**)

Notes:

Deductive Method of Disposition

This is the default method of disposing of program income for all recipient types, except Institutions of Higher Education and nonprofit research institutions. Under this method, program income must be deducted from total allowable costs (both Federal and non-Federal share) to determine the net of allowable costs. Program income must be used for current costs, unless the Federal awarding agency authorizes otherwise (**2 CFR 200.307(e)(1)**).

Under the Wildlife and Sport Fish Restoration programs, if a State has unexpended program income on its final Federal Financial Report, it may use the income under a subsequent grant for any activity eligible for funding in the grant program that generated the income (see **50 CFR 80.124**). This should be reserved for only those rare instances where program income is earned late during the period of performance.

Deductive Method - Example 1

In this example, the applicant requests an award for \$120,000. The Federal share amount is \$90,000 and the State share (required cost share) is \$30,000. The recipient expects to earn \$4,000 in program income and will disburse the income using the deductive method.

Application (SF-424)		Financial Report (SF-425)	
Federal Share	\$90,000	Total Expenditures	\$120,000
State Share	\$30,000	Less: Program Income	\$4,000
Program Income	\$4,000	Net Allowable Costs	<u>\$116,000</u>
Total	\$120,000	Federal Share (75%)	\$87,000
		State Share (25%)	\$29,000

On the final financial report, the recipient deducts the program income earned from the total amount of expenditures to determine the net of allowable costs. Then the recipient applies the cost share to determine the Federal and State share of costs. Notice that \$3,000 (75% of \$4,000) of the Federal obligation remains unliquidated at the close of the award.

Notes:

Deductive Method - Example 2 (incorrectly applied on overmatched award)

In this example, the applicant requests an award for \$120,000. The Federal share amount is \$90,000 and the State share (required cost share) is \$30,000. The recipient expects to earn \$4,000 in program income and will disburse the income using the deductive method.

Application (SF-424)	
Federal Share	\$90,000
State Share	\$30,000
Program Income	<u>\$4,000</u>
Total	\$120,000

Financial Report (SF-425)	
Total Expenditures	\$160,000
Less: Program Income	\$4,000
Net Allowable Costs	<u>\$156,000</u>
Federal Share (75%)	\$90,000
State Share (25%)	\$30,000
State (overmatch)	\$36,000

On the final financial report, the recipient overspends the award and incorrectly deducts the program income earned from the total amount of expenditures to determine the net of allowable costs. Then the recipient applies the cost share to determine the Federal and State share of costs. Note that the recipient draws all of the Federal funds. This is not correct using the deductive method.

Deductive Method – Example 2 (correctly applied on overmatched award)

Application (SF-424)	
Federal Share	\$90,000
State Share	\$30,000
Program Income	<u>\$4,000</u>
Total	\$120,000

Financial Report (SF-425)	
Total Expenditures	\$160,000
Less: Overmatch	\$40,000
Adjusted Outlays	\$120,000
Less: Program Income	\$4,000
Net Allowable Costs	<u>\$116,000</u>
Federal Share (75%)	\$87,000
State Share (25%)	\$29,000
State (overmatch)	\$40,000

REMEMBER: When using the deductive method, cost overruns must be deducted from the total amount of expenditures before deducting the program income.

Notes:

Additive Method of Disposition

The default method of disposing of program income for Institutions of Higher Education and nonprofit research institutions. Under this method, with prior approval of the Federal awarding agency, income may be added to the Federal award by the Federal awarding agency and the non-Federal entity. The income must be used for the purposes and under the conditions of the Federal award (**2 CFR 200.307(e)(2)**).

The additive method is often ideal when the recipient has the ability to spend additional money on grant objectives. It allows the recipient to maximize drawing of Federal funds.

Any amount of program income earned in excess of what was specified on the application must be deducted (using the deductive method) from the total amount of expenditures (**2 CFR 200.307(e)**).

Additive Method - Example 1

In this example, the applicant requests an award for \$124,000. The Federal share amount is \$90,000 and the State share (required cost share) is \$30,000. The recipient expects to earn \$4,000 in program income and will disburse the income using the additive method.

Application (SF-424)	
Federal Share	\$90,000
State Share	\$30,000
Program Income	\$4,000
Total	\$124,000

Financial Report (SF-425)	
Total Expenditures	\$124,000
Less: Program Income	\$4,000
Net Allowable Costs	\$120,000
Federal Share (75%)	\$90,000
State Share (25%)	\$30,000

On the final financial report, the recipient deducts the program income earned from the total amount of expenditures to determine the net of allowable costs. Then the recipient applies the cost share to determine the Federal and State share of costs. Notice that all of the obligated Federal funds have been liquidated at the close of the award. There are no unspent Federal funds to either recover or revert.

Notes:

Additive Method - Example 2 (recipient underspends the grant award)

In this example, the applicant requests an award for \$124,000. The Federal share amount is \$90,000 and the State share (required cost share) is \$30,000. The recipient expects to earn \$4,000 in program income and will disburse the income using the additive method.

Application (SF-424)	
Federal Share	\$90,000
State Share	\$30,000
Program Income	<u>\$4,000</u>
Total	\$124,000

Financial Report (SF-425)	
Total Expenditures	\$120,000
Less: Program Income	\$4,000
Net Allowable Costs	\$116,000
Federal Share (75%)	\$87,000
State Share (25%)	\$29,000

On the final financial report, the recipient underspends the award. Note that because the program income must be used on the award, the recipient was required to leave \$3,000 of the Federal share unliquidated at the close of the award. The additive method is only beneficial when the recipient is able to spend excess funds on the grant award (otherwise it acts basically the same as the deductive method).

Cost Share Method of Disposition

With prior approval of the Federal awarding agency, income may be added to meet the cost sharing or matching requirement of the Federal award. The amount of the Federal award remains the same (**2 CFR 200.307(e)(3)**).

Similar to the additive method, any amount of program income earned in excess of what was specified on the application must be deducted (using the deductive method) from the total amount of expenditures.

Notes:

Cost Share Method - Example 1

In this example, the applicant requests an award for \$120,000. The Federal share amount is \$90,000 and the State share (required cost share) is \$30,000. The recipient expects to earn \$30,000 in program income and will disburse the income using the cost share method.

Application (SF-424)		Financial Report (SF-425)	
Federal Share	\$90,000	Total Expenditures	\$120,000
State Share	\$30,000		
Program Income	\$30,000	Net Allowable Costs	<u>\$120,000</u>
Total	\$120,000	Federal Share (75%)	\$90,000
		State Share (25%)	\$30,000

On the final financial report, the recipient treats all the program income earned (up to \$30,000) as matching funds for meeting the required costs share. Notice the recipient used all the program income to satisfy the cost share requirement and all of the obligated Federal funds have been liquidated at the close of the award.

Cost Share Method – Example 2 (recipient generates less program income than anticipated)

In this example, the applicant requests an award for \$120,000. The Federal share amount is \$90,000 and the State share (required cost share) is \$30,000. The recipient expects to earn \$30,000 in program income and will disburse the income using the cost share method. During the grant, the recipient only earned \$10,000 in program income

Application (SF-424)		Financial Report (SF-425)	
Federal Share	\$90,000	Total Expenditures	\$120,000
State Share	\$30,000		
Program Income	\$30,000	Net Allowable Costs	<u>\$120,000</u>
Total	\$120,000	Federal Share (75%)	\$90,000
		State Share (25%)	\$30,000

This scenario works out the same as the previous scenario. The only exception is that the recipient has to provide \$20,000 in cash in order to meet the cost share requirement. This is because they only earned \$10,000 in program income, so the recipient has to make up the difference using its cash.

Notes:

Income Earned After the Period of Performance

There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise (**2 CFR 200.307(f)**).

For grants issued under the Wildlife and Sport Fish Restoration Programs, **50 CFR 80.125** provides guidance on how States should treat income earned after the period of performance. Income should be treated as either: (1) license revenue for the administration of the agency; or (2) additional funding for the purposes consistent with the grant or the program.

If States do not indicate their preferred method, then the income defaults to being treated as license revenue.

50 CFR 80.126 provides guidance on how subrecipients should treat income earned after the period of performance. Income should be treated as either: (1) license revenue for the administration of the agency; (2) additional funding for purposes consistent with the grant or the program; or (3) subject only to the terms of the third party agreement and any subsequent contractual agreements between the pass-thru entity and the subrecipient.

If States do not indicate their preferred method, then the subrecipient does not need to account for any income, unless required to do so in the State contractual agreement.

Notes:

Program Income – Banking

Program income is considered “banked” when a recipient does not use program income prior to drawing additional Federal funds from the financial assistance award or delays applying it to another grant in the same program.

For financial assistance recipients, other than States, **2 CFR 200.305(b)(5)** states, *“to the extent available, the non-Federal entity must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.”*

For recipients who are States, payments are governed by Treasury-State CMIA (Cash Management Improvement Act) agreements and default procedures codified at **31 CFR 205**. States must also minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. The timing of the disbursement of funds must be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs (**31 CFR 205.33(a)**).

31 CFR Part 205 -
Rules and Procedures
for Efficient Federal-
State Funds Transfers

See **Handouts 4-7** and **4-8** for the Assistant Director of Wildlife and Sport Fish Restoration memorandum regarding program income banking.

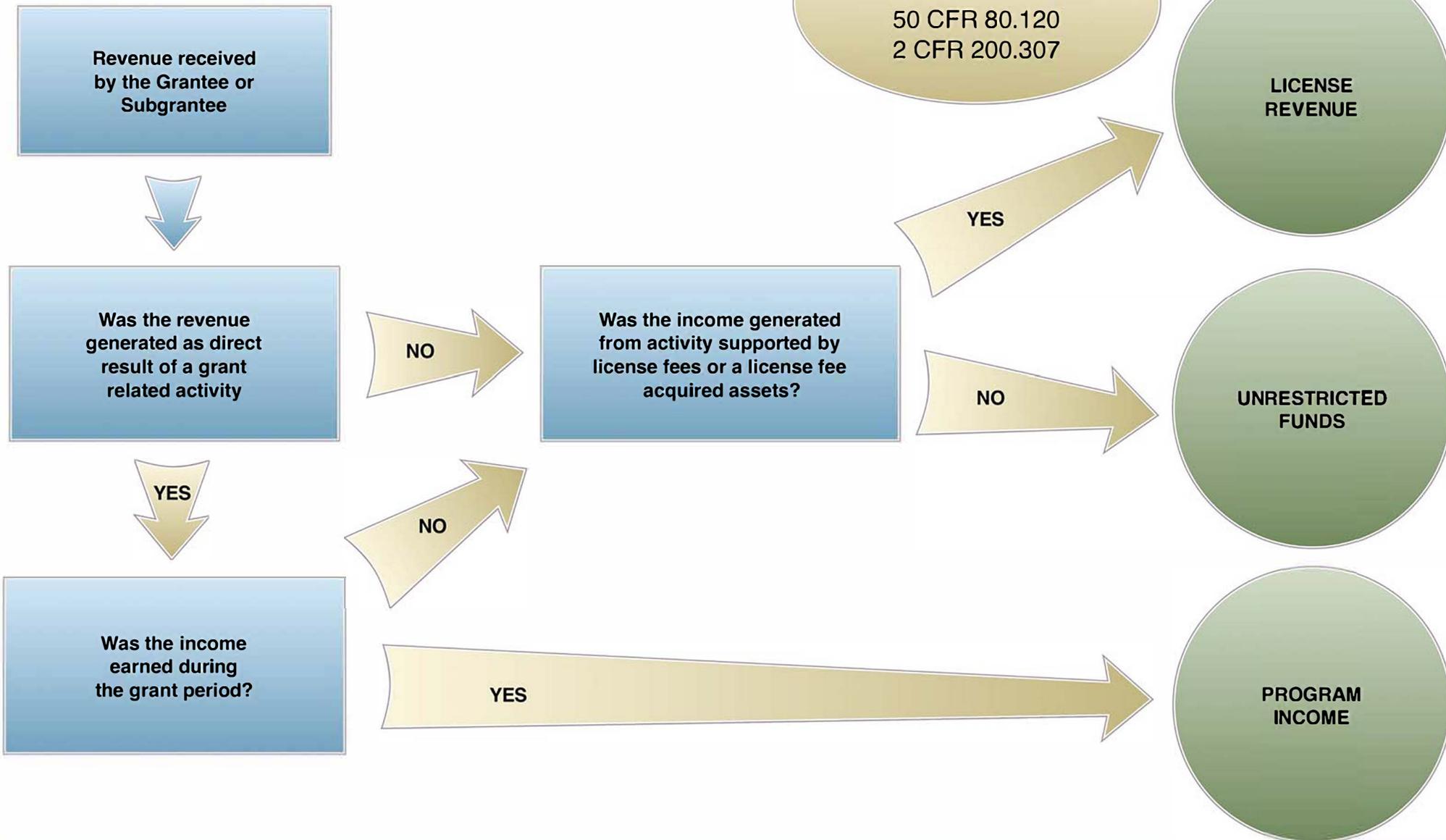
Notes:



Learning Points

- ✓ Program income is defined as gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance.
- ✓ Income earned from the disposition of real property is not program income, unless the original acquisition award is still open at the time of the disposition.
- ✓ The three methods of program income disposal are deductive, additive, and cost share.
- ✓ There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise.
- ✓ There are no Federal requirements income earned by subrecipients after the period of performance. It is up to the State, through their third party agreement, to determine how income earned by subrecipients after the period of performance should be handled.
- ✓ Program income may not be banked. Disposal of program income must occur prior to requesting additional payments from the same grant program.

Income Determination
Wildlife and Sport Fish Restoration Programs



Real Property - Proceeds from the disposal of real property are not program income. Proceeds from the disposal of real property must be returned to the applicable program. Consult the FWS Regional Office for instructions. Disposal of real property requires prior approval from the FWS (50 CFR 80.137).

Barter Transactions - The exchange of goods or services for other goods or services without the use of cash. Barter transactions are to be handled in accordance with 50 CFR 80.98.

Governmental Revenues - Taxes, special assessments, levies, fines, and other such revenues raised by a grantee or subgrantee are not program income unless the revenues are specifically identified in the grant agreement or Federal agency regulations as program income. 2 CFR 200.307(c)

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Program Income

Applies to:

All grants and cooperative agreements

Definition

Program income means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance. (See §200.77 Period of performance.) Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. See also §200.407 Prior written approval (prior approval). See also 35 U.S.C. 200-212 “Disposition of Rights in Educational Awards” applies to inventions made under Federal awards. (2 CFR 200.80)

2 CFR 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

§200.307 Program income.

- (a) *General.* Non-Federal entities are encouraged to earn income to defray program costs where appropriate.
- (b) *Cost of generating program income.* If authorized by Federal regulations or the Federal award, costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the Federal award.
- (c) *Governmental revenues.* Taxes, special assessments, levies, fines, and other such revenues raised by a non-Federal entity are not program income unless the revenues are specifically identified in the Federal award or Federal awarding agency regulations as program income.
- (d) *Property.* Proceeds from the sale of real property or equipment are not program income; such proceeds will be handled in accordance with the requirements of Subpart D—Post Federal Award Requirements of this part, Property Standards §§200.311 Real property and 200.313 Equipment, or as specifically identified in Federal statutes, regulations, or the terms and conditions of the Federal award.
- (e) *Use of program income.* If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, paragraph (e)(1) of this section must apply. For Federal awards made to IHEs and nonprofit research institutions, if the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award how program income is to be used, paragraph (e)(2) of this section must apply. In specifying alternatives to paragraphs (e)(1) and (2) of this section, the Federal awarding agency may distinguish between income earned by the recipient and income earned by subrecipients and between the sources, kinds, or amounts of income. When the Federal awarding agency authorizes the approaches in

paragraphs (e)(2) and (3) of this section, program income in excess of any amounts specified must also be deducted from expenditures.

(1) *Deduction.* Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project.

(2) *Addition.* With prior approval of the Federal awarding agency, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award.

(3) *Cost sharing or matching.* With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award. The amount of the Federal award remains the same.

(f) *Income after the period of performance.* There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise. The Federal awarding agency may negotiate agreements with recipients regarding appropriate uses of income earned after the period of performance as part of the grant closeout process. See also §200.343 Closeout.

Program Income - Wildlife Restoration and Sport Fish Restoration

This information applies to:

Wildlife Restoration Program, Sport Fish Restoration Program

50 CFR 80 Wildlife and Sport Fish Restoration

Subpart I—Program Income

§ 80.120 What is program income?

(a) Program income is gross income received by the grantee or subgrantee and earned only as a result of the grant during the grant period.

(b) Program income includes revenue from:

(1) Services performed under a grant;

(2) Use or rental of real or personal property acquired, constructed, or managed with grant funds;

(3) Payments by concessioners or contractors under an arrangement with the agency or subgrantee to provide a service in support of grant objectives on real property acquired, constructed, or managed with grant funds;

(4) Sale of items produced under a grant;

(5) Royalties and license fees for copyrighted material, patents, and inventions developed as a result of a grant; or

(6) Sale of a product of mining, drilling, forestry, or agriculture during the period of a grant that supports the:

(i) Mining, drilling, forestry, or agriculture; or

(ii) Acquisition of the land on which these activities occurred.

(c) Program income does not include:

(1) Interest on grant funds, rebates, credits, discounts, or refunds;

(2) Sales receipts retained by concessioners or contractors under an arrangement with the agency to provide a service in support of grant objectives on real property acquired, constructed, or managed with grant funds;

(3) Cash received by the agency or by volunteer instructors to cover incidental costs of a class for hunter or aquatic-resource education;

- (4) Cooperative farming or grazing arrangements as described at § 80.98; or
- (5) Proceeds from the sale of real property.

§ 80.121 May an agency earn program income?

A State fish and wildlife agency may earn income from activities incidental to the grant purposes as long as producing income is not a primary purpose. The agency must account for income received from these activities in the project records and dispose of it according to the terms of the grant.

§ 80.122 May an agency deduct the costs of generating program income from gross income?

(a) A State fish and wildlife agency may deduct the costs of generating program income from gross income when it calculates program income as long as the agency does not:

(1) Pay these costs with:

(i) Federal or matching cash under a Federal grant, or (ii) Federal cash unrelated to a grant.

(2) Cover these costs by accepting:

(i) Matching in-kind contributions for a Federal grant, or (ii) Donations of services, personal property, or real property unrelated to a Federal grant.

(b) Examples of costs of generating program that may qualify for deduction from gross income if they are consistent with paragraph (a) of this section are:

(1) Cost of estimating the amount of commercially acceptable timber in a forest and marking it for harvest if the commercial harvest is incidental to a grant-funded habitat- management or facilities-construction project.

(2) Cost of publishing research results as a pamphlet or book for sale if the publication is incidental to a grant-funded research project.

Frequently Asked Questions

[Program Income Banking](#)



United States Department of the Interior



FISH AND WILDLIFE SERVICE
Washington, D.C. 20240

In Reply Refer To:
FWS/AWSR/AIM/058368

SEP 18 2014

To: State Fish and Wildlife Agencies
Secretary, Department of Natural Resources
of the Commonwealth of Puerto Rico
Governor of Guam
Governor of U.S. Virgin Islands
Governor of American Samoa
Governor of Commonwealth of the Northern Mariana Islands
Mayor of the District of Columbia

The purpose of this letter is to provide guidance to States for required use and disposition of income generated by a grant-supported activity or earned only because of the grant awarded by the U.S. Fish and Wildlife Service (Service) during the grant period. We are not changing any requirements with this letter, but rather summarizing existing guidance and resources to assist you in the proper disposition of program income.

The Office of the Inspector General (OIG) during its regular audits of Wildlife and Sport Fish Restoration Program (WSFR) grants identified the improper use and disposition of program income by several state fish and wildlife agencies. The attached Program Income Banking Guidance and FAQ (Enclosure) addresses questions on the required use and disposition of program income and provides guidance on the disposition of program income that some states have banked. The document will be stored and available for use by States and WSFR personnel in the Financial Assistance Wiki <http://fawiki.fws.gov/>.

Please contact your regional WSFR office for assistance in implementing these existing program income requirements. We look forward to helping you successfully implement this guidance.

Sincerely,

Hannibal Bolton
Assistant Director, Wildlife and Sport Fish Restoration

Enclosure

Program Income Banking Guidance and FAQs

1. What is program income?

“Program Income means gross income received by the grantee or subgrantee directly generated by a grant-supported activity, or earned only because of the grant award during the grant period. “During the grant period” is the time between the effective date of the award and the ending date of the award reflected in the final financial report.” (43 CFR 12.65(b)). This guidance on program income banking applies specifically to the federal share of program income.

2. What is program income banking?

Program income is “banked” when a State (grantee) does not spend program income prior to drawing additional funds from the same financial assistance grant program or delays applying it to another grant in the same grant program.

3. May a State bank program income?

No. 43 CFR 12.61(f)(2) requires program income to be spent prior to requesting additional payments.

4. What authorities are applicable to this guidance on program income banking for WSFR programs?

Excerpts of the applicable guidance are in Appendix 1 of this document.

- *43 CFR Part 12 Subpart C - Administrative and Audit Requirement and Cost Principles for Assistance Programs 12.46(c) Exceptions, 12.61 Payment and 12.65 Program Income*
- *50 CFR Part 80 - Administrative Requirements, Pittman-Robertson Wildlife Restoration and Dingell-Johnson Sport Fish Restoration Acts 80.123, 80.124, 80.125, and 80.126*

5. Does 50 CFR 80.124 give WSFR the flexibility to offer program income banking to States?

No. While 50 CFR 80 allows a State with unexpended program income on its final Federal financial report to use such income under a subsequent grant, nothing in this provision preempts the requirement under 43 CFR 12.61(f)(2), that such program income be expended before requesting additional payments.

6. If program income is not a Federal payment or a drawdown of grant funds, does the Cash Management Improvement Act (CMIA) apply?

Possibly. The Federal share of program income earned is Federal funds. Advanced federal payments are payments (drawdowns) a State receives when a State does not properly use the program income to offset requested payments (drawdowns). The CMIA requires States to minimize the period between the receipt of Federal funds and the payment out for expenditures. Retaining Federal funds beyond a minimal period may require a State to pay interest to the Federal agency. (See *31 CFR Part 205 - Rules and Procedures for Efficient Federal-State Funds Transfers; Final Rule (Cash Management Improvement Act)*).

7. Does creating a grant and designating the undisbursed program income as the funding source resolve the program income banking issue?

No. 50 CFR 80.124 does allow a State to establish a grant funded with the undisbursed program income. However, 43 CFR 12.61(f)(2) requires that a State apply all available program income to any project under the program before the State draws down any additional Federal funds under the program. If the State is continuing to draw down funds under the program, creating a grant and designating the undisbursed program income as the future funding source is not in compliance with 43 CFR 12.61(f)(2). Obligating the program income funds for a subsequent grant is not in itself considered a liquidation of the Federal funds.

It is acceptable if the State creates a grant using undisbursed program income and spends the program income funds before drawing down any new Federal funds under the program.

8. How will WSFR handle program income funded grants in the future?

Program income earned on a grant must be spent within the grant period it was earned prior to making requests for payments. If a grant closes with undisbursed program income, the State and the WSFR Regional Office must agree to a method that complies with 50 CFR 80.124, 43 CFR 12, and the CMIA, to expend such funds as soon as possible.

9. If a State currently has banked program income, how can the State dispose of it?

The WSFR Regional Office and affected State must agree in writing (i.e. grant award letter) to a method that spends all banked program income within the applicable periods:

AMOUNT OF BANKED PROGRAM INCOME	FINAL DATE TO SPEND
≤ \$ 500,000	January 31, 2015
\$ 500,001 – \$ 999,999	June 30, 2015
≥ \$1,000,000	June 30, 2016

10. May a State use the cost share method for disposal of the banked program income?

The use of cost share program income disposal method must have been approved in the original award letter.

11. A portion of our undisbursed program income is income we received after the grant period ended. In the original grant, we stipulated that the income would be treated as program income rather than license revenue. Can that decision be reversed?

Yes. For the purposes of "Program Income Banking", any income received after the close of a grant and is not a result of activities supported by a subsequent grant is not "Program Income" (43 CFR 12.65(b)). A State must fully substantiate through its financial, grant, and other records to its WSFR Regional Office the reclassification of "Program Income" to "Income Received After Grant Period." WSFR will consider such funds a portion of the State's license revenue (50 CFR 80.125). A State must submit revised SF-425 forms and any other documentation as may be reasonably requested by its WSFR Regional Office.

12. What will happen if a State fails or neglects to spend all of the banked program income as was mutually agreed to with WSFR in the grant award letter?

If a State has violated the provisions of 43 CFR Part 12, and demonstrates an unwillingness or inability to comply with this policy for corrective action, then the FWS may withhold all further payments (drawdowns) to a State under the grant program until the State expends the entire amount of banked program income.

APPENDIX 1 - Excerpts from Applicable Guidance on Banked Program Income

43 CFR Part 12 Subpart C - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments

§12.61 Payment.

(f) Effect of program income, refunds, and audit recoveries on payment.

(2) Except as provided in paragraph (f)(1) of this section, grantees and subgrantees shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments.

§12.65 Program income.

g) Use of program income. Program income shall be deducted from outlays which may be both Federal and non-Federal as described below, unless the Federal agency regulations or the grant agreement specify another alternative (or a combination of the alternatives). In specifying alternatives, the Federal agency may distinguish between income earned by the grantee and income earned by subgrantees and between the sources, kinds, or amounts of income. When Federal agencies authorize the alternatives in paragraphs (g) (2) and (3) of this section, program income in excess of any limits stipulated shall also be deducted from outlays.

50 CFR 80 - Administrative Requirements, Pittman-Robertson Wildlife Restoration and Dingell-Johnson Sport Fish Restoration Acts

§80.124 How may an agency use unexpended program income?

If a State fish and wildlife agency has unexpended program income on its final Federal financial report, it may use the income under a subsequent grant for any activity eligible for funding in the grant program that generated the income.

§80.125 How must an agency treat income that it earns after the grant period?

(a) The State fish and wildlife agency must treat program income that it earns after the grant period as either:

(1) License revenue for the administration of the agency; or

(2) Additional funding for purposes consistent with the grant or the program.

(b) The agency must indicate its choice of one of the alternatives in paragraph (a) of this section in the project statement that the agency submits with each application for Federal assistance. If the agency does not record its choice in the project statement, the agency must treat the income earned after the grant period as license revenue.

§ 80.126 How must an agency treat income earned by a subgrantee after the grant period?

(a) The State fish and wildlife agency must treat income earned by a subgrantee after the grant period as:

- (1) License revenue for the administration of the agency;
- (2) Additional funding for purposes consistent with the grant or the program; or
- (3) Income subject only to the terms of the subgrant agreement and any subsequent contractual agreements between the agency and the subgrantee.

(b) The agency must indicate its choice of one of the above alternatives in the project statement that it submits with each application for Federal assistance. If the agency does not indicate its choice in the project statement, the subgrantee does not have to account for any income that it earns after the grant period unless required to do so in the subgrant agreement or in any subsequent contractual agreement.

5

Module 5 *In-kind Match*

Learning Objectives:

1. Define *in-kind* match.
2. Identify the types of match that meet the definition of *in-kind* match.
3. Discuss when donated items and services are allowable costs
4. Determine how to properly value match provided from recipients, subrecipients, contractors, and volunteers from organizations and private individuals.
5. Identify the documentation requirements for *in-kind* volunteer match.

Handouts:

- 5-1 Third-party *In-kind* Contributions Guidance
- 5-7 Valuing Donated Services Flow Chart
- 5-9 Sample Volunteer Timesheet

Third-Party In-Kind Match

Third-party *in-kind* match means “*the value of non-cash contributions (property or services) that (a) benefit a federally assisted project or program; and (b) are contributed by non-Federal third parties, without charge, to a non-Federal entity under a Federal award.*” (see **2 CFR 200.96** and **Handout 5-1**)

A third party is an entity that does not have a financial interest/involvement in the award.

2 CFR 200.306(b) *For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity’s cost sharing or matching when such contributions meet all of the following criteria:*

- 1) Verifiable from the non-Federal entity’s records;
- 2) Not included as contributions for any other Federal award;
- 3) Necessary and reasonable for accomplishment of project or program objectives;
- 4) Allowable under 2 CFR 200 Subpart E- Cost Principles;
- 5) Not paid by the Federal government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
- 6) Are provided for in the approved budget when required by the Federal awarding agency; and
- 7) Conform to other provisions of 2 CFR 200.306, as applicable.

Notes:

Determining if Match is *In-kind*

It is important for recipients to be able to correctly determine what type of match is being charged to the award. In order to determine, recipients should ask themselves, “Is the entity that is providing the goods or services receiving payment under the award (i.e. do they have a financial interest or involvement in the Federal award)?” If so, then the match is considered part of the recipient’s or subrecipient’s match. If not, then the match is considered *in-kind*. See **Handout 5-7**.

Why is this determination so important? First, the determination of how we value the match contribution differs between whether the contribution is recipient/subrecipient match compared to third-party *in-kind* match. And secondly, recipients/subrecipients cannot get reimbursed for third-party *in-kind* match contributions. They may only use these contributions to meet the cost sharing or matching requirements of the award.

Valuing Recipient or Subrecipient Match

Unrecovered indirect costs, include indirect costs on cost sharing or matching may be included as part of the cost sharing or matching only with the prior approval of the Federal awarding agency. Unrecovered indirect costs means the difference between the amount charged to the Federal award and the amount which could have been charged to the Federal award under the non-Federal entities negotiated indirect cost rate (**2 CFR 200.306(c)**).

Recipients and subrecipients may also use their own equipment and charge an equipment use rate to the Federal award. Depreciation is the method for allocating the cost of fixed assets to periods benefitting from the assets use (**2 CFR 200.436**). Non-Federal entities may be compensated for the use of its buildings, capital improvements, equipment, and software project capitalized in accordance with GAAP, provided they are used, needed in the non-Federal entity’s activities, and properly allocated to Federal awards.

See additional guidance titled, “Equipment Use Cost Recovery Guidance to WSFR Grants” on the WSFR Toolkit.

Notes:

Valuing Third-Party *In-kind* Match

Donated goods from third parties may include such items as equipment, office supplies, laboratory supplies. The value assessed to donated property included in the cost sharing or matching share must not exceed the fair market value of the property at the time of the donation. (see **2 CFR 200.306(g)**).

When a third-party organization furnishes the services of an employee, these services must be valued at the employee's regular rate of pay plus an amount of fringe benefits that is reasonable, necessary, allocable, and otherwise allowable (**2 CFR 200.306(f)**). The employee's regular rate of pay must be for similar services for which they are paid by the organization (i.e. you can't use a lawyer's salary as necessary and reasonable match for a habitat improvement project). In this case, what would the agency normally pay its staff to do this type of work or what is the fair market rate for similar work.

When volunteer services are provided volunteers or professional and technical personnel, the rates for third-party volunteer services must be consistent with those paid for similar work by the non-Federal entity in its organization (**2 CFR 200.306(e)**).

For third-party *in-kind* contributions, the fair market value of goods and services must be documented and to the extent feasible supported by the same methods used internally by the non-Federal entity (**2 CFR 200.306(j)**).

Notes:



Exercise: Match Valuation

Use **2 CFR 200.306** to determine the valuation of the following types of match. You may also need to consult **2 CFR 200 Subpart E** to determine the allowability of a cost.

1. Bobby Joe Hunter (an individual) is a volunteer instructor for the State's Hunter Education program. How would the agency value Bobby Joe's donation?

Rates for third party volunteers must be consistent with those paid for similar work by the non-Federal entity. If skills are not found in the non-Federal Entity, what is the fair market rate for similar services. **2 CFR 200.306(e)**

2. You enter into an agreement for the State prison to provide labor for grass mowing and cleanup at a hatchery funded by a Sport Fish Restoration hatchery operations grant. The prison does not charge the agency for the labor. Can the State agency claim the labor as in-kind? What if the prison were Federal?

Yes, assuming the inmates are not paid with Federal funds already.

Rates for could be assessed at either the fair market rate for similar services Or what State would normally pay its staff to do the work. **2 CFR 200.306(f)**

3. A conservation minded law firm decides to participate in the State's breeding bird survey. The survey is an activity in one of the State's approved State Wildlife Grants. Is the contribution in-kind? How would the contribution be valued?

Yes, however you may not value the rate at the lawyer's hourly rate. Work must be similar services. Therefore, the State would value the in-kind value at what the State would normally pay its staff. **2 CFR 200.306(f)**

4. A heavy equipment company donated the use of a dozer and an operator to a State boat access construction project funded by a Sport Fish Restoration grant. Are the donations allowable? If yes, then how would the donation be valued and documented?

Yes. The donation would be valued at fair market value. What does the company charge for the service? State must ensure rate is actually market rate. Auditors have scrutinized this so make sure you have done due diligence and have adequate documentation. **2 CFR 200.306 (f) and (g)**



Exercise: Match Valuation

5. The State agency has a stockpile of gravel purchased last year using State funds. They wish to use the gravel on an expansion of a parking lot on a State Wildlife Management Area (WMA) they have planned for next year. WMA parking lots are maintained using a Wildlife Restoration operations and maintenance grant. Can the cost of the gravel be an in-kind donation to the grant?

No. A recipient can't donate goods or services to itself. The correct way to handle this would be through preaward costs (2 CFR 200.209).

Purchased materials and supplies must be charged at their actual prices (2 CFR 200.453(b))

6. The State is conducting a butterfly research project on property owned by Monica Milkweed. The research project is part of an approved State Wildlife Grant. Can the value of the property be used as match for the research project?

Yes, but only if the particular parcel of land is absolutely necessary and reasonable for conducting the research. This may be a high bar to cross and rental rate for the land. 2 CFR 200.306(h)(2)

7. Amy Aquatica is a volunteer in the State's aquatic resource education program. She typically spends and documents 100 hours of preparatory time for each course. Can the State count the time she spent prepping for the course as in-kind match? Are there any concerns?

Yes, preparation time is allowable to charge to the award, but is 100 hours necessary and reasonable to accomplish the award objectives? How many hours of preparation time do other instructors put in for each class? It is a best management practice to consider a policy setting a limit on the number of hours preparing for classes. 2 CFR 200.306(b)(3)

Documenting *In-Kind* Volunteer Time

Improper valuation and documentation of volunteer *in-kind* time and services charged to an award are one of the most common and frequent audit findings in the WSFR program.

Volunteer *in-kind* time must meet the same criteria for allowability as another cost that is charged to the Federal award.

- It must be adequately documented and verifiable from the non-Federal entity's records;
- It must not be included as a contribution for any other Federal award;
- It must be necessary and reasonable for accomplishment of project or program objectives;
- It must be allowable under 2 CFR 200 Subpart E – Cost Principles;
- It must not be paid by the Federal government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
- It must be provided for in the approved budget when required by the Federal awarding agency; and
- It must conform to other provisions of 2 CFR 200, as applicable.

Data Elements Required on Volunteer Time Sheet (Handout 5-9)

- Volunteer name
- Name of activity
- Date of activity
- Hours worked
- Miles driven
- Volunteer signature
- Supervisory concurrence

For third-party *in-kind* contributions, the fair market value of goods and services must be documented and to the extent feasible supported by the same methods used internally by the non-Federal entity
(2 CFR 200.306(j)).

Notes:



Learning Points

- ✓ *In-kind* match must meet the same criteria as other costs charged to Federal awards.
- ✓ Recipient/subrecipient and *In-kind* match must be properly valued according to **2 CFR 200.306**.
- ✓ *In-kind* match must be adequately documented in recipient or subrecipient records.
- ✓ *In-kind* documentation and valuation continues be one of the most common audit findings cited by OIG auditors during their program reviews.

Third-party In-kind Contributions

A **third-party in-kind contribution** is a type of **cost share** on a Federal grant or cooperative agreement.

This information applies to:

All grants and cooperative agreements

Contents

1 Authorities

1.1 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

1.1.1 §200.96 Third-party in-kind contributions.

1.1.2 §200.306 Cost sharing or matching.

1.1.3 §200.434 Contributions and donations.

2 Frequently Asked Questions

2.1 How is the value determined for donated services?

2.2 How are volunteer donated services properly documented?

2.3 How is the value determined for donated supplies and loaned equipment or space?

2.4 How is the value determined for real property donated by a grantee or subgrantee for the purpose of construction or acquisition?

2.5 May I use prison labor as in-kind match on my grant?

2.6 How would I value prison labor used as in-kind match?

2.7 Is the value of youth labor allowable as in-kind match on my grant?

2.8 Is there a minimum age requirement necessary in order to document and use youth in-kind on my grant and comply with the Fair Labor Standard Act?

2.9 How would I value in-kind labor donations from a youth?

2.10 Can I use an in-kind donation from the National Guard?

2.11 Can I use time contributed by AmeriCorps interns as in-kind match?

2.12 What is a third party for the purposes of in-kind?

2.13 A subrecipient is offering to discount part of the cost of the work they are contributing to a grant/cooperative agreement. If they are not third party, is there a way I can count the value of the services as match?

3 Learning Aids

4 Related Pages

5 Resources

6 References

Authorities

2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

§200.96 Third-party in-kind contributions.

Third-party in-kind contributions means the value of non-cash contributions (i.e., property or services) that—

- (a) Benefit a federally assisted project or program; and
- (b) Are contributed by non-Federal third parties, without charge, to a non-Federal entity under a Federal award.

[78 FR 78608, Dec. 26, 2013]

§200.306 Cost sharing or matching.

(b) For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

- (1) Are verifiable from the non-Federal entity's records;

- (2) Are not included as contributions for any other Federal award;
- (3) Are necessary and reasonable for accomplishment of project or program objectives;
- (4) Are allowable under Subpart E—Cost Principles of this part;
- (5) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
- (6) Are provided for in the approved budget when required by the Federal awarding agency; and
- (7) Conform to other provisions of this part, as applicable.

[...]

(e) Volunteer services furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for third-party volunteer services must be consistent with those paid for similar work by the non-Federal entity. In those instances in which the required skills are not found in the non-Federal entity, rates must be consistent with those paid for similar work in the labor market in which the non-Federal entity competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, necessary, allocable, and otherwise allowable may be included in the valuation.

(f) When a third-party organization furnishes the services of an employee, these services must be valued at the employee's regular rate of pay plus an amount of fringe benefits that is reasonable, necessary, allocable, and otherwise allowable, and indirect costs at either the third-party organization's approved federally negotiated indirect cost rate or, a rate in accordance with §200.414 Indirect (F&A) costs, paragraph (d), provided these services employ the same skill(s) for which the employee is normally paid. Where donated services are treated as indirect costs, indirect cost rates will separate the value of the donated services so that reimbursement for the donated services will not be made.

(g) Donated property from third parties may include such items as equipment, office supplies, laboratory supplies, or workshop and classroom supplies. Value assessed to donated property included in the cost sharing or matching share must not exceed the fair market value of the property at the time of the donation.

(h) The method used for determining cost sharing or matching for third-party-donated equipment, buildings and land for which title passes to the non-Federal entity may differ according to the purpose of the Federal award, if paragraph (h)(1) or (2) of this section applies.

(1) If the purpose of the Federal award is to assist the non-Federal entity in the acquisition of equipment, buildings or land, the aggregate value of the donated property may be claimed as cost sharing or matching.

(2) If the purpose of the Federal award is to support activities that require the use of equipment, buildings or land, normally only depreciation charges for equipment and buildings may be made. However, the fair market value of equipment or other capital assets and fair rental charges for land may be allowed, provided that the Federal awarding agency has approved the charges. See also §200.420 Considerations for selected items of cost.

(i) The value of donated property must be determined in accordance with the usual accounting policies of the non-Federal entity, with the following qualifications:

(1) The value of donated land and buildings must not exceed its fair market value at the time of donation to the non-Federal entity as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the non-Federal entity as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601-4655) (Uniform Act) except as provided in the implementing regulations at 49 CFR part 24.

(2) The value of donated equipment must not exceed the fair market value of equipment of the same age and condition at the time of donation.

(3) The value of donated space must not exceed 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.

(4) The value of loaned equipment must not exceed its fair rental value.

(j) For third-party in-kind contributions, the fair market value of goods and services must be documented and to the extent feasible supported by the same methods used internally by the non-Federal entity.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75883, Dec. 19, 2014]

§200.434 Contributions and donations.

(a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable.

(b) The value of services and property donated to the non-Federal entity may not be charged to the Federal award either as a direct or indirect (F&A) cost. The value of donated services and property may be used to meet cost sharing or matching requirements (see §200.306 Cost sharing or matching). Depreciation on donated assets is permitted in accordance with §200.436 Depreciation, as long as the donated property is not counted towards cost sharing or matching requirements.

(c) Services donated or volunteered to the non-Federal entity may be furnished to a non-Federal entity by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services may not be charged to the Federal award either as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with the provisions of §200.306 Cost sharing or matching.

(d) To the extent feasible, services donated to the non-Federal entity will be supported by the same methods used to support the allocability of regular personnel services.

(e) The following provisions apply to nonprofit organizations. The value of services donated to the nonprofit organization utilized in the performance of a direct cost activity must be considered in the determination of the non-Federal entity's indirect cost rate(s) and, accordingly, must be allocated a proportionate share of applicable indirect costs when the following circumstances exist:

(1) The aggregate value of the services is material;

(2) The services are supported by a significant amount of the indirect costs incurred by the non-Federal entity;

(i) In those instances where there is no basis for determining the fair market value of the services rendered, the non-Federal entity and the cognizant agency for indirect costs must negotiate an appropriate allocation of indirect cost to the services.

(ii) Where donated services directly benefit a project supported by the Federal award, the indirect costs allocated to the services will be considered as a part of the total costs of the project. Such indirect costs may be reimbursed under the Federal award or used to meet cost sharing or matching requirements.

(f) Fair market value of donated services must be computed as described in §200.306 Cost sharing or matching.

(g) Personal Property and Use of Space.

(1) Donated personal property and use of space may be furnished to a non-Federal entity. The value of the personal property and space may not be charged to the Federal award either as a direct or indirect cost.

(2) The value of the donations may be used to meet cost sharing or matching share requirements under the conditions described in §§200.300 Statutory and national policy requirements through 200.309 Period of performance of subpart D of this part. The value of the donations must be determined in accordance with §§200.300 Statutory and national policy requirements through 200.309 Period of performance. Where donations are treated as indirect costs, indirect cost rates will separate the value of the donations so that reimbursement will not be made.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014]

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Frequently Asked Questions

How is the value determined for donated services?

Volunteer services or unpaid services provided to a grantee or subgrantee by individuals will be valued at rates consistent with those ordinarily paid for similar work in the grantee's or subgrantee's organization. If the grantee or subgrantee does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation.

When an employer other than a grantee, subgrantee, or cost-type contractor furnishes free of charge the services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay exclusive of the employee's fringe benefits and overhead costs.

How are volunteer donated services properly documented?

To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocability of regular personnel costs. In general this means time and activity reporting sheets should be completed and should include:

- Each volunteer by name
- The date volunteer hours were donated
- The number of hours volunteered
- The activity that was performed by the volunteer
- A signature of each volunteer
- A signature or initials of an authorized agency official who reviewed and approved the time and activity report

How is the value determined for donated supplies and loaned equipment or space?

If a third party donates supplies, the contribution will be valued at the market value of the supplies at the time of donation.

If a third party donates the use of equipment or space in a building but retains title, the contribution will be valued at the fair rental rate of the equipment or space.

If a third party donates equipment, buildings, or land, and title passes to a grantee or subgrantee, the treatment of the donated property will depend upon the purpose of the grant or subgrant, as follows:

(1) Awards for capital expenditures. If the purpose of the grant or subgrant is to assist the grantee or subgrantee in the acquisition of property, the market value of that property at the time of donation may be counted as cost sharing or matching,

(2) Other awards. If assisting in the acquisition of property is not the purpose of the grant or subgrant, the following will apply:

- If approval is obtained from the awarding agency, the market value at the time of donation of the donated equipment or buildings and the fair rental rate of the donated land may be counted as cost sharing or matching. In the case of a subgrant, the terms of the grant agreement may require that the approval be obtained from the Federal agency as well as the grantee. In all cases, the approval may be given only if a purchase of the equipment or rental of the land would be approved as an allowable direct cost. If any part of the donated property was acquired with Federal funds, only the non-Federal share of the property may be counted as cost-sharing or matching.
- If approval is not obtained under paragraph (e)(2)(i) of this section, no amount may be counted for donated land, and only depreciation or use allowances may be counted for donated equipment and buildings. The depreciation or use allowances for this property are not treated as third party in-kind contributions. Instead, they are treated as costs incurred by the grantee or subgrantee. They are computed and allocated (usually as indirect costs) in accordance with the cost principles specified in § 12.62, in the same way as depreciation or use allowances for purchased equipment and buildings. The amount of depreciation or use allowances for donated equipment and buildings is based on the property's market value at the time it was donated.

How is the value determined for real property donated by a grantee or subgrantee for the purpose of construction or acquisition?

If a grantee or subgrantee donates real property for a construction or facilities acquisition project, the current market value of that property may be counted as cost sharing or matching. If any part of the donated property was acquired with Federal funds, only the non-Federal share of the property may be counted as cost sharing or matching.

May I use prison labor as in-kind match on my grant?

Prison labor from state and local correctional institutions is allowable in-kind match, as long as the costs meet the allowable cost criteria from the applicable cost principles. Grantees may not use labor from Federal institutions, match must come from a non-federal source. Whether the prisoners receive minimal compensation from the correctional institution for their services is immaterial for the purposes of determining allowable costs for third party in-kind in this situation.

How would I value prison labor used as in-kind match?

Prison labor should be valued at the cost the grantee or subgrantee would have paid for the service. Typically, prisoners perform manual labor services on grants. In this case, the most appropriate rate would be the Federal minimum wage.

Is the value of youth labor allowable as in-kind match on my grant?

Yes, volunteer in-kind services provided by youth organizations or individuals are allowable, as long as the costs meet the allowable cost criteria from the applicable cost principles.

Is there a minimum age requirement necessary in order to document and use youth in-kind on my grant and comply with the Fair Labor Standard Act?

No. The Fair Labor Standards Act (FLSA) defines employment very broadly, i.e., "to suffer or permit to work." However, the Supreme Court has made it clear that the FLSA was not intended "to stamp all persons as employees who without any express or implied compensation agreement might work for their own advantage on the premises of another." In administering the FLSA, the Department of Labor follows this judicial guidance in the case of individuals serving as unpaid volunteers in various community services. Individuals who volunteer or donate their services, usually on a part-time basis, for public service, religious or humanitarian objectives, not as employees and without contemplation of pay, are not considered employees of the religious, charitable or similar non-profit organizations that receive their service. This information was obtained from the U.S. Department of Labor website at the following address: <http://www.dol.gov/elaws/esa/flsa/docs/volunteers.asp>

How would I value in-kind labor donations from a youth?

Youth labor should be valued at the cost the grantee or subgrantee would have paid for the service. You should consider whether the work performed by the youth is equal to the work performed by a State employee and make valuation adjustments accordingly.

Can I use an in-kind donation from the National Guard?

Yes, the donation of personnel time is an allowable in-kind match, as long as the costs meet the allowable cost criteria from the applicable cost principles. The donation of equipment time is not allowable, as the Federal government typically funds equipment for the National Guard.

Can I use time contributed by AmeriCorps interns as in-kind match?

No, Although these volunteers may work on federally-funded projects, their services may not be used by a grantee to fulfill the match requirement to federal grant program funds. Americorps funding ultimately comes from the Federal Government, and therefore a federally funded volunteer organization such as Americorps, and any of their assets cannot be used to contribute to the matching requirement on a Federal grant.

The Assistant Inspector General for the Corporation for National and Community Service, their Director of Grants Management, as well as grants managers for other federally-funded volunteer organizations were consulted on this issue.

What is a third party for the purposes of in-kind?

An entity that does not have a financial interest in the transaction. If the entity is receiving funding from the financial assistance transaction either as a subrecipient or vendor/contractor, they are not considered a third party. A common third party entity is a volunteer who works on a grant or cooperative agreement funded education program.

A subrecipient is offering to discount part of the cost of the work they are contributing to a grant /cooperative agreement. If they are not third party, is there a way I can count the value of the services as match?

Yes, these costs are called discounted services. If the costs are eligible and allowable costs, they can be documented and claimed as match on the award. Please note, that all non-cash transactions present a higher audit risk for the recipient. The recipient should ensure that a proper value of the discount has been determined and documented in the recipient award file. If you are unsure of how to value the contribution, please consult your FWS representative.

[top](#)

Learning Aids



Donated_Services_Diagram.pdf

[top](#)

Related Pages

[Voluntary Committed Cost Share](#)

[top](#)

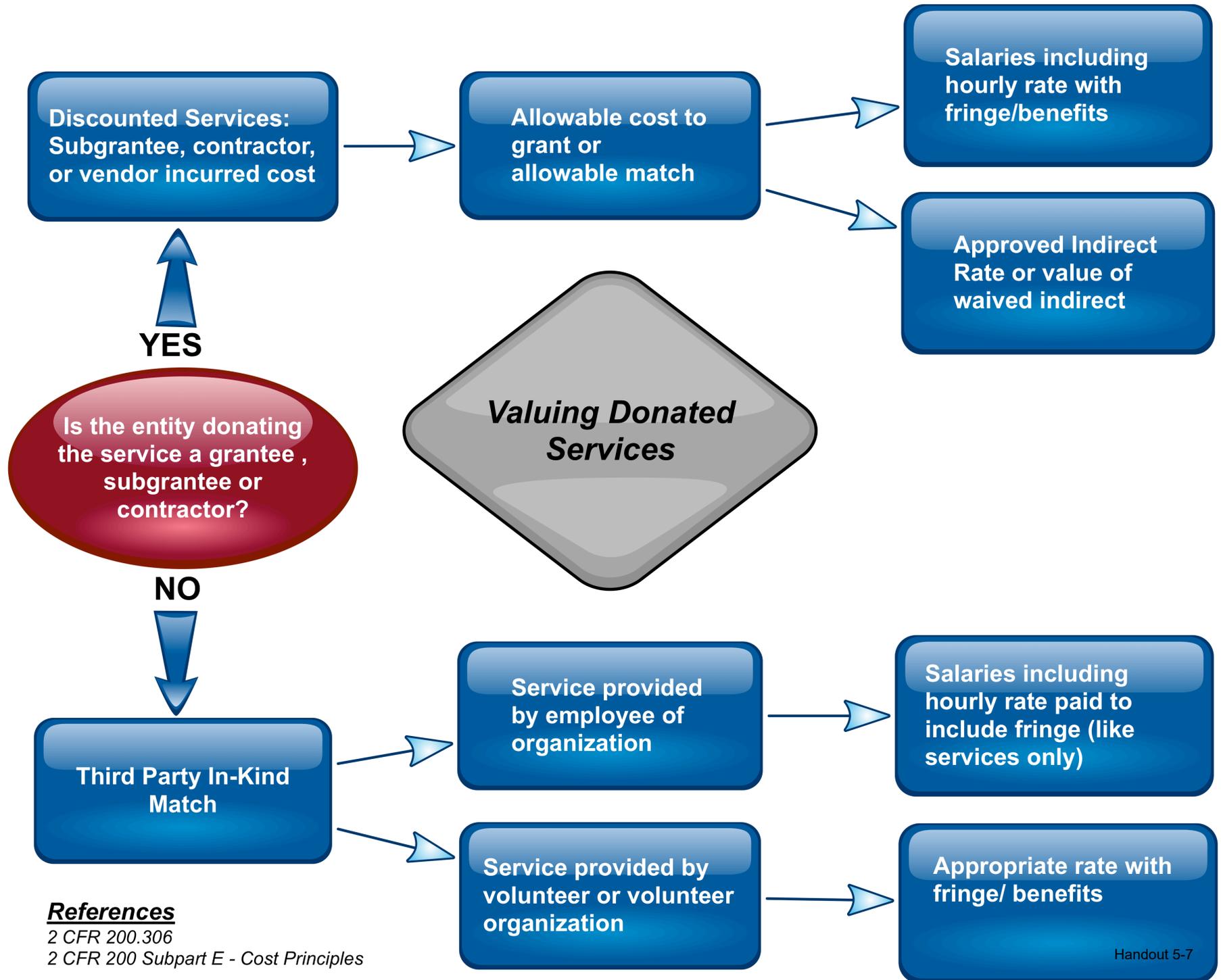
Resources

[top](#)

References

[top](#)

VALUING DONATED SERVICES



References

2 CFR 200.306

2 CFR 200 Subpart E - Cost Principles

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VOLUNTEER TIME & MILEAGE FORM

State Agency Name
Hunter Education Program

Location of Course:
(Town in which course was taught)

Type of Course:
(Basic, Bow, Muzzleloading, Map & Compass, Trapping, Waterfowl ID)

Name: _____ Region _____
(Please print your name clearly!!!)

Name of Master Instructor: _____

Address: _____ Your Contribution to the Course:
(If Basic course, be specific ie: Bowhunting Basics, Firearms and Ammunition, Hunter Ethics)

Date	Class No.	A. - Hrs. Admin.	B. - Hrs. Instruction	C. - Hrs. Travel	Add A + B + C	Miles Per. Date	Your Signature <i>Please sign each line</i>
Total Hours					◆		◆ Total Mileage

- A. Hours for administrative meetings, workshops, trainings, shows, planning or course preparation spent outside the classroom.
- B. Hours spent in the classroom (including set-up and break-down).
- C. Total hours spent traveling to and from activities (including time even if passenger).

Signature of Master Instructor: _____

Last Date of course: _____

Signature of Agency Hunter Ed Staff: _____

Date: _____

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6

Module 6

Completing the Federal Financial Report

Learning Objectives:

1. Properly complete the Federal Financial Report (SF-425) under a variety of various grant scenarios
2. Observe how the different program income disposition methods impact the amount of Federal funds left unliquidated at the close of an award.

Handouts:

- 6-1 Completing the Federal Financial Report (SF-425)



Exercise: Completing the Federal Financial Report

Scenario #1:

Approved Award: F19AF00001
 Total Grant Award: \$400,000
 Federal Share: \$300,000 (fully obligated)
 State Share: \$100,000
 Estimated Program Income: \$0

Total Expenditures: \$403,000 (does not include *in-kind*)
In-kind Match = \$0
 Program Income: \$0

Scenario #2:

Approved Award: F19AF00001
 Total Grant Award: \$400,000
 Federal Share: \$300,000 (fully obligated)
 State Share: \$100,000 (includes \$45,000 *in-kind*)
 Estimated Program Income: \$0

Total Expenditures: \$175,000 (does not include *in-kind*)
In-kind Match = \$45,000
 Program Income: \$100

Scenario #3:

Approved Award: F19AF00001
 Total Grant Award: \$400,000
 Federal Award Amount: \$300,000 (fully obligated)
 State Share: \$100,000
 Estimated Program Income: \$10,000 (deductive method)

Total Expenditures: \$435,000 (does not include *in-kind*)
In-Kind Match: \$0
 Program Income: \$10,000

Scenario #4:

Approved Award: F19AF00001
 Total Grant Award: \$400,000
 Federal Award Amount: \$300,000 (fully obligated)
 State Share: \$100,000
 Estimated Program Income: \$10,000 (additive method)

Total Expenditures: \$435,000 (does not include *in-kind*)
In-Kind Match: \$0
 Program Income: \$10,000



Exercise: Completing the Federal Financial Report

Scenario #5:

Approved Award: F19AF00001
Total Grant Award: \$400,000
Federal Award Amount: \$300,000 (\$200,000 obligated)
State Share: \$100,000 (includes \$100,000 *in-kind*)
Estimated Program Income: \$10,000 (deductive method)

Total Expenditures: \$310,000 (does not include *in-kind*)
In-Kind Match: \$100,000
Program Income: \$10,000

Scenario #6:

Approved Award: F19AF00001
Total Grant Award: \$400,000
Federal Share: \$300,000 (\$200,000 obligated)
State Share: \$100,000 (includes \$100,000 *in-kind*)
Estimated Program Income: \$10,000 (additive method)

Total Expenditures: \$310,000 (does not include *in-kind*)
In-Kind Match: \$100,000
Program Income: \$10,000

Scenario #7:

Approved Award: F19AF00001
Total Grant Award: \$400,000
Federal Award Amount: \$300,000 (fully obligated)
State Share: \$100,000 (includes \$95,000 *in-kind*)
Estimated Program Income: \$10,000 (additive method)

Total Expenditures: \$150,000 (does not include *in-kind*)
In-Kind Match: \$95,000
Program Income: \$10,000



Exercise: Completing the Federal Financial Report

Scenario #8:

Approved Award: F19AF00001
Total Grant Award: \$400,000
Federal Award Amount: \$300,000
State Share: \$100,000
Estimated Program Income: \$0

Total Expenditures: \$435,000 (does not include *in-kind*)
In-Kind Match: \$0
Program Income: \$0
Disallowed costs from OIG audit of F18AF00001: \$10,000 (Federal share)

New Program Income – Cost Share examples

Scenario #9

Approved Award: F19AF00001
Total Grant Award: \$400,000
Federal Award Amount: \$300,000 (fully obligated)
State Share: \$100,000
Estimated Program Income: \$100,000 (cost share method)

Total Expenditures: \$405,000 (does not include *in-kind*)
In-Kind Match: \$0
Program Income: \$100,000

Scenario #10

Approved Award: F19AF00001
Total Grant Award: \$400,000
Federal Award Amount: \$300,000 (fully obligated)
State Share: \$100,000
Estimated Program Income: \$100,000 (cost share method)

Total Expenditures: \$400,000 (does not include *in-kind*)
In-Kind Match: \$0
Program Income: \$150,000



Exercise: Completing the Federal Financial Report

Scenario #11

Approved Award: F19AF00001
Total Grant Award: \$400,000
Federal Award Amount: \$300,000 (fully obligated)
State Share: \$100,000 (includes \$10,000 *in-kind*)
Estimated Program Income: \$50,000 (cost share method)

Total Expenditures: \$400,000 (does not include *in-kind*)
In-Kind Match: \$10,000
Program Income: \$40,000

Scenario #12

Approved Award: F19AF00001
Total Grant Award: \$400,000
Federal Award Amount: \$300,000 (fully obligated)
State Share: \$100,000 (includes \$10,000 *in-kind*)
Estimated Program Income: \$100,000 (cost share method)

Total Expenditures: \$400,000 (does not include *in-kind*)
In-Kind Match: \$10,000
Program Income: \$150,000



Learning Points

- ✓ A final Federal Financial Report is required for every WSFR grant. Interim Federal Financial Reports may also be required depending on the duration of the period of performance or as a special term and condition of the award.
- ✓ The final Federal Financial Report is due within 90 calendar days after the end of the grant period of performance, unless an extension has been granted. Interim Federal Financial Reports are due within 90 calendar days after the grant has been open for four full Federal quarters.
- ✓ The WSFR Training Branch offers an instructional video tutorial for recipients to learn how to complete the Federal Financial Report accurately. The video is titled, [Completing the Federal Financial Report \(SF-425\)](#).
- ✓ OIG auditors may examine the Federal Financial Report for accuracy and have issued findings for inaccurate forms. OIG auditors have also issued findings for reports not being submitted by the required due date.

Completing the Federal Financial Report (SF-425)

Department of the Interior – U.S. Fish and Wildlife Service

Version 5.0

Updated: June 2018



Note: This is an instructional training aid created by the Wildlife and Sport Fish Restoration Program – Division of Financial Assistance Support and Oversight, Training Branch. Please contact the Training Branch (304-876-7927) if you have any questions.

Federal Financial Report

(Follow form Instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted <input type="text"/>	2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) <input type="text"/>
3. Recipient Organization (Name and complete address including Zip code) Recipient Organization Name: <input type="text"/> Street1: <input type="text"/> Street2: <input type="text"/> City: <input type="text"/> County: <input type="text"/> State: <input type="text"/> Province: <input type="text"/> Country: <input type="text"/> ZIP / Postal Code: <input type="text"/>	

1	Federal Agency and Organizational Element to Which Report is Submitted	Enter the name of the Federal awarding agency and the Organizational Element identified in your Notice of Award to which this report is being submitted. The Service recommends that its recipients enter "Department of the Interior - U.S. Fish and Wildlife Service".
2	Federal Grant or Other Identifying Number Assigned by Federal Agency	Enter the Federal grant or cooperative agreement number assigned by the Service. This is the grant or cooperative agreement number identified on your Notice of Award. This number is sometimes also referred to as the Federal Award Identification Number (FAIN).
3	Recipient Organization	Enter your organization's name and complete address. If you have received the award as a private citizen, not as an organization, enter your name and complete address. If you are a recipient located within the United States, when completing the form electronically the zip code field will require the zip code +4 and will return an error if you only enter a five-digit zip code. If you are a recipient located outside of the United States, it will be easier to complete this section if you select your respective country first before entering data in any other Box 3 field, as the required field settings change for foreign addresses.

4a. DUNS Number <input type="text"/>	4b. EIN <input type="text"/>	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment) <input type="text"/>
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4a	Dun & Bradstreet Data Universal Number System (DUNS) Number	For all recipients, except private citizens, enter your organization's 9 digit DUNS number. Recipients should make sure that the information entered in Boxes 3 and 4a matches to your organization's current DUNS registration. If you have received the award as a private citizen, enter "000000000" (nine 0s).
4b	Employee Identification Number (EIN)	All recipients except for private citizens located in the United States or any recipient located outside the United States must enter their organization's 9 digit Employer Identification Number (EIN) which is assigned to your organization by the Internal Revenue Service. This number is also sometimes referred to as the recipient's "Tax ID Number". If you are a private citizen located in the United States, enter "000000000" (nine 0s). Do not enter your Social Security Number. If you are a recipient located outside the United States, enter "444444444" (nine 4s).
5	Recipient Account Number or Identifying Number	Enter the unique account or identifier number that you use to track expenditures for the award in your financial management system, if applicable. Do not enter your bank account number. If you use the Federal Award Identification Number to track award expenditures, then enter the same number as in Box 2 or simply leave the field blank.

6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input type="checkbox"/> Final	7. Basis of Accounting <input type="checkbox"/> Cash <input type="checkbox"/> Accrual	8. Project/Grant Period From: <input type="text"/> To: <input type="text"/>	9. Reporting Period End Date <input type="text"/>
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6	Report Type	<p>Select the type of report that you are submitting. Quarterly, semi-annual, and annual reports are referred to as interim reports and may only be required for multi-year awards or as specific conditions to individual awards. The final report is the last financial report submitted for the award and is required for every Service award. If you are uncertain as to what type of report you are submitting, refer to your Notice of Award which will identify what types of financial reports are due for your award and at what frequency. If the Service has approved an extension to the award period of performance, refer to your amended Notice of Award for updated reporting deadlines.</p>
7	Basis of Accounting	<p>Select whether you as a recipient follow either the Cash or Accrual Method of Accounting. The difference between these two methods of accounting involves the timing at which transactions are recorded in your accounting system. The Cash Method of Accounting records revenue when it is received from the customer and records expenditures when they are paid to entities such as vendors and employees. The Accrual Method of Accounting records revenue when it is earned (not received) and records expenditures when they are incurred (not when they are paid). Some recipients utilize the Modified Cash Method of Accounting which incorporates elements of both forms of accounting. In this case, recipients should select Cash Method of Accounting.</p>
8	Project/Grant Period	<p>Enter the award period of performance start and end dates. If you are unsure about the start and end dates, please refer to the Notice of Award which will identify the period of performance start and end dates.</p>
9	Reporting Period End Date	<p>Enter the end date of the specific reporting period. This is the date that will signify the time period, beginning from the start of the award, to the date listed here, by which you are reporting on the financial status of funds expended under the award. Interim reporting period end dates align with the end of each Federal fiscal quarter to include March 31st, June 30th, September 30th, or December 31st. If you are unsure what your reporting period end date is, refer to your Notice of Award or contact the Service Technical Representative identified on your Notice of Award.</p>

10. Transactions	Cumulative
<i>(Use lines a-c for single or multiple grant reporting)</i>	
Federal Cash (To report multiple grants, also use FFR attachment):	
a. Cash Receipts	0.00
b. Cash Disbursements	0.00
c. Cash on Hand (line a minus b)	0.00

Boxes 10a-c focus on Federal cash and whether you have Federal cash on hand that exceeds your immediate cash needs.

10a	Cash Receipts	Enter the cumulative amount of cash that you have received from the Federal award as of the reporting period end date. This amount includes all cash received from the Federal award either in the form of cash advances or cash received as a result of reimbursements. If you, as a recipient, draw funds directly from the electronic payment system ASAP, then the amount entered here should equal the total amount of cash drawn from ASAP as of the reporting period end date. If you are waived or prohibited from using ASAP and request payment via submission of the SF-270 or 271, then the amount entered here should equal the total amount of federal cash received as of the reporting period end date.
10b	Cash Disbursements	Enter the amount of the Federal cash reported in Box 10a that has been disbursed to pay for eligible expenditures. Examples of disbursements include payments for goods and services, indirect costs applied to the award, and any advances or payments to contractors and subrecipients. The amount entered in Box 10b should never exceed the amount listed in Box 10a.
10c	Cash on Hand (line a minus b)	This is the difference between Box 10a and Box 10b. This represents the amount of Federal cash on hand that you have received from the Federal award that was not disbursed as of the reporting period end date. This amount can never be less than zero. Any amount of cash on hand should not exceed the recipient's immediate cash needs. 2 CFR 200.305 requires recipients to minimize the time elapsing between the advance payment of funds from the U.S. Treasury and its subsequent disbursement, regardless of how the payment is made.

Federal Expenditures and Unobligated Balance:	
d. Total Federal funds authorized	0.00
e. Federal share of expenditures	0.00
f. Federal share of unliquidated obligations	0.00
g. Total Federal share (sum of lines e and f)	0.00
h. Unobligated balance of Federal Funds (line d minus g)	0.00

Boxes 10d-h focus on the Federal Expenditures and Unobligated Balance of Federal funds.

10d	Total Federal funds authorized	Enter the total amount of Federal funds that have been authorized for the award as of the reporting period end date. Some Service awards may be funded incrementally; therefore, the total amount of funds authorized as of the reporting period end date may not be the same as the total award amount. The amount entered in this box should match the total amount of funds available to the recipient to draw either in ASAP or using the SF-270 for those entities that are waived or prohibited from ASAP, at the time of the reporting period end date.
10e	Federal share of expenditures	Enter the Federal share of funds that have been expended by the recipient as of the reporting period end date. Expenditures include payments for direct charges such as a payroll, services, supplies, travel, equipment, contracts, subawards, as well as indirect charges. When submitting a final report, the amount listed in Box 10e should equal the total amount of Federal funds drawn from ASAP or received as a result of payment requests made using the SF-270. The amounts may be different when submitting interim reports due to cash advances or pending draws for eligible expenditures. Recipients that have been approved to generate program income should NOT include any expenditures of Federal program income in Box 10e. This information will be displayed later in the program income section in Boxes 10l-o.
10f	Federal share of unliquidated obligations	Enter the Federal share of unliquidated obligations. For recipients who utilize the cash method of accounting, these are obligations or commitments to vendors, contractors, and subrecipients that have been <i>incurred</i> , but not yet paid. For recipients who utilize the accrual method of accounting, these are incurred obligations or commitments for which an expenditure has not yet been recorded. For example, a recipient receives an invoice for vehicle repairs, yet does not plan to pay the invoice until 30 days from now. This is an example of an unliquidated obligation. If there are no recipient obligations or commitments, simply enter \$0. On the final SF-425, the amount here should always be \$0 unless the Service has provided you with other instructions.

10g	Total Federal share (sum of lines e and f)	Add up the total amounts listed in Boxes 10e and 10f to get the total Federal share of expenditures and unliquidated obligations and commitments as of the reporting period end date. If you are completing the SF-425 electronically, the form completes this calculation for you automatically once you enter the amounts in Boxes 10e and 10f.
10h	Unobligated balance of Federal Funds (line d minus g)	Subtract the amount entered in Box 10g from the amount in Box 10d to get the total unobligated balance of Federal funds. This represents the amount of Federal funds remaining to be spent for the award as of the reporting period end date. Similar to Box 10g, if you are completing the SF-425 electronically, the form completes this calculation for you automatically once you enter the amounts in boxes 10d, 10e, and 10f.

Recipient Share:	
i. Total recipient share required	0.00
j. Recipient share of expenditures	0.00
k. Remaining recipient share to be provided (line i minus j)	0.00

Boxes 10i-k represents financial information about the *Recipient's Share* of expenditures under the Federal award. If your award includes a recipient cost share or matching funds as identified in your Notice of Award, you must complete this section. If not, you may skip this section completely.

10i	Total recipient share required	Enter the total amount of cost-share or matching funds required to meet the conditions of the award as stated in your Notice of Award or recent amendment. For example, a recipient is awarded a grant totaling \$1 million that has a mandatory 3:1 match requirement. The Federal share of this award is \$750,000. The recipient is required to provide the remaining \$250,000 in matching funds. When reporting on this award, the recipient would enter \$250,000 in Box 10i as the Total Recipient Share Required.
10j	Recipient share of expenditures	Enter the amount of actual cash expenditures that have been disbursed to meet the recipient's cost share or matching requirements under the award. This amount may include cost share disbursements by any contractors and subrecipients. This amount may also include the value of any third party in-kind contributions charged to the award, as well as the recipient's share of any program income expended under the award. Lastly, this amount may also include any cost share or matching funds in excess of the amount required to meet the recipient's share of the award (this is commonly referred to as "overmatch"). For those awards that require a recipient cost share, in order for you to receive all Federal funds under the award, the amount of cost share expenditures in Box 10j must be equal to or greater than the amount required in Box 10i. If the amount listed in Box 10j is less than Box 10i, then some amount of Federal funds will be left unliquidated at the close of the award and this will be identified in Box 10h.
10k	Remaining recipient share to be provided (line i minus j)	This represents the amount of any additional recipient share of expenditures that must be disbursed in order for you to receive any additional Federal funds under the award. If the amount entered in Box 10j exceeds the amount in Box 10i, then enter "\$0" in Box 10K. Box 10K can never be a negative number. If you are completing the SF-425 electronically, the form completes this calculation for you automatically once you enter the amounts in Boxes 10i and 10j.

Program Income:	
I. Total Federal program income earned	0.00
m. Program Income expended in accordance with the deduction alternative	0.00
n. Program Income expended in accordance with the addition alternative	0.00
o. Unexpended program income (line I minus line m or line n)	0.00

Boxes 10l-o provides financial information about the Federal share of any program income that has been authorized under the award. You should skip this section completely, unless your award has generated program income.

10l	Total Federal program income earned	Enter the Federal share amount of any program income earned under the award. The only exception is if you are approved to earn and use program income to meet the cost sharing or matching requirements of the award as stipulated under 2 CFR 200.307(e)(3) or any program specific rules and regulations that govern your award. Under this scenario, you treat all program income earned as cost share by including it in Box 10j (Recipient Share of Expenditures).
10m	Program Income expended in accordance with the deduction alternative	Enter the total amount of Federal program income, identified in Box 10l, that was expended in accordance with the deduction method. Deduction is the default method for all recipients, except Institutions of Higher Education and nonprofit research institutions, if the Service does not specify in its regulations or Notice of Award.
10n	Program Income expended in accordance with the addition alternative	Enter the total amount of Federal program income, identified in Box 10l, that was expended in accordance with the additive method. Additive is the default method for all Institutions of Higher Education and nonprofit research institutions.
10o	Unexpended program income (line I minus line m or line n)	Subtract Boxes 10m and 10n from Box 10l. This represents the amount of Federal program income that you have not yet expended under the award as of the reporting period end date. According to the Cash Management Improvement Act, recipients are required to expend Federal program income earned prior to requesting any future Federal funds. For those recipients who complete the SF-425 electronically, Box 10o is completed automatically once you enter the amounts in Boxes 10l, 10m, and 10n.

11. Indirect Expense						
a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
<input type="text"/>						
<input type="text"/>						
g. Totals:				<input type="text"/>	<input type="text"/>	<input type="text"/>

Box 11 is where you enter financial information concerning indirect costs that have been charged to the award. In order for indirect costs to be charged to the award, the recipient must have an approved negotiated indirect cost rate agreement with their Federal cognizant agency and received approval from the Service to charge indirect costs as indicated in the Notice of Award. If you have agreed to accept the 10% *de minimis* indirect rate as a condition of the award, this serves as an approved negotiated indirect cost rate agreement. Recipients who receive Federal awards as private citizens should leave this section blank as they are not eligible to charge indirect costs.

Reporting on indirect costs is cumulative over the life of the award. If you are reporting on a multi-year award and have more than one approved negotiated indirect cost rate agreement that will be in effect during the life of the award, you will report indirect costs in this section on separate lines corresponding to each indirect cost rate applied. The form allows for only two different approved indirect cost rates to be listed. If you have more than two approved indirect cost rates being charged to the award during the reporting period, simply provide the additional lines of indirect cost information in a separate attachment. You can add an attachment by clicking the button labeled "Add Attachment" in Box 12.

11a	Type	Enter the type of indirect rate that you have been approved to charge to the award. There are several different types of indirect rates with the most common types being: (1) Provisional Rate; (2) Final Rate; (3) Predetermined Rate; (4) Fixed Rate with Carry-Forward; (5) Special Rate; and (6) 10% <i>de minimis</i> . If you are unsure as to what type of indirect rate you have been approved to apply to the award, refer to your Negotiated Indirect Cost Rate Agreement (often referred to as the NICRA).
11b	Rate	Enter the approved indirect rate (this is a percentage).
11c	Period from Period to	Enter the effective time period of the approved indirect cost rate. Typically, most approved indirect rates are valid for 1 to 2 year time periods.
11d	Base	Enter the total amount of direct cost base charged to the Federal award through the reporting period end date against which the indirect rate was applied. The most common types of bases include: (1) Salaries; (2) Salaries and Fringe; and (3) Modified Total Direct Costs (MTDC). The type of base will be identified on your NICRA letter.

11e	Amount Charged	Enter the total amount of indirect costs that have been charged to the Federal award as of the reporting period end date. This is calculated by multiplying the indirect rate percentage entered in Box 11b with the direct cost base amount in Box 11d.
11f	Federal Share	Enter the Federal share of indirect costs that have been applied to the award. If your award is 100% Federally funded, then the Federal share of indirect costs in Box 11f should equal the total amount of indirect cost charged in Box 11e. If your award includes a cost share, multiply the total indirect costs entered in Box 11e by the Federal rate of participation, meaning the percent contribution of Federal funds to the total award, to obtain the Federal share amount of indirect costs to enter in Box 11f. For example, if your award requires a mandatory 25% recipient cost share, then you can only apply 75% of the total indirect costs to the Federal share.
11g	Totals	When more than one indirect cost rate is applied to the award during the reporting period end date, you must complete Boxes 11g to show the total amount of the direct cost base charged under column 11d, the total amount of indirect costs charged to the award under column 11e, and the Federal share of indirect costs under column 11f. If you complete the SF-425 electronically, the form completes these calculations automatically after you enter the amounts in Boxes 11d, 11e, and 11f. If you complete the form manually, the amounts entered in each of the Boxes of 11g are simply a summation of the direct cost base charged to the award, amount of indirect costs charged to the award, and the Federal share of indirect costs charged to the award during the reporting period end date.

12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:

13. Certification: By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).

a. Name and Title of Authorized Certifying Official

Prefix: First Name: Middle Name:
 Last Name: Suffix:
 Title:

b. Signature of Authorized Certifying Official

c. Telephone (Area code, number and extension)

d. Email Address

e. Date Report Submitted

14. Agency use only:

12	Remarks	Enter any explanations or additional information as needed to explain aspects of your report or as requested by the Service in your Notice of Award. Please consult with the Service Technical Representative identified on your Notice of Award if you have any questions as to the type of information that should be entered in Box 12. Examples of information may include details on third party in-kind hours and total value, information concerning audit payback of funds, reasons why excess cash is on hand as reported in Box 10c, and a breakdown of the source and type of recipient cost share reported in Box 10j.
13a	Name and Title of Authorized Certifying Official	Enter the name and title of the individual or official who is authorized to certify the SF-425 on behalf of the recipient.
13b	Signature of Authorized Certifying Official	Enter the signature of the individual or official who is authorized to certify the SF-425 on behalf of the recipient
13c	Telephone	Enter the telephone number of the individual or official who is authorized to certify the SF-425 on behalf of the recipient.
13d	Email Address	Enter the email address of the individual or official who is authorized to certify the SF-425 on behalf of the recipient.
13e	Date Report Submitted	Enter the date on which the report was submitted to the Service.
14	Agency use only	Do not complete this box. This is reserved for the Service.

7

Module 7 Real and Personal Property

Learning Objectives:

1. Define and describe real and personal property.
2. Describe the acceptable methods that may be used to determine the value of real property.
3. Describe the two different types of appraisal standards and what conditions under which each may be used to determine an opinion of value of a parcel of real property.
4. Describe when land may be used as match to another financial assistance award. Describe what conditions apply to the parcel of land used as match.
5. Understand a non-Federal entity's managing, monitoring, and reporting requirements for real property acquired under financial assistance awards.
6. Describe the process by which a non-Federal entity may dispose of real property that is no longer needed for the originally authorized purpose.
7. Define and describe equipment.
8. Understand the equipment use, management, and disposition requirements for recipients who are States and all other non-Federal entities.

Handouts:

- 7-1 Simplified Acquisition Procedures
- 7-3 Default Acquisition Procedures
- 7-5 Who May Hold Title Flow Chart

Real Property

Real property means land, including land improvements, structures, and appurtenances thereto, but excludes moveable machinery and equipment (**2 CFR 200.85**).

For those awards governed by 50 CFR 80, real property has a more detailed definition to include one, several, or all interests, benefits, and rights inherent in the ownership of a parcel of land or water (**50 CFR 80.2**). Examples of real property include:

- Fee and leasehold interests;
- Rights attached to parcels, regardless of ownership (e.g. conservation easements); and
- Resources beyond the parcel, such as water and mineral rights.

A parcel includes (unless limited by its legal description) the air space above the parcel, ground below it, and anything physically and firmly attached by natural process or human action. Examples include standing timber, other vegetation (except annual crops), buildings, roads, fences, and other structures.

Personal Property

Personal property means property other than real property. It may be tangible, having physical existence, or intangible (**2 CFR 200.78** and **50 CFR 80.2**).

Tangible personal property includes:

- Objects, such as equipment and supplies, that are moveable without substantive damage to the land or any structure to which they may be attached;
- Soil, rock, gravel, minerals, gas, oil, or water after excavation or extraction from the surface or subsurface;
- Commodities derived from trees or other vegetation after harvest or separation from the land; and
- Annual crops before or after harvest.

Equipment is tangible personal property having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000 (**2 CFR 200.33**).

Intangible personal property includes:

- Intellectual property such as patents or copyrights;
- Securities, such as bonds and interest bearing accounts;
- Licenses revocable at the landowner's discretion, terminate when the landowner dies or the area of land or water passes to another owner, or do not transfer a right of exclusive use and possession of an area of land or water. or that term.

Determining Reasonable Cost of Real Property

WSFR may determine that the cost of real property is reasonable as long as the price paid was the result of an approved valuation method. *Price* is the amount that a particular purchaser agrees to pay and a particular seller agrees to accept under the circumstances of the transaction. *Value* is an opinion of the worth of a property at a given time according to a specific definition of value.

Methods of Valuation of Real Property

The following methods may be used as an acceptable method to determine the value of real property:

- Appraisal
- Waiver valuation
- Administrative settlement
- State procedures
- Judicial

Notes:

Appraisal Standards

Appraisals must be prepared by a state certified general appraiser who develops the opinion of value of the parcel of real property. This opinion is presented in an appraisal report (which must be self-contained). A review appraiser then examines the market analysis in order to support the appraiser's opinion of value.

- For acquisitions using the Simplified Acquisition Procedures (see **Handout 7-1**), the appraiser uses the *Uniform Standards of Professional Appraisal Practice* (USPAP) and the conditions in **49 CFR 24.103**.
- For acquisitions using the Default Acquisition Procedures (see **Handout 7-3**), the appraiser must use the *Uniform Appraisal Standards for Federal Land Acquisition* (UASFLA - Yellow Book).

Appraisals need to be updated when the value estimate no longer reflects the conditions in the local real estate market.

WSFR must approve the qualifications of the appraiser and review appraiser before the recipient commits to using them. Recipients must inform the appraiser that the U.S. Fish and Wildlife Service is an intended user of the appraisal report.

Land as Match

WSFR may approve the current market value of land to be used as match for other real property acquisition and facilities acquisition/construction projects (**2 CFR 200.306(d)(2)**). In order to do so, the land being used as match must meet all the criteria under **2 CFR 200.306(b)**, including being necessary and reasonable to accomplish the project objectives.

Common scenarios where the value of land (with no Federal nexus attached to it) may be used to meet the match requirements for other projects:

- A site specific-land acquisition project may use the value of land within the defined project area if it is necessary and reasonable for the land acquisition project.
- A land acquisition project with objectives based on specific habitat types by location in the State may use the value of land which meets the same criteria for specific habitat types.
- For a construction project, only the amount of land required may be counted for in-kind matching purposes.

Valuation of Land Used as Match

When a recipient requests to use the value of land as match towards another project, they must identify the parcel of land that they will use as match in the award proposal. The recipient then uses an approved appraisal method to determine the current market value for the parcel of land. The value determined is the current market value for the parcel of land, even if the recipient acquired the land previously for a different value. This value is then incorporated into the award proposal as match for the current award objectives.

Guidance on establishment and use of land value as match is found in Service Manual **522 FW 24**. This chapter applies to Wildlife Restoration, Sport Fish Restoration, State Wildlife Grants, and Landowner Incentive Programs.

The entire parcel of land used as match, and described in the award proposal, becomes subject to the rules and regulations of the Federal program it is satisfying the match requirements of, as applicable, at the time a recipient uses any portion of the value of the parcel as match in the Federal program. This is accomplished by incorporating a covenant on the deed ensuring that the recipient will use the entire parcel in perpetuity for the purposes of the Federal program (i.e. Notice of Federal Participation – NOFP).

If the recipient does not use the entire value of a parcel of land as match, they subtract the value used as match from the total value of the parcel. The remaining value becomes available for match in subsequent Federal program awards consistent with Service Manual **522 FW 24**.

Recipients may use the remaining value of a parcel of land as match for subsequent Federal program awards as long as:

- (1) the purpose does not conflict with the scope and purpose of the original Federal program;
- (2) the value of the match is an allowable and applicable cost;
- (3) the recipient has not used the remaining value of the land as match for any other Federal program; and
- (4) the recipient maintains records that substantiate the remaining value available for match.

Notes:

Managing and Monitoring Real Property

Title to real property acquired or improved under a Federal award will vest upon acquisition in the non-Federal entity (see **Handout 7-5**). Real property will be used for the originally authorized purpose as long as needed for that purpose, during which time the non-Federal entity must not dispose or encumber its title or other interests (**2 CFR 200.311(a-b)**).

Both during and after the period of performance, non-Federal entities must manage and monitor real property to ensure compliance with all applicable Federal, State, and local requirements, in addition to any terms and conditions of the Federal award.

Non-Federal entities must submit reports at least annually on the status of real property in which the Federal government retains an interest. If the Federal interest in the real property extends 15 years or longer, then the Federal awarding agency or pass-through entity, at its option, may require the non-Federal entity to report at various multi-year frequencies (not to exceed a five-year reporting period). See **2 CFR 200.329**.

As a Best Management Practice, State's should establish a Real Property Monitoring System. The cornerstone of a good monitoring program is a strong, detailed land inventory system, as well as informed staff (both field and leadership). The data contained in the inventory system assists the State in performing its compliance monitoring and real property reporting requirements (land reconciliation process).

Suggested Elements of Monitoring Compliance for Real Property

A Real Property Monitoring System should focus on the following:

1. Secondary Use
2. Control
3. Income

Notes:

Monitoring – Secondary Use

The State fish and wildlife agency may allow commercial, recreational, and other secondary uses of a grant-funded parcel of land, water, or capital improvement if these secondary uses do not interfere with the authorized purpose of the grant (**50 CFR 80.134**).

At the request of the State fish and wildlife agency, the Service will confer on recreational, commercial, or other secondary activities or related facilities.

The State fish and wildlife agency has responsibility for accountability and control of all assets, and has responsibility to determine if a recreational, commercial, or other secondary activity or related facility interferes with the purpose for which it acquired, developed, or is managing the land, water, or capital improvement. However, the Service has the right to review and inspect at any time to ensure compliance. See Service Manual **522 FW 21.7** and **22.7**.

Interference is not defined in **50 CFR 80**, but it generally encompasses those activities that impede, hinder, or obstruct (in any manner) the achievement of award objectives.

If a State fish and wildlife agency allows a use of real property that interferes with its authorized purpose, the agency must fully restore the real property to its authorized purpose or it must replace the real property using non-Federal funds (**50 CFR 80.135**).

Monitoring – Control of Real Property

Real property will be used for the originally authorized purpose as long as needed for that purpose, during which time the non-Federal entity must not dispose of or encumber its title or other interests (**2 CFR 200.311(b)**).

Also, the State fish and wildlife agency must control the parcel of land and water on which it completes a grant-funded capital improvement. Control is exercised by holding title to a fee or leasehold interest or through another legally binding agreement. Control must be adequate for the protection, maintenance, and use of the improvement for its authorized purpose during its useful life, even if the agency did not acquire the parcel with grant funds (**50 CFR 80.132**).

States should give careful consideration to the following control issues:

- Ownership changes
- State legislature activities attempting to take control
- Boundary issues and maintenance / encroachment
- Land records reconciliation and reporting

Methods of Disposition of Real Property

There are three alternatives for the disposition of real property acquired or used as match with Federal funds.

Retention of Title

The non-Federal entity may retain title after compensating the Federal awarding agency. The amount paid to the Federal awarding agency will be computed by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and costs of any improvements) to the fair market value of the property. When the non-Federal entity is disposing of real property and acquiring replacement real property under the same Federal award, the net proceeds from the disposition may be used as an offset to the cost of replacement property (**2 CFR 200.311(c)(1)**).

Sale of Property

The non-Federal entity may sell the property and compensate the Federal awarding agency. The amount due to the Federal awarding agency will be calculated by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and cost of any improvements) to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses (**2 CFR 200.311(c)(2)**).

Disposal of real property constitutes a Federal action under NEPA. There is no Categorical Exclusion for disposal of real property. An Environmental Assessment may be required.

Sales procedures must be utilized that provide for competition to the extent practicable and result in the highest possible return.

Transfer of Title

The non-Federal entity may transfer title to the Federal awarding agency or to a third-party designated/approved by the Federal awarding agency. The non-Federal entity is entitled to be paid an amount calculated by applying the non-Federal entity's percentage of participation in the purchase of the real property (and costs of any improvements) to the current fair market value of the property (**2 CFR 200.311(c)(3)**).

Notes:



Exercise: Real Property

Using the Toolkit to review **2 CFR 200.311**, **2 CFR 200.307(d)**, **50 CFR 80.130**, **522 FW 20**, **522 FW 21**, **522 FW 22**, **522 FW 24** to answer the questions below.

1. What restrictions apply to a parcel of land that a State uses as match in a WSFR grant?

The entire parcel described in the grant proposal becomes subject to the rules and regulations of the programs at the time a State uses any portion of the value of the parcel as match. State must incorporate a covenant on the deed ensuring it will use the entire parcel in perpetuity for the program purpose. Service Manual **522 FW 24.6**.

2. Under what conditions may land, purchased with federal funds be sold, traded or its purpose changed? What about land purchased with license revenues?

When the State believes the land no longer serves the purpose for which it was acquired, then the State must receive approval from the Regional Director to dispose or to use the land for another eligible purpose. Fair market value must be received for the land and the Federal share of proceeds must be returned to the grant program or replace with property of equal value and benefit. See **50 CFR 80.137** and **2 CFR 200.311(c)**. Lands acquired with license revenue must remain under the control of the State fish and wildlife agency, or else diversion occurs. If lands are disposed of, the revenue is considered license revenue and is protected under the State's assent legislation requirement. No Federal approval is needed to dispose of land acquired with license revenue. See Service Manual **522 FW 20.6**.



Exercise: Real Property

3. Who is responsible for determining whether or not recreational or commercial activities are allowed on land and/or facilities acquired developed or managed with federal monies? What factors are considered to make the decision?

The State fish and wildlife agency determines what recreational or commercial activities (secondary uses) or related facilities may be allowed on lands acquired with Federal funds. The State must ensure that such uses do not interfere with the authorized purpose of the grant (**50 CFR 80.134**).

See also Service Manual **522 FW 20-22**.

4. A state wildlife agency purchased a fee title (ownership) interest in a parcel of land adjacent to a state park with Enhanced Hunter Education funds for the purpose of building a shooting range. Under terms of a legally binding MOA, the state park will manage and maintain the range for its expected useful life. The state wildlife agency intends to give title to the parcel of land to the state park as soon as construction of the shooting range is complete. Is this allowable?

No. Only the State fish and wildlife agency may hold title to an ownership interest in real property acquired under a Wildlife or Sport Fish Restoration Grant (**50 CFR 80.130**). For non-WSFR programs, more than one entity may hold title to an ownership interest in real property.

5. What are the two acceptable types of appraisals that are used for WSFR land acquisitions and what factors determine when each type must be used.

Uniform Standards of Professional Appraisal Practice (USPAP) or Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) may be used for those acquisitions meeting the simplified acquisitions process. UASFLA is only required for the default acquisition process (in WSFR, this is typically when a State acquires real property through eminent domain).

Personal Property – Equipment

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000 (**2 CFR 200.33**).

Recipients with a capitalization level of less than \$5,000 must use that threshold for defining equipment.

Acquisition cost means the cost of the asset including the cost to ready the asset for its intended use. For equipment, this means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired (**2 CFR 200.2**).

Equipment – Acquisition

Expenditures for general purpose equipment are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity (**2 CFR 200.439(b)(1)**).

Approval of the award constitutes WSFR (Federal awarding agency) approval of the direct charging of equipment.

Expenditures for special purpose equipment are allowable as direct costs, provided the prior written approval of the Federal awarding agency or pass-through entity (**2 CFR 200.439(b)(2)**).

Expenditures for improvements to equipment, which materially increases its value or useful life are unallowable as a direct cost, except with the prior written approval of the Federal awarding agency or pass-through entity (**2 CFR 200.439(b)(3)**).

Subject to the obligations and conditions set forth in **2 CFR 200.313**, title to equipment acquired under a Federal award will vest upon acquisition in the non-Federal entity.

Notes:

Equipment – Use, Management, and Disposition

Recipients who are States are granted autonomy under 2 CFR 200 when it comes to use, management, and disposition of equipment acquired under Federal awards. “A State must use, manage, and dispose of equipment acquired under a Federal award by the State in accordance with State laws and procedures” (2 CFR 200.313(b)). State’s should also refer to the Notice of Award for any additional terms and conditions regarding equipment.

All other non-Federal entity recipients and subrecipients must follow **2 CFR 200.313(c-e)** in terms of use, management, and disposition of equipment. In terms of use of equipment, equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award. When no longer needed, equipment may be used on other activities in the following order of priority:

1. Other activities supported by the Federal awarding agency.
2. Activities under an award from the Federal awarding agency which funded the original program or project.
3. Activities under an award from other Federal awarding agencies.

In regards to management of equipment, non-Federal entities should refer to **2 CFR 200.313(d)** for the specific requirements and information concerning property records and physical inventory.

When equipment is no longer needed, the non-Federal entity must request disposition instructions from the Federal awarding agency or pass-through entity, if required by the terms and conditions of the award (**2 CFR 200.313(e)**).

1. Equipment with a fair market value of \$5,000 or less may be retained, sold, or disposed of with no further obligation to the Federal awarding agency or pass-through entity.
2. Equipment with a fair market value in excess of \$5,000 may retained or sold, but the Federal awarding agency or pass-through entity is entitled to an amount based on the percentage of participation in the cost of the original purchase.

Entity’s may retain \$500 or 10% (whichever is less) for its selling and handling expenses.

Notes:



Exercise: Equipment

Use **2 CFR 200.33**, **2CFR 200.313**, and **50 CFR 80** to answer the following questions regarding equipment acquired under Federal financial assistance.

1. What laws and procedures does the State follow in the use, management and disposal of equipment? What about other grantees?

States who acquire equipment must use it for the authorized purpose of the project. After that, States follow their laws/procedures for how equipment is used, managed, and disposed (**2 CFR 313(b)**).

All other non-Federal entities follow the requirements of **2 CFR 200.313(c-e)**.

At disposition, equipment with current market value of \$5,000 or less may be retained, sold, or disposed of with no further obligation. If market value is greater than \$5,000, then the Federal awarding agency or pass-through is compensated their percentage of participation in the original acquisition.

All entities must consult the Notice of Award for any special terms and conditions that may also apply to equipment acquired on the award.

2. The State of Protection acquired a fish shocking boat with a federal grant. The boat is no longer needed for the grant and they wish to dispose of it. The boat has a current fair market value of \$8,000. What are the requirements if the grant is still open? Would requirements change if disposal occurred after the grant expired?

If the grant is still open, the State must compensate the Federal program its Percentage of participation in the original acquisition (75% of \$8,000).

States may send the program a check or use the program income (deduction) method to compensate the Federal program.

If the original acquisition grant is close, then States follow **2 CFR 200.313(b)**.

State's use, manage, and dispose of equipment according to State laws and procedures. If the State chooses to dispose, there is no repayment to the Federal program (that only occurs for other non-Federal entities). State's should review the Notice of Award for any special terms and conditions.



Exercise: Equipment

3. The State is consolidating its vehicle fleet into a centralized system. Under the proposal the current fleet of fish and wildlife agency vehicles will be transferred to a newly created department called Fleet Management Services. Some of the vehicles were purchased using license fees and several were acquired using a federal grant that is now closed. The fish and wildlife agency will be required to lease vehicles from Fleet Management Services in the future. What concerns does this raise in relation to the WSFR program.

The State may do this. If the agency vehicles are taken, this may represent diversion, if the agency is not compensated for the current market value of the vehicles. Also, what is the lease rate that will be charged to the agency? Need to ensure the rate is Reasonable and similar to what other State agencies are being charged.

4. Equipment purchased on a federal grant is occasionally loaned to the State Parks for use on a State Park while the grant is still open. Is this allowable? Under what circumstances, may the equipment be used outside of the project?

No, the equipment must be used on the project for which it was acquired. Equipment must be used for the authorized purpose of the project (2 CFR 200.313(a)(1)). If equipment is given to State Parks, then diversion has just occurred as license revenue is being used outside the purposes of the State fish and wildlife agency (50 CFR 80.11(c)(2)). Equipment may be loaned to State Parks if the license revenue fund is made whole by charging a fee.

5. Define the term “equipment” as it relates to Federal financial assistance?

Tangible personal property having a useful life of more than one year and a Per-unit acquisition cost which equals or exceeds the lesser of the Capitalization level established by the non-Federal entity or \$5,000 (2 CFR 200.33). Have students explain capitalization thresholds and requirements. Have students explain per-unit acquisition cost.



Learning Points

- ✓ Real property means land, including land improvements, structures, and appurtenances thereto, but excludes moveable machinery and equipment (**2 CFR 200.85**).
- ✓ Personal property means property other than real property. It may be tangible, having physical existence, or intangible (**2 CFR 200.78** and **50 CFR 80.2**).
- ✓ When determining the value of land under Federal financial assistance acquisition awards, the value must be determined by a state certified general appraiser. There are two types of appraisals: (1) Uniform Standards of Professional Appraisal Practice (USPAP) and (2) Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), often referred to as Yellow Book.
- ✓ When land is used as match, the entire parcel of land used as match becomes subject to the rules and regulations of the Federal program it is satisfying the match requirements of, as applicable.
- ✓ The State fish and wildlife agency may allow commercial, recreational, and other secondary uses of a grant-funded parcel of land, water, or capital improvement if these secondary uses do not interfere with the authorized purpose of the grant.
- ✓ When real property is no longer needed for the originally authorized purpose, the non-Federal entity must obtain disposition instructions from the Federal awarding agency or pass-through entity. There are three alternatives used for disposing of real property.
- ✓ Equipment is tangible personal property having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity or \$5,000.
- ✓ Acquisition of general purpose equipment, special purpose equipment, or capital improvements to equipment as a direct charge requires prior approval of the Federal awarding agency or the pass-through entity.
- ✓ States must use, manage, and dispose of equipment acquired under a Federal award in accordance with State laws and procedures. All other non-Federal entities follow the requirements of **2 CFR 200.313(c-e)**.

Simplified Acquisition Procedures

Step 1 - Buyer obtains WSFR approval to acquire one of the following types of real property interests:

- Fee Simple
- Fee with exception to title
- Partial interest

Step 2 - Buyer obtains WSFR approval of the qualifications of the appraiser and review appraiser

Step 3 - Buyer obtains an estimate of market value and bases it on:
(a) an appraisal report and appraisal review report,
(b) a waiver valuation report, ...to use waiver valuation the estimate of market value must be less than \$25,000 and the valuation of the property must not be complicated., or
(c) a report estimating the value of real property subject to auction

Step 4 - Buyer gives the owner the following documents before making an offer:
(a) A written notice that the buyer will not be able to acquire the property if negotiations do not result in an agreement, and
(b) A written statement of the amount that the buyer believes is the market value of the property.

Step 5 - Buyer negotiates a purchase price of no more than the amount determined by the estimate of market value as determined by a WSFR approved valuation method

Step 6 - Buyer and seller enter into a purchase agreement.

- Buyer conducts a due-diligence inspection of the property
- Buyer arranges for a boundary survey if necessary
- Buyer arranges for a title search and the subsequent issuance of a title insurance policy or a certificate of title

Step 7 - Seller delivers the deed or other conveyance document to the buyer in exchange for payment of the negotiated price. Buyer pays seller's eligible expenses incidental to transfer following 49 CFR 24.106

Step 8 - Buyer records the deed or other instrument transferring title or other real property interest, and a Notice of Federal Participation.

Step 9 - Buyer follows 49 CFR 24.105 to acquire tenant-owned improvements

Step 10 Buyer follows 49 CFR 24, Subparts C–F, to provide relocation assistance to any qualifying tenant(s). Neither sellers nor government tenants receive relocation benefits under the simplified acquisition procedures

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Default Acquisition Procedures

Step 1 - Buyer obtains WSFR approval to acquire one of the following types of real property interests:

- Fee Simple
- Fee with exception to title
- Partial interest

Step 5 - The buyer establishes just compensation and gives the owner:

- (a) the written offer, and
- (b) a summary of the basis of the offer (see 49 CFR 24.102(d-g)). The offer of just compensation must not be less than the estimated market value in an approved waiver-valuation report or an approved appraisal report as confirmed or modified by an approved appraisal-review report. The offer of just compensation must also take into account the value of allowable damages or benefits to any remaining property. If the acquisition of only a portion of the real property would leave the owner with an uneconomic remnant, the buyer must offer to buy the uneconomic remnant along with the portion of the property needed for the project.

Step 2 - The buyer gives the owner of the real property a Notice of Intent to Acquire. This tells the owner of the buyer's interest in acquiring the real property and basic protections available to the owner under 49 CFR 24 (see 49 CFR 24.102(b) and 24.203(d)).

Step 6 - The seller delivers the deed or other conveyance document to the buyer in exchange for payment of an amount based on:

- (a) the offer of just compensation, or
- (b) one of the exceptional valuation procedures which WSFR must approve in advance.

The buyer pays the seller's eligible expenses incidental to transfer following 49 CFR 24.106.

Step 3 - Buyer obtains WSFR approval of the qualifications of an appraiser and review appraiser

Step 7 - If the buyer has started a condemnation action, the buyer deposits with the court, for the benefit of the owner, an amount not less than the buyer's approved waiver valuation or approved appraisal of the fair market value supported by an appraisal review or the court award of compensation

Step 4 - The buyer obtains an appraisal of the real property (as confirmed or modified by an appraisal review) if the informal estimate of market value is more than \$10,000 OR if the valuation is complicated. Otherwise, the buyer obtains a waiver valuation of the real property. We may approve a threshold up to \$25,000 for using a waiver valuation if the buyer offers the owner the option of having the property appraised and the owner declines.

Step 8 - Buyer records the deed or other instrument that transfers title or other real property interest, and a Notice of Federal Participation.

If the buyer obtains an appraisal and appraisal review, they must conform to the Uniform Appraisal Standards for Federal Land Acquisition (UASFLA).

WSFR must approve the appraisal and appraisal-review reports (or waiver valuation report) before the buyer moves to Step 5.

Step 9 - The buyer follows 49 CFR 24.105 to acquire any tenant-owned improvements.

Step 10 - The buyer provides relocation assistance to a qualifying seller or tenant(s) following 49 CFR 24, Subpart C-F. A governmental entity is not eligible for relocation assistance as a seller or tenant (see 49 CFR 24.202, 24.301, 24.401, and 24.501, and the definitions of person and displaced person at 49 CFR 24.2(a)(9) and 49 CFR 24.2(a)(21)).

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Module 8 Pass Through Agreements

Learning Objectives:

1. Understand and describe the differences between a recipient, pass-through entity, subrecipient, and contractor in relation to financial assistance awards.
2. Describe the characteristics used to determine subrecipients versus contractors.
3. Correctly classify each pass through agreement as a subaward or contract.
4. Understand the information required to be included in a subaward.
5. Understand the additional requirements placed on pass-through entities when subawarding Federal funds.
6. Understand the reporting requirements of pass-through entities as a result of the Federal Funding Accountability and Transparency Act (2006).

Handouts:

- 8-1 Subrecipient vs Contractor Checklist – example only
- 8-5 AGA Subrecipient vs Contractor Checklist – example only
- 8-9 FWS Form 3-2462 Financial Assistance Recipient Risk Assessment

Background

Recipients of Federal financial assistance programs may enter into agreements with outside entities to perform grant related activities by means of pass through agreements.

Depending on the relationship between the prime recipient and the entity receiving the funds, the entity receiving funds may be considered a subrecipient or a contractor.

Federal regulations differ for subrecipients and contractor. In order to comply with the correct regulations a determination between subrecipient or contractor must be made.

Subrecipient and Contractor Determinations

The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor (see **Handouts 8-1 and 8-5**). The Federal awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with **2 CFR 200.330**.

2 CFR 200.330(c) Use of judgment in making determinations. In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics of subrecipient or contractor may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract.

Notes:

Subrecipients

A subrecipient means “a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.” (see **2 CFR 200.93**)

Typical characteristics which support the classification of a non-Federal entity as a subrecipient include when the non-Federal entity (see **2 CFR 200.330(a)**):

- Determines who is eligible to receive Federal financial assistance;
- Has its performance measured in relation to whether objectives of a Federal program were met;
- Has responsibility for programmatic decision making;
- Is responsible for adherence to applicable Federal program requirements specified in the Federal award;
- In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute , as opposed to providing goods or services for the benefit of the pass-through entity;
- Is contributing match or other non-Federal funding in support of the award; and
- Is compensated for only actual costs incurred (entity generally does not derive a financial profit from the agreement).

Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract. (**2 CFR 200.92**)

Notes:

Contractors:

A contractor means “an entity that receives a contract as defined in 2 CFR 200.22 Contract.” A contract means “a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in this part does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward.”

Typical characteristics which support the classification of a non-Federal entity as a contractor include when the non-Federal entity (see **2 CFR 200.330(b)**):

- Provides the goods and services within normal business operations;
- Provides similar goods or services to many different purchasers;
- Normally operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the Federal program;
- Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons;
- Does not contribute match or other non-Federal funding in support of the award; and
- Derives a financial profit from the agreement.

A contract is for the purpose of obtaining goods and services for the non-Federal entity’s own use and creates a procurement relationship with the contractor. **(2 CFR 200.330(b))**

Notes:

Pass-Through Entity Responsibilities (Compliance Requirements)

In accepting Federal funds the recipient agrees to comply with all applicable Federal laws, regulations, and policies. This relates to complying with program, public and administrative requirements.

When providing a subaward to a subrecipient, this creates a Federal financial assistance relationship with the subrecipient. The pass-through entity must ensure that their subrecipients also comply with applicable Federal laws, regulations, and policies. Most, if not all, compliance requirements flow down, from the pass-through entity, to the subrecipient. In addition, pass-through entities may impose additional requirements on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency. **(2 CFR 200.331(a)(3))**

Program Regulations

Program regulations are passed down from the recipient to the subrecipient. This includes eligibility requirements, allowable activities and any other program regulations. These requirements may be listed or referenced in the agreement.

Boating Infrastructure Grant Program – requires facilities to be reasonably accessible and open to the general public.

Clean Vessel Act – Limits charges for use of facilities.

Public Policy Requirements

Public policy requirements are imposed on grant recipients and subrecipients. These requirements are executive orders of the President, laws enacted by Congress, and regulations issued by Federal agencies. The requirements may be listed or referenced in the agreement or the State may have the subrecipient sign a statement of assurances similar to the Statement of Assurances the recipient submits to the Federal agency.

The recipient should make a determination as to which public policy requirements are applicable to their grant program and incorporate these into the subrecipient agreement.

- *American Disabilities Act and Civil Rights Act*
- *National Environmental Policy Act and Endangered Species Act*
- *Historic Preservation Act*

Requirements for Pass-Through Entities (2 CFR 200.331)

When a recipient makes a determination that they are entering into a subrecipient relationship with an entity, **2 CFR 200.331** describes the requirements for pass-through entities, which includes:

- a) Ensure that the subaward is clearly identified to the subrecipient as a subaward. This identification must include several key pieces of information such as:
 1. Federal award identification - 13 required elements cited under **2 CFR 200.331(a)(1)**.
 2. Describe all requirements imposed by the pass-through entity so that the Federal award is used in accordance with statutes, regulations, and terms/conditions.
 3. Describe any additional requirements that the pass-through entity imposes on the subrecipient in order to ensure that the pass-through entity meets its own responsibility to the Federal awarding agency.
 4. An approved federally recognized indirect cost rate.
 5. Requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements.
 6. Appropriate terms and conditions concerning closeout of the subaward.
- b) Evaluate each subrecipient's risk of noncompliance with statutes, regulations, and terms/conditions for the purpose of determining the appropriate subrecipient monitoring.
- c) Consider imposing specific subaward conditions, if appropriate see **2 CFR 200.207**.
- d) Monitor the activities of the subrecipient, as necessary, to ensure that the subaward is used for authorized purposes and that performance goals are met.
- e) Based on the subrecipient risk assessment, consider implementing monitoring tools to ensure accountability, compliance, and achievement of goals.
- f) Verify that the subrecipient is audited, if required.
- g) Consider whether the results of the subrecipients audits, site reviews, or other monitoring necessitate changes in the pass-through entities own records.
- h) Consider taking enforcement action against noncompliant subrecipients.

Pass-Through Entity Risk Assessment of Subrecipients

All pass-through entities shall evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and terms & conditions of the subaward for the purpose of determining if additional monitoring procedures are warranted. Pass-through entities may evaluate risk using the following (see **Handout 8-9**):

- The subrecipient's prior experience with the same or similar awards;
- The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F – Audit Requirements of 2 CFR 200, and the extent to which the same or similar subawards have been audited as a major program.
- Whether the subrecipient has new personnel or new or substantially changed systems; and
- The extent and results of Federal awarding agency monitoring (for example, if the subrecipient also receives Federal awards directly from a Federal awarding agency).

Audits

All non-Federal entities that expend \$750,000 or more of Federal awards in a fiscal year must have a single audit according to **2 CFR 200.501(a)**.

The pass-through entity is responsible for inquiring whether the subrecipient meets the requirements for having a Single Audit or program-specific audit during its most recently closed fiscal year. The subrecipient is ultimately responsible for ensuring the audit is conducted and the final report submitted to the Federal Audit Clearinghouse. This report may be useful for the pass-through entity to help determine if additional terms and conditions or monitoring is needed. If an audit was required and there were no (or few) findings, then the pass-through entity may consider easing up on or not applying any additional terms and conditions.

Site Visits

Site visits allow the pass-through entity to inspect facilities and operations for compliance, review documentation and records, and view progress.

The pass-through entity may consider including information on site visits in the subrecipient agreement and develop monitoring policies and procedures for staff use. In addition pass-through entities should document the findings or recommendations following the site visit.

Reporting on Subawards under the Federal Funding Accountability and Transparency Act (2006)

The Federal Funding Accountability and Transparency Act of 2006 (FFATA) requires information from Federal awards and contracts to be made available to the public through a single, searchable website (USAspending.gov). The FFATA Subaward Reporting System (FSRS) is the reporting tool Federal prime awardees use to capture and report subaward data regarding their first tier subawards to meet the FFATA reporting requirements. Reporting is done at the [Federal Subaward Reporting System](#).

As of October 1, 2010, Federal awarding agencies are required to report on all new awards and prime award recipients are required to report on new first tier subawards. This reporting requirements applies to the following:

- All awards that meet or exceed \$25,000;
- Award revisions that increase the initial award to \$25,000 or greater; or
- Awards initially meeting or exceeding \$25,000 but are later revised below the \$25,000 threshold.

Reporting must be done by the end of the month following the month of the award obligation.

FFATA requires that the prime award recipients must report the names and total compensation amounts of the five most highly compensated officers of a prime or sub-awardee entity if:

1. The executives received 80% or more of their annual gross income in Federal awards;
2. The entity's annual gross revenues meet or exceed \$25,000,000 from Federal awards; and
3. The public does not have access to this information via the SEC.

Exemptions to the reporting requirements apply to the following:

- Individuals receiving awards unrelated to any business or nonprofit.
- Entities with less than \$300,000 in gross income from previous tax year.
- Reporting on awards would disclose classified information.
- Awards issued under the American Recovery and Reinvestment Act.

Notes:



Exercise: Subaward or Contract Determination

Use **2 CFR 200.22**, **2 CFR 200.92**, **2 CFR 200.93**, **2 CFR 200.330**, and **2 CFR 200.331** to answer the questions below.

1. There is a need to determine growth, mortality, and recruitment of wood rats in the central Appalachian region of West Virginia. WVDNR solicits and accepts a proposal from WVU to carry out a genetic sampling study. WVU has qualified staff and equipment to conduct the research and has proposed a scope of work that meets current scientific integrity. WVDNR will ultimately use the data in their State Wildlife Action Plan. What type of agreement exists between WVDNR and the university?

Subaward. WVU is fulfilling the public purpose for which the SWG program was created. WVU developed the project proposal and will fulfill the scope of work (decision making authority). WVU will have its performance measured in relation to the objectives of the Federal program. (2 CFR 200.330(a))

2. A state and wildlife agency has an annual SFR operations/maintenance grant for its five fish hatcheries. A fish hatchery supervisor acquires the services of a commercial construction company to dig a new fish hatchery pond. What type of agreement likely exists between the hatchery supervisor and the construction company?

Contract. Goods and services are being provided within normal business operations. Additionally, the company may also offer this type of service to other purchasers. The company most likely competed in a bid process for this service. 2 CFR 200.330(b)(1-3)

3. A state fish and wildlife agency is conducting a research study to improve turkey populations. The agency enters into an agreement with a university to analyze complex datasets because their staff lacks the resources (software programs) to do such analyses. The university analyzes the data and provides the results back to the state fish and wildlife agency who in turn produces the final management report. What type of agreement exists between the state fish and wildlife agency and the university?

Contract. Goods and services are being provided within normal business operations (2 CFR 200.330(b)(1)). Additionally, the services being provided are ancillary to the operation of the Federal program (2 CFR 200.330(b)(4)). University may also offer this service to other buyers (2 CFR 200.330(b)(2)).



Exercise: Subaward or Contract Determination

4. A state environmental protection agency receives a CVA grant to construct marine sewage pumpout facilities across the state. The agency enters into agreement with a private marina to construct a sewage pumpout facility. What type of agreement exists between the agency and the private marina?

Subaward. The marina has its performance measured in relation to whether objectives of the Federal program were met (2 CFR 200.330 (a)(2)).
The marina also may have programmatic decision making authority to select its vendors and equipment type (2 CFR 200.330(a)(3)). The marina is also carrying out a federal program for a public purpose (2 CFR 200.330(a)(5)).

5. A state fish and wildlife agency receives an annual SFR survey and monitoring grant to manage the sport fishery at Beaver Lake. The agency enters into agreement with a local private individual to operate a bait and tackle / concessionaire shop at the lake. What type of agreement exists between the agency and the private individual?

Contract. This is a vendor or concessionaire type of agreement because the entity is providing goods and services that are ancillary to the operation of the Federal program (2 CFR 200.330 (b)(4)).

6. A state fish and wildlife agency receives a Basic Hunter Education (BHE) grant to construct public firearms and archery ranges across the state. The agency enters into agreement with a county government who will construct and operate the range on a parcel of land that they own. What type of agreement exists between the agency and the county government?

Subaward. The county has its performance measured in relation to whether objectives of the Federal program were met (2 CFR 200.330 (a)(2)).
The county is also most likely has some level of programmatic decision making authority (2 CFR 200.330(a)(3)). Also, the county carrying out the program for a public purpose in this case (2 CFR 200.330(a)(5)).



Exercise: Subaward or Contract Determination

7. What data elements must pass through entities provide in all subawards regarding the identification of the Federal Award?
 - (1) Subrecipient name (must match with their EIN)
 - (2) Subrecipient unique entity identifier
 - (3) Federal Award Identification Number (FAIN) (i.e. FBMS #)
 - (4) Federal award date (date of prime award by Federal awarding agency).
 - (5) Subaward period of performance (start and ending dates).
 - (6) Amount of Federal funds obligated by this action to the subrecipient.
 - (7) Total amount of Federal funds obligated to the subrecipient by PTE.
 - (8) Total amount of Federal award committed to the subrecipient by PTE.
 - (9) Federal award project description (comparable with FFATA description).
 - (10) Name Federal awarding agency, PTE, & contact PTE awarding official.
 - (11) CFDA and Name.
 - (12) Is the award for R&D?
 - (13) Indirect cost rate for the Federal award.

8. What additional responsibilities fall upon pass through entities when providing subawards to the subrecipients?
 - (b) Conduct a risk assessment of each subrecipient prior to award.
 - (c) Consider imposing specific award conditions if appropriate.
 - (d) Monitor activities of subrecipients as necessary.
 - (e) Depending on risk assessment provide additional monitoring tools to ensure proper accountability and compliance.
 - (f) Verify the subrecipient has received an audit if they meet the minimum criteria for a Single Audit.
 - (g) Determine whether results of such audits result in necessary adjustments to the pass-through entities own records.
 - (h) Take enforcement action against subrecipient noncompliance. (**§200.331**)



Learning Points

- ✓ When entering into an agreement with an outside entity to perform grant related functions or activities, the recipient must determine the nature of the relationship and the proper financial assistance instrument.
- ✓ Typically, a subrecipient relationship involves a non-Federal entity who has its performance measured against whether the objectives of the Federal award were met, has programmatic decision making, adheres to Federal program compliance requirements, and uses Federal funds to carry out a program for a public purpose, as opposed to simply providing goods or services for the benefit of the pass-through entity.
- ✓ A contractor provides goods or services for the pass-through entity's own use and normally operates within a competitive environment and offers similar goods or services to many different purchasers.
- ✓ Pass-through entities are responsible for identifying subawards and providing the subrecipient with information concerning program requirements, performance goals, monitoring activities and frequencies, approved indirect cost rates, audit requirements, and additional requirements imposed by the pass-through entity to meet its own requirements imposed by the Federal awarding agency.
- ✓ Pass-through entities are responsible for monitoring subrecipients for performance and compliance with federal regulations/statutes/terms and conditions, as well as any additional requirements imposed by the pass-through entity.

Subrecipient vs. Vendor Determination Checklist

Federal Program Name _____

CFDA Number _____

Name of Contractor (Vendor) or Grantee (Subrecipient) _____

Active Contract Numbers (if any) _____

Please complete the following checklist by placing an X in the box under the appropriate column for each question for either subrecipient or vendor.

Explanations are provided below the questions to assist with your determination. One subrecipient check does not necessarily make the receiving agency a subrecipient, except for question A. If question A is subrecipient, you may skip the rest of the questions. Please indicate your determination at the bottom.

A. Decision-making Authority

If your grant is a service delivery grant and the receiving agency determines eligibility of participants receiving services paid for by the grant funds, then they are a subrecipient.

Does the receiving agency have authority to make program decisions about delivery, and does the receiving agency determine who is eligible to participate in the program?

If yes, this is an indicator of a subrecipient relationship.

If no, this is an indicator of vendor relationship.

Subrecipient

Vendor

B. Solicitation and Competition

It is important to look at how and why the receiving agency was chosen. Is an RFP required for a competitive purchase? If so, the receiving agency would be a vendor. If not, the receiving agency may be a subrecipient — but it depends on the scope of the contract.

Were you required to obtain a bid or a quote?

If yes, this is an indicator of a vendor relationship.

If no, this is an indicator of subrecipient relationship.

Subrecipient

Vendor

Instead of contracting for goods or services, are you making an announcement that funding is available or seeking applications to apply for funding even if the rewarding of funds is on a competitive basis?

If yes, this is an indicator of a subrecipient relationship.

If no, this is an indicator of vendor relationship.

Subrecipient

Vendor

C. Purchasing Relationship

Typically, if the receiving agency is in a competitive market, they are providing a service that's available by other entities and they are a vendor. There are also sole source providers — but if they are providing the sending agency with a unique service they don't provide to anyone else, and no other companies offer the service, then the receiving agency may be a subrecipient — depending on the answers to questions in section E.

Does the receiving agency provide similar goods or services to many different purchasers?

If yes, this is an indicator of a vendor relationship.

If no, this is an indicator of subrecipient relationship.

Subrecipient

Vendor

D. Criteria for Selection

If the contract is a vendor relationship, you chose them because they had the best service or widgets for the price. Most likely you found that out because you went out on bid. If the receiving agency was chosen maybe because they are already providing a service allowable by your grant and you want to partner with them to expand the delivery and assist you in meeting the goal of your grant, the receiving agency may be a subrecipient — depending on the answers to questions in section E.

What was the most important reason for selecting this receiving agency?

1. They demonstrated a financial or public need for funding to carry out a project or provide a service.
2. Their ability to deliver the goods or services required by your program?

If you chose #1, this is an indicator of a subrecipient relationship.

If chose #2, this is an indicator of a vendor relationship.

Subrecipient **Vendor**

E. Statement of Work / Scope of Services

Ask yourself, is the receiving agency providing the sending agency a service to help the sending agency meet the goal of the grant, or is the service actually carrying out an intended goal of the grant? If your grant has several goals, it is possible the sending agency completes part, and the receiving agency performs the other part. This would make them a subrecipient. For example, if your grant has goals of training, service delivery, and data collection, you may contract with another party to complete the training portion and perform the other two goals in-house. If you simply provide the receiving agency the funding to perform the training and the scope of the contract is per the grant award notice terms/guidance, then the receiving agency is a subrecipient. If you provide the receiving agency funding, but you have developed how the training should be conducted and maybe you even oversee the receiving agency when they are performing the training, then the receiving agency is a vendor.

Sometimes there is a very thin line between the two! You should error on the side of caution. If there is any question, treat the receiving agency as a subrecipient.

Which statement below best fits your contract?

1. The scope of work, terms, and conditions of the contract were developed by the sending agency.
2. The scope of work, terms, and condition of the contract are the same for the receiving agency as they are for the sending agency per federal grant guidance.

If you chose #1, this is an indicator of a vendor relationship.

If you chose #2, this is an indicator of a subrecipient relationship.

Subrecipient **Vendor**

Which statement below best fits your contract?

1. The receiving agency is providing the agency support or assistance in carrying out the mission of the grant as stated in the federal award.
2. The receiving agency is carrying out completion of the mission (or part of, if applicable) as stated in the federal award.

If you chose #1, this is an indicator of a vendor relationship.

If you chose #2, this is an indicator of a subrecipient relationship.

Subrecipient **Vendor**

F. Nature of Award

If the funding is given to the receiving agency with a purpose of completing the goal of the grant and the agency has no oversight on how the receiving agency performs or accomplishes that grant goal, then the receiving agency is a subrecipient. If the sending agency provides funding and asks for specific activities to be completed by the receiving agency to help it complete a part of the grant then the receiving agency is a vendor.

Which statement best fits how these federal funds will be used:

1. The receiving agency will use the funds to carry out its own public project and/or provide a public service.
2. The receiving agency is assisting the sending agency in meeting its program objectives. The goods and services obtained through this contract help the sending agency meet its goals.

If chose #1, this is an indicator of a subrecipient relationship.

If chose #2, this is an indicator of a vendor relationship.

Subrecipient **Vendor**

G. Pricing of the Agreement

Will the receiving agency make a profit from the contract? Typically, vendors will compete for business and charge a price, which will net them a profit. A subrecipient will receive the funding and use it all to deliver the service or supplement the receiving agency in a service they would maybe deliver anyway.

Which statement best fits terms of payment:

1. The receiving agency is reimbursed for its actual costs as outlined in the contract and should not earn a profit from the terms of payment.
2. The receiving agency is paid a fee for service or fixed price above its cost (for profit).

If you chose #1, this is an indicator of a subrecipient relationship.

Subrecipient

Vendor

If chose #2, this is an indicator of a vendor relationship.

H. Cost Sharing / Matching

If the receiving agency is using their own funding to support the goal of the contract and is required or voluntarily provides matching funds in cash, kind or program income, the receiving agency is a subrecipient.

Is the receiving agency required to contribute its own non-federal resources to help pay for the program/project/service?

If yes, this is an indicator of a subrecipient relationship.

Subrecipient

Vendor

If no, this is an indicator of a vendor relationship.

I. Award Risk

If the receiving agency is a vendor, they won't get paid if they don't deliver the product or the services as specified in the contract. They assume all financial risk. In a subrecipient relationship, the sending agency is responsible for the receiving agency's performance. The sending agency must monitor the receiving agency to ensure they are performing as outlined in the grant terms and conditions. If they don't perform according to grant guidance it is the sending agency who will be held responsible by the federal agency and auditors.

Which statement best fits the assumption of risk:

1. The funding to the receiving agency depends on its ability to make its best effort to meet the objectives of the award. Although performance is measured against federal award objectives, the receiving agency assumes little risk if the performance doesn't meet its goals.
2. The receiving agency assumes all financial risk if they fail to deliver the goods or services agreed upon.

If you chose #1, this is an indicator of a subrecipient relationship.

Subrecipient

Vendor

If you chose #2, this is an indicator of a vendor relationship.

Determination

Review all your entries and make an overall determination of the relationship.
Check the appropriate box to indicate the final determination.

Subrecipient

Vendor

* This form is for your use/records and is not part of the agency's submission package.

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RECIPIENT CHECKLIST FOR DETERMINING IF THE ENTITY RECEIVING FUNDS HAS A CONTRACTOR OR SUBRECIPIENT RELATIONSHIP

This document is intended to help a recipient of federal funds make a judgment as to whether each agreement it makes, for the disbursement of federal program funds, casts the entity receiving the funds in the role of a subrecipient or a contractor. Based on 2 CFR Chapter I, Chapter II, Part 200 et al. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), issued by the U.S. Office of Management and Budget (OMB) on December 26, 2013, and effective for non-federal entities on December 26, 2014, the following information is intended for use by all non-federal entities.

Important Terms:

Recipient: A non-federal entity that receives a federal award directly from a federal awarding agency to carry out an activity under a federal program. The term recipient does not include subrecipients. (See 2 CFR 200.86 of the Uniform Guidance.)

Subrecipient: A non-federal entity that receives a subaward for the purpose of carrying out part of a federal award. The subaward creates a federal assistance relationship with the subrecipient. (See 2 CFR 200.93 & .330 (a) of the Uniform Guidance.)

Contractor: A non-federal entity that receives a contract for the purpose of providing goods and services for the awarding non-federal entity's own use. The contract creates a procurement relationship with the contractor. The Uniform Guidance replaced the term "Vendor" with "Contractor." (See 2 CFR 200.22 & .330 (b) of the Uniform Guidance.)

Instructions: The "Characteristics" column in this checklist is based on language in the Uniform Guidance. The column lists characteristics that support the classification of a non-federal entity as a subrecipient or contractor. Since all of the characteristics listed may not be present in all cases, the Uniform Guidance recognizes that the recipient "...must use judgment in classifying each agreement as a subaward or a procurement contract." (2 CFR 200.330 (c).) In the "Explanations" column, AGA provides additional information to assist in answering the questions under "Characteristics." Answer each question by checking "yes" or "no" where indicated. Based on responses to the questions, a key provided at the end of each section will help in making a judgment as to whether a subrecipient or contractor relationship exists. White space is provided in between the "Characteristics" column and the "Explanation" column so that users can tailor this checklist to accommodate the unique aspects of various programs or jurisdictions.

Note: One check in a subrecipient box does not necessarily mean the entity is a subrecipient. A judgment should be based on the totality of responses.

Office _____

Entity receiving funds _____

Funding Source(s) _____

Notes:

CHARACTERISTICS

EXPLANATIONS

Decision Making Authority

200.330 a. 1 Determines who is eligible to receive what Federal assistance;

a. Does the entity determine who is eligible to participate in the federal program?

Yes	No

200.330 a.3 Has responsibility for programmatic decision making;

a. Does the entity have the ability to make decisions about how services will be delivered to participants, in accordance with federal programmatic requirements?

Yes	No

OR

200.330 b.4 Provides goods or services that are ancillary to the operation of the Federal program;

b. Does the entity provide goods or services for the recipient's own use?

Yes	No

b. Does the entity provide services designated by the recipient to serve the recipient's participants without regard to specific federal programmatic requirements?

Yes	No

If you selected "yes" to **EITHER** item **a**, this is an indicator of a subrecipient relationship.
If you selected "yes" to **EITHER** item **b**, this is an indicator of a contractor relationship.

Subrecipient	Contractor

If the entity determines whether a participant meets a federal program's eligibility requirements for assistance, it is most likely a subrecipient.

A contractor may provide services to clients in a program after eligibility has been determined by the recipient.

If the entity has authority to make decisions regarding the delivery of service, operations, or types of assistance provided within the terms of the agreement, it is typically a subrecipient.

If the entity provides goods or services directly to the recipient or to program participants at the direction of the recipient and does not make programmatic decisions or adhere to program requirements, it is typically a contractor.

Nature of Award

200.330 a. 2 Has its performance measured in relation to whether objectives of a federal program were met;

a. Are the scope of work (or portion, if applicable) and terms and conditions of the agreement the same for the entity as they are for the recipient that received the federal funds?

Yes	No

a. Is the entity carrying out completion of the goal of the grant (or part, if applicable) as stated in the federal award?

Yes	No

OR

200.330 b.5 Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

b. Does the recipient develop the scope of work and terms and conditions of the agreement to meet the recipient's needs?

Yes	No

If you selected "yes" to **EITHER** item **a**, this is an indicator of a subrecipient relationship.
If you selected "yes" to item **b**, this is an indicator of a contractor relationship.

Subrecipient	Contractor

EXPLANATIONS

If the entity is providing a service for the recipient to meet the goal of the grant, it is a contractor; if the entity is providing a service that carries out a goal within the scope of the grant, it is a subrecipient. When a grant program contains multiple goals, it is possible for the recipient to complete part of the goals and for the entity to perform another part.

If the scope of the agreement is per the federal program terms/guidance, the entity is a subrecipient. A subrecipient may also provide programmatic or progress reports to ensure compliance with federal program requirements.

Conversely, if the scope of the agreement is per the recipient's terms and not federal program guidance, and if the recipient's oversight is governed only by the contract terms and conditions, it is a contractor.



200.330 a.4 Is responsible for adherence to applicable Federal program requirements specified in the Federal award;

a. Funding to the entity depends on the entity's ability to best meet the objectives of the award. Although performance is measured against federal award objectives, the entity assumes little risk if the objectives are not met.

Yes No

OR

200.330 b.5 Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

b. The entity assumes financial risk if they fail to deliver the goods or services agreed upon.

Yes No

If you selected "yes" to item **a**, this is an indicator of a subrecipient relationship. If you selected "yes" to item **b**, this is an indicator of a contractor relationship.

Subrecipient	Contractor

If the funding is given to the entity with a purpose of completing the goal of the grant, the recipient will be required to ensure the entity adheres to federal grant program guidance. The recipient will also be required to monitor the activities of the entity per Uniform Guidance section 200.331. The entity assumes little risk should federal grant guidance not be met. The risk falls with the recipient.

If the recipient directs specific activities to be completed by the entity, by providing goods or services, the risk falls on the entity to deliver, per the agreement terms. In this case, the entity would not be required to adhere to the federal grant program requirements, just the terms and conditions in the agreement with the recipient.

Criteria for Selection

EXPLANATIONS

200.330 a.5 In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

a. Does the entity demonstrate a financial or public need for funding to carry out a project or provide a service?

Yes No

a. Will the entity be contributing match or other non-Federal funding in support of the award?

Yes No

a. Will the entity be reimbursed for only actual costs incurred?

Yes No

OR

200.330 b.3 Normally operates in a competitive environment;

b. Were procurement policies applied in the selection of the entity?

Yes No

b. Was the entity's proposed price a factor in the selection process?

Yes No

b. Will the entity derive a profit from the agreement?

Yes No

If you selected "yes" to **ANY** item **a**, this is an indicator of a subrecipient relationship. If you selected "yes" to **ANY** item **b**, this is an indicator of a contractor relationship.

Subrecipient	Contractor

If the entity was chosen because it has the best widgets or service for the price, it has a contractor relationship with the recipient. Typically, a procurement method is followed, such as a competitive bid or RFP process. In this type of agreement, the entity usually makes a profit by delivering this good or service to the recipient. Payments to contractors are typically made based on contract terms.

Conversely, if the entity was chosen because it was already providing a service within the guidelines of the grant program and wants to partner with the recipient to expand the delivery or assist in meeting the goal of the grant, it may be a subrecipient. Typically, the entity may not make a profit and may provide its own non-federal funding as match or cost sharing. The entity may have been chosen through an application process or an announcement of funding, as opposed to the procurement process described above. Payment to a subrecipient is generally based on actual expenses unless awarded on a fixed amount subaward (2 CFR 200.332). It is typical of subrecipients to submit budgets, financial reports, or copies of invoices to the recipient, to document activity.



200.330 b.1 Provides the goods and services within normal business operations;

b. Is the entity's normal business to provide the goods or services being purchased in the agreement?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

200.330 b.2 Provides similar goods or services to many different purchasers;

b. Does the entity provide the same goods or services to other organizations?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

If a federal program provides funding to modify public buildings for handicapped accessibility and the recipient provides funds to an entity to update the entity's building, per the terms of the award, then a subrecipient relationship exists.

Conversely, if the recipient hires an entity to update their own building to be handicapped accessible, then a contractor relationship exists.

If you selected "no" to **EITHER** item, it is an indicator of a subrecipient relationship. If you selected "yes" to **BOTH** items, it is an indicator of a contractor relationship.

Subrecipient	Contractor
<input type="checkbox"/>	<input type="checkbox"/>

Determination

EXPLANATIONS

Final Determination

Subrecipient	Contractor
<input type="checkbox"/>	<input type="checkbox"/>

Review all the entries and make an overall determination of the relationship. **Check the appropriate box in this section.**

Determined by _____ (enter name of person initially making decision) _____ (date)

Approved by _____ (enter name of person reviewing) _____ (date)

Based on the relationship determined above, see additional guidance on requirements governing agreements. Section 200.331 - "Requirements for pass-through entities," for subrecipient agreements, Section 200.317 through 200.326 - "Procurement Standards," for contractor agreements.



U.S. FISH AND WILDLIFE SERVICE Financial Assistance Recipient Risk Assessment

FWS Form 3-2462

Instructions:

Complete this form once a Fiscal Year (FY) for each recipient to be awarded one or more awards from the program in the open FY. Enter a numerical rating of "1" (Low), "2" (Medium), or "3" (High) in the "Rating" box for each risk category below. Use the information provided in the rating descriptions for each category to assist you in assigning a rating. Enter in the "Basis for Rating and Other Comments" boxes the factors that contributed to the rating entered for each category. Provide enough detail to give an independent reviewer a clear understanding of the rationale used to determine the rating. Identify any external document(s) that support the rating and specify the location of the document(s), when applicable. This form will calculate a "Risk Rating Score" and a "Risk Level". Enter a description of any factors that require changing the risk level calculated by the form in the "Other Factors Impacting Risk Level". Enter the changed risk level in the "Revised Risk Level" field, when applicable. See also the Service's "[Recipient Risk Assessment Guidance](#)".

Review Details

Recipient Name:

Recipient Type:

Recipient DUNS:

Completed for Fiscal Year:

Date Completed:

Completed By-Name:

Completed By-Program:

Completed By-Region:

CATEGORY 1: Potential for Implementation Problems

Rating:

Category 1 Rating Descriptions	Rating
Project has no identifiable challenges. No past implementation issues. Typical project period for the program or project type. Well-qualified recipient. Project not complex. No sub-recipients anticipated. Recipient has all equipment required for project.	1 (Low)
New project for recipient. One or more sub-recipients anticipated. Longer than typical project period. Unproven recipient. Has had some issues with implementation on other awards. Some challenges or potential challenges identified, such as recent staff turnover or reorganization that could affect implementation. Does not have all equipment required for the performance of the project but, as noted in its application package, has plans in place to obtain necessary equipment in advance of need.	2 (Medium)
Project has multiple sub-recipients. Complex project. Multiple partners. Large construction project. Has had significant issues with implementation on other awards. Significant challenges identified. Does not have all equipment required. Has not secured resources, which may delay activities.	3 (High)

Basis for Category 1 Rating

CATEGORY 2: Financial Management CapabilitiesRating:

Category 2 Rating Descriptions	Rating
Has received an award in the past, has a financial system in place that meets 2 CFR 200 requirements, and has never had any funds management issues.	1 (Low)
Has received an award in the past, has a financial system in place that meets 2 CFR 200 requirements, but has had funds management issues. Was responsive to FWS communications on issues. Issues were resolved.	2 (Medium)
Recipient is a commercial organization or individual. Has never received a Federal award. Has received an award, but has had significant funds management issues, such as routinely submitting incorrect financial reports, requesting more than immediate cash needs, major variances between budget and actual expenditures, difficulty maintaining required matching funds, or disallowed costs. One or more reports of waste, fraud or abuse currently under investigation or determined to be valid. Was not responsive to FWS communications on issues. Issues not resolved.	3 (High)

Basis for Category 2 Rating**CATEGORY 3: Performance Track Record**Rating:

Category 3 Rating Descriptions	Rating
Met all proposed objectives on past award(s). Any delays or non-performance were unavoidable; is on track to meet objectives on current award(s).	1 (Low)
Had some performance delays or other issues on past award(s) but was responsive to FWS communications on issues. Issues were resolved.	2 (Medium)
Has had no past or current award with the FWS. Has had a past award but failed to complete project objectives. Is significantly behind schedule on current award(s). Failures are within recipient's control to correct. Failed to comply with award terms and conditions. Was not responsive to FWS communications. Issues were never resolved.	3 (High)

Basis for Category 3 Rating**CATEGORY 4: Staffing**Rating:

Category 4 Rating Descriptions	Rating
Recipient is an individual. Recipient provided details on experience and qualifications of key project personnel. All personnel appear qualified to meet the project objectives. No past issues with recipient in regards to key personnel qualification. No key project personnel missing.	1 (Low)
Recipient provided information detailing the experience and qualifications for some key project personnel. All of the identified personnel appear qualified to meet the project objectives, but missing some key project personnel.	2 (Medium)
Recipient has not yet identified/hired any key project personnel; one or more of the personnel identified do not appear qualified to meet the project objectives; or one or more key personnel left the project and replacement(s) have not been identified.	3 (High)

Basis for Category 4 Rating

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CATEGORY 5: Delivery ExperienceRating:

Category 5 Rating Descriptions	Rating
Has delivered the same or similar project with Federal funds for at least five years.	1 (Low)
Has delivered the same or similar project with Federal funds for at least two years.	2 (Medium)
Has delivered the same or similar project with Federal funds for less than two years or has never had a Federal award.	3 (High)

Basis for Category 5 Rating

--

CATEGORY 6: Award Administration and Reporting ComplianceRating:

Category 6 Rating Descriptions	Rating
Has never received an award from the program. Has had an award, and was timely in submission of revision and other prior approval requests, required reporting, and due date extension requests, when applicable	1 (Low)
Has had an award, and was generally timely in submission of revision and prior approval requests, required reporting, and due date extension requests. Was responsive to written notifications and requests from the FWS.	2 (Medium)
Has had an award, and was consistently late in in submission of revision and prior approval requests, required reporting, and due date extension requests. Was slow to respond to written notifications and requests from the FWS.	3 (High)

Basis for Category 6 Rating

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CATEGORY 7: A-133 Single Audit ConsiderationsRating:

Category 7 Rating Descriptions	Rating
A commercial organization, foreign entity, or individual exempt from A-133 single audit requirements. A government or non-profit entity that did not have any Qualified or Adverse/Disclaimer opinions, significant internal control deficiencies, or findings for noncompliance on their most report available on the Single Audit Clearinghouse (SAC).	1 (Low)
A government or non-profit entity that has not had any Adverse/Disclaimer opinions, more than two significant internal control deficiencies, or more than two findings for non-compliance on single audits conducted in the last five years as of the date of review and as available on the SAC.	2 (Medium)
A government or non-profit entity that has had an Adverse/Disclaimer opinion, more than two significant internal control deficiencies, or more than two findings for non-compliance on single audits conducted in the last five years as of the date of review and as available on the SAC.	3 (High)

Category 7 Rating Descriptions	Rating
Recipient is currently working on a corrective action plan related to a previous or current award funded by the program.	

Basis for Category 7 Rating

CATEGORY 8: Other Audits Required by Funding Program Legislation

Rating:

Category 8 Rating Descriptions	Rating
Has never received an award from the program. Pending award will be funded in full with Resource Management funds. Pending award will be funded by other funding source, but authorizing legislation for those funds does not impose additional audit requirements. Authorizing legislation requires audit but recipient has had no significant internal control deficiencies or findings for noncompliance.	1 (Low)
Authorizing legislation requires audit and recipient had less than two significant internal control deficiencies and less than two findings for noncompliance.	2 (Medium)
Authorizing legislation requires audit and recipient had more than two significant internal control deficiencies and more than two findings for noncompliance.	3 (High)

Basis for Category 8 Rating

RISK RATING SCORE:

RISK LEVEL:

Other Factors Impacting Risk Level

REVISED RISK LEVEL:

To save a locked or "flattened" version of a completed PDF form, click on the "Print Form" button above and select "Adobe PDF" as your Printer. Following these steps will remove all fillable features and will preserve the unique data entered on the form.

9

Module 9

Financial Systems and Cost Principles

Learning Objectives:

1. Describe the requirements for an entity's financial management system under 2 CFR 200.
2. Discuss the importance of internal controls and non-Federal entity's develop and implement them to provide reasonable assurance of compliance with Federal statutes, regulations, and terms and conditions of awards.
3. Describe the total composition of costs under Federal awards.
4. Describe the 10% Rule and when it applies to Federal awards.
5. Describe when deviations from budget or project scope or objective require prior approval from the Federal awarding agency.

Handouts:

- 9-1 Office of Management and Budget memo M-18-18 revising the thresholds for Micro-Purchases and Simplified Acquisitions

Financial Management

Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and other non-Federal entity's financial management systems must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions, and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to Federal statutes, regulations, and terms/conditions of the Federal award (**2 CFR 200.302(a)**).

The financial management system of each non-Federal entity must provide for the following:

1. Identification, in its accounts, of all Federal awards received and expended, in addition to the Federal programs from which they were received. This must include the CDFA title and number, Federal award identification number and year, name of the Federal awarding agency, and name of the pass-through entity, if applicable.
2. Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in **2 CFR 200.327-328**.
3. Records that identify adequately the source and application of funds for federally-funded activities. Including information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, interest, and be supported by source documentation.
4. Effective control over, and accountability for, all funds property, and other assets.
5. Comparison of expenditures with budget amounts for each Federal award.
6. Written procedures to implement the requirements for payments under **2 CFR 200.305**.
7. Written procedures for determining the allowability of costs in accordance with **2 CFR 200 Subpart E – Cost Principles** and the terms and conditions of the Federal award.

Notes:

Internal Controls

Internal controls means “a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) effectiveness and efficiency of operations; (b) reliability of reporting for internal and external use; and (c) compliance with applicable laws and regulations” (2 CFR 200.61). The non-Federal entity must:

- a. Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issues by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- b. Comply with Federal statutes, regulations, and the terms and conditions of the Federal award.
- c. Evaluate and monitor the non-Federal entity’s compliance with statutes, regulations, and the terms and conditions of Federal awards.
- d. Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- e. Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws.

Notes:



Exercise: Cost Principles and Allowable Costs

Use 2 CFR 200.400 and 2 CFR 200 Subpart E to answer the questions.

1. What are the factors affecting the allowability of costs?

[2 CFR 200.403](#). (a) Necessary, Reasonable, and Allocable to the award; (b) Conform to limitations in 2 CFR 200/Federal award; (c) Consistent with both Federal/nonfederal activities; (d) Accorded consistent treatment with direct vs Indirect; (e) In accordance with GAAP; (f) Not used as match to another Federal award; and (g) Adequately documented.

2. The State fish and game agency conducts an agency-wide reduction-in-force (RIF) as required by their state legislature, eliminating 30 positions. The agency would like to charge the severance payments of its RIF to the applicable grants the employees worked on prior to being laid off. Is this an allowable cost? What are the restrictions? Are there any other considerations?

[Yes, this is allowable. See 2 CFR 200.431\(i\)\(2\)\(ii\) Compensation - Fringe Benefits. Prior approval by the Federal awarding agency or cognizant agency for indirect costs if applied indirectly, is required.](#)

3. The Hunter Education Coordinator is planning a meeting for all volunteer instructors to provide updated agency procedures and plans. Training sessions will be held in conjunction with the meeting. Are costs associated with providing meals and snacks at the meeting and reimbursement of travel costs to volunteer instructors allowable costs to a federal award?

[Yes costs of meals and refreshments are allowable. Host/sponsors must exercise discretion in ensuring that costs are necessary and in a manner that minimizes costs \(2 CFR 200.432\). See also 2 CFR 200.456 Participant Support Costs and 2 CFR 200.474 Travel Costs.](#)

4. A State agency uses vehicles and heavy equipment while performing grant work. What are the acceptable methods for charging the associated costs to the grant?

[If not acquired with Federal funds then the cost of acquisition can be recovered via depreciation. The operational cost of equipment can be recovered as a direct cost \(use rate\) or indirect cost. 2 CFR 200.436](#)



Exercise: Cost Principles and Allowable Costs

5. The State holds a planning meeting where proposed wildlife regulations, federal grant overview, and general operations are on the agenda. Can those in attendance charge time for attending the meeting to the coordination grant?

Yes, conferences (meeting) costs allowable but must be necessary. What about eligibility of the items on the agenda? Law enforcement not eligible for WSFR funding. Must properly allocate costs between fed and non-federal activities on timesheets **2 CFR 200.403(d)**

6. The State is hiring additional staff as a result of receiving a new WSFR grant. Can the State charge the costs of recruiting qualified staff to the Federal award?

Yes. Recruitment of personnel for performance of a Federal award is eligible (2 CFR **200.421(b)(1)**), but there are limitations (see 2 CFR **200.463**). Size Of staff must be in keeping with workload. Costs must be pursuant to non-Federal entity recruitment program. See also **2 CFR 200.463(a-d)**,for special considerations and repayment requirements should staff resign/leave.

7. A State research vessel routinely spends weeks at sea conducting research funded by a SFR grant. The State purchases board games and DVDs for the crew, charging them to the grant. Is this allowable?

If costs are considered entertainment, then they are unallowable (2 CFR **200.438**). However, if costs are employee health and welfare, then they may Be allowable (2 CFR **200.437**). Does State have a documented policy?

8. The State purchases a mobile display booth for \$ 8,000. The display booth will be used at National Hunting and Fishing Days and other public events. The display booth displays information regarding the State’s research funded with Wildlife Restoration funds, hunting regulations and promotion of the State’s online licensing system. Management wants to charge the cost 100% to the statewide research grant for wildlife. Would this be allowable?

No, law enforcement (regulations) and general agency promotion are ineligible activities under **50 CFR 80.54**. The eligible part of the display could be allocated to the applicable federal award (2 CFR **200.403 (d)**).

Composition of Costs

The total cost of Federal awards is comprised of the allowable direct cost of the program, plus its allocable portion of allowable indirect costs, less applicable credits.

$$\begin{array}{r} \text{Allowable Direct Costs} \\ + \\ \text{Allocable Indirect Costs} \\ - \\ \text{Applicable Credits} \\ = \\ \text{Total Cost of a Federal} \\ \text{Award} \end{array}$$

There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. Therefore, it is essential that each item of cost be treated consistently in like circumstances either as a direct or an indirect cost (**2 CFR 200.412**).

Direct Costs

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy (**2 CFR 200.413**).

Typical costs charged directly to a Federal award include:

- Compensation of employees work on an award.
- Fringe benefits of employees work on an award.
- Travel expenses incurred specifically incurred for the Federal award.
- Costs of materials and other items of expense incurred for the Federal award.

Indirect Costs

Indirect costs are those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved (**2 CFR 200.56**).

Notes:

The 10 Percent Rule

The Federal awarding agency may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for Federal awards in which the Federal share of the project exceeds the Simplified Acquisition Threshold (\$250,000) and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total budget as last approved by the Federal awarding agency. **(2 CFR 200.308(e))**

The Federal awarding agency cannot permit a transfer that would cause any Federal appropriation to be used for purposes other than those consistent with the appropriation.

The Office of Management and Budget (OMB) raised the thresholds for Simplified Acquisitions from \$150,000 to \$250,000 on June 20, 2018. See OMB memo M-18-18 (**Handout 9-1**).

This rule does not apply to non-construction projects where Federal share is less than the Simplified Acquisitions Threshold or to any construction project regardless of Federal share.

Revision of Budget and Program Plans

Recipients are required to report deviations from budget or project scope or objective, and request prior approvals from the Federal awarding agency for budget or program plan revisions for the following **(2 CFR 200.308(b))**:

For non-construction awards **(2 CFR 200.308(c))**:

1. Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).
2. Change in a key person specified in the application or the Federal award.
3. The disengagement from the project for more than three months, or a 25% reduction in time devoted to the project, by the approved project director or principal investigator.
4. The inclusion, unless waived, of costs that require prior approval in accordance with 2 CFR 200 Subpart E – Cost Principles.
5. The transfer of funds budgeted for participant support costs **(2 CFR 200.75)** to other categories of expense.

All other changes to non-construction budgets do not require prior approval **(2 CFR 200.308(f))**. Recipient should also be aware of **2 CFR 200.407** *Prior written approval.*

6. Unless described in the application and funded in the approved Federal awards, the subawarding, transferring, or contracting out of any work under a Federal award. This provision does not apply to the acquisition of supplies, material, equipment, or general support services.
7. Changes in the approved cost-sharing or matching provided by the non-Federal entity.
8. The need arises for additional Federal funds to complete the project.

For construction awards (**2 CFR 200.308(g)**):

1. The revision results from changes in the scope or the objective of the project or program.
2. The need arises for additional Federal funds to complete the project.
3. A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with applicable OMB cost principles listed in 2 CFR 200 Subpart E – Cost Principles.

All other changes to construction budgets do not require prior approval unless an exception have been approved by OMB (**2 CFR 200.308(g)(4)**).

When requesting approval for budget revisions, the recipient must use the same format for budget information that was used in the application, unless the Federal awarding agency indicates a letter of request suffices (**2 CFR 200.308(h)**).

Within 30 calendar days from the date of receipt of the request for budget revisions, the Federal awarding agency must review the request and notify the recipient when the budget revisions have been approved. If the revision is still under consideration at the end of 30 calendar days, the Federal awarding agency must inform the recipient in writing of the date when the recipient may expect the decision (**2 CFR 200.308(i)**).

Notes:



Learning Points

- ✓ A State's and other non-Federal entity's financial management systems must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions, and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to Federal statutes, regulations, and terms/conditions of the Federal award.
- ✓ A non-Federal entity's financial management system must include written procedures for payments and procedures for determining the allowability of costs.
- ✓ Internal controls are a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) effectiveness and efficiency of operations; (b) reliability of reporting for internal and external use; and (c) compliance with applicable laws and regulations.
- ✓ There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. Therefore, it is essential that each item of cost be treated consistently in like circumstances either as a direct or an indirect cost
- ✓ The total cost of a Federal award is the sum of the allowable direct costs and allocable indirect costs less any applicable credits.
- ✓ The 10% rule only applies to non-construction awards where the Federal share of the project exceeds the Simplified Acquisition Threshold (\$250,000). It never applies to construction awards.
- ✓ Recipients are required to report deviations from budget or project scope or objective, and request prior approvals from the Federal awarding agency for budget or program plan revisions.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL
FINANCIAL MANAGEMENT

June 20, 2018

M-18-18

MEMORANDUM FOR CHIEF FINANCIAL OFFICERS AND HEADS OF SMALL EXECUTIVE AGENCIES

FROM:

Tim Soltis

Deputy Controller, Office of Federal Financial Management

SUBJECT:

Implementing Statutory Changes to the Micro-Purchase and the Simplified Acquisition Thresholds for Financial Assistance

In accordance with recent statutory changes set forth in the National Defense Authorization Acts (NDAA) for Fiscal Years 2017 and 2018, this memorandum raises the threshold for micro-purchases under Federal financial assistance awards to \$10,000, and raises the threshold for simplified acquisitions to \$250,000 for all recipients. Further, it implements an approval process for certain institutions that want to request micro-purchase thresholds higher than \$10,000. Agencies are required to implement these changes in the terms and conditions of their awards, and recipients of existing Federal financial assistance awards may implement them in their internal controls.

Background

This memorandum applies to all Federal agencies, as defined at 5 U.S.C. § 551(1), that award grants or cooperative agreements. It implements changes to the micro-purchase and simplified acquisition thresholds for financial assistance under the NDAA for Fiscal Year (FY) 2017 and FY2018. The micro-purchase threshold refers to purchases of supplies or services using simplified acquisition procedures, not to exceed an established amount pursuant to the Office of Management and Budget (OMB) Governmentwide Guidance for Grants and Agreements (“Uniform Guidance”) at 2 C.F.R. § 200.67 (Micro-purchase). The simplified acquisition threshold refers to purchases of property or services using small purchase methods not to exceed an established amount pursuant to 2 C.F.R. § 200.88 (Simplified acquisition threshold). For Federal financial assistance awards, these purchases are acquired for use by a Federal program. The NDAA for FY2017 increased the micro-purchase threshold from \$3,500 to \$10,000 for institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutes (41 U.S.C. § 1908). The NDAA for FY2018 increases the micro-purchase threshold to \$10,000 for all recipients and also increases the simplified acquisition threshold from \$100,000 to \$250,000 for all recipients.

Implementing the NDAA for FY2017

Section 217(b) of the NDAA for FY2017 raises the micro-purchase threshold to \$10,000 for procurements under grants and cooperative agreements for institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutes.¹

¹ Pub. L. No. 114-328 (codified at 41 U.S.C. § 1902(a)(2)).

The NDAA for FY2017 also establishes an interim uniform process by which these recipients can request and Federal agencies can approve requests to apply a higher micro-purchase threshold. Specifically, the 2017 NDAA allows a threshold above \$10,000 if approved by the head of the relevant executive agency. For purposes of this approval, the institution's cognizant Federal agency for indirect cost rates will be the relevant executive agency as defined in 2 C.F.R. § 200.19 (Cognizant agency for indirect costs). To receive a higher threshold, the institution must either have "clean single audit findings" (*i.e.*, in accordance with 2 C.F.R. § 200.520 - Criteria for a low-risk auditee), have an acceptable internal institutional risk assessment, or the higher threshold must be consistent with State law for public institutions.

Agencies should reflect this change through policy or terms and conditions in awards for those institutions. The effective date for this change was when the NDAA for FY2017 was signed into law on December 23, 2016. OMB intends to revise the Uniform Guidance to conform with the law.²

Process for Requesting a Higher Threshold Under the NDAA for FY2017

Requests for approval should be submitted to the institution's cognizant Federal agency for indirect cost rates; however, institutions should contact the agency before sending the request to determine the correct point of contact. The cognizant Federal agency will assign review of the request to the appropriate office within the agency to determine whether to approve, and will maintain records and justification of all approvals. The request should include the threshold level being requested and the justification(s) for it based on the criteria above per Section 217(b) of the NDAA for FY2017.

Implementing the NDAA for FY2018

This memorandum also implements provisions of the NDAA for FY 2018, Pub. L. No. 115-91, which became law on December 12, 2017. Specifically, section 806 raised the micro-purchase threshold from \$3,500 to \$10,000, and section 805 raised the simplified acquisition threshold from \$100,000 to \$250,000. Pursuant to 2 C.F.R. § 200.67 (Micro-purchase) and 2 C.F.R. § 200.88 (Simplified acquisition threshold), these higher thresholds are not effective until implemented in the Federal Acquisition Regulation (FAR) at 48 C.F.R. Subpart 2.1 (Definitions).³

In order to allow maximum flexibility for grant recipients in light of the changes to the NDAA for FY2018, OMB is granting an exception allowing recipients to use the higher threshold of \$10,000 for micro-purchases and \$250,000 for simplified acquisitions in advance of revisions to the FAR at 48 C.F.R. Subpart 2.1 and the Uniform Guidance. Pursuant to 2 C.F.R. § 200.102 (Exceptions), OMB may allow exceptions to the Uniform Guidance when exceptions are not prohibited by statute. The exception takes effect upon the date of issuance of this memo. Agencies should apply this exception to all recipients. Recipients should document any change based on this exception in accordance with 2 C.F.R. § 200.318 (General procurement standards).

If you have any questions regarding this memorandum, please contact Mary Tutman at Mary.E.Tutman@omb.eop.gov or Gil Tran at Hai_M._Tran@omb.eop.gov.

² The American Innovation and Competitiveness Act, Pub. L. No. 114-329, § 207(b) (2017) states that the Uniform Guidance shall be revised to conform with the requirements concerning the micro-purchase threshold.

³ Codified at 41 U.S.C. § 1902(f).

10

Module 10 Indirect Costs

Learning Objectives:

1. Describe and understand indirect costs, indirect cost rate proposals, and negotiated indirect cost rate agreements.
2. Explain the requirement for Federal agencies and pass-through entities to honor a recipient's and subrecipient's approved indirect rate.
3. Understand the different types of indirect rates.
4. Understand the different types of indirect cost bases.
5. Correctly apply an approved indirect cost rate to a budget and review it for accuracy. Compare various indirect cost rates and bases to one budget to determine how different indirect rates and bases result in charges to an award.
6. Discuss the limitation on indirect costs for statewide central services required under the Wildlife Restoration and Sport Fish Restoration Acts.

Handouts:

- 10-1 Indirect Cost Organizational Chart
- 10-3 Cost Breakdown
- 10-5 Grants and Contract Detail
- 10-7 Exercise Calculating and Applying Indirect Rates
- 10-9 Examples of Negotiated Indirect Cost Agreements (NICRA)

Indirect Costs

Indirect costs, sometimes referred to as Indirect (F&A) costs, are “*those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved*” (2 CFR 200.56). After direct costs have been determined and assigned directly to Federal awards and other activities as appropriate, indirect costs are those remaining to be allocated to benefitted cost objectives.

A cost may not be allocated to a Federal award as an indirect cost, if any other cost incurred for the same purpose, in like circumstances, has been assigned to a Federal award as a direct cost

Indirect costs are charged to Federal awards by the use of an indirect cost rate. In order to facilitate an equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs. Indirect cost pools must be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits received.

For States, local governments, and Indian tribes, indirect costs include: (1) the indirect costs originating within each department or agency of the governmental unit carrying out the Federal award and (2) the costs of central government services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

Within the Organization

- ✓ Finance
- ✓ Accounting
- ✓ Human Resources
- ✓ Procurement
- ✓ Information Technology
- ✓ Agency Leadership
- ✓ Health & Welfare

External to Organization

- ✓ Statewide Central Services
- ✓ Local Central Services
- ✓ Utilities
- ✓ Rent / Depreciation
- ✓ Taxes
- ✓ Janitorial

“Because of the diverse characteristics and accounting practices of governmental units, the types of costs which may be classified as indirect costs cannot be specified in all situations. However, typical examples of indirect costs may include certain state/local-wide central service costs, general administration of the non-Federal entity accounting and personnel services performed within the non-Federal entity, depreciation on buildings and equipment, the costs of operating and maintaining facilities.”

- 2 CFR 200 Appendix VII(A)(4)

What is an Indirect Cost Rate?

An “indirect cost rate” is a device for determining in a reasonable manner the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base.

An indirect cost rate is developed by preparing a cost allocation plan or an indirect cost rate proposal. The indirect cost rate proposals is then negotiated with the entity’s cognizant Federal agency.

Submission of Indirect Cost Rate Proposals

Non-Federal entities must have an open, active Federal award before they can submit an indirect cost rate proposal to their cognizant agency. Proposals must be submitted no later than 90 calendar days after the date the award is made. Thereafter, indirect cost rate proposals must be developed (and, when required, submitted) within six months after the close of the governmental unit’s fiscal year, unless an exception has been approved by the cognizant Federal agency.

A recipient’s cognizant Federal agency is determined by the Office of Management and Budget’s (OMB) Federal Register Notice 51 FR 552. If the recipient is not listed, then the cognizant Federal agency is the agency that provides the greatest amount of Federal funds to the recipient organization.

A governmental agency that receives more than \$35 million in direct Federal funding must submit its indirect cost rate proposal to its cognizant Federal agency. Other governmental agencies must develop their indirect cost rate proposals and maintain the proposal and related supporting documentation for audit.

Where a non-Federal entity only receives funds as a subrecipient, the pass-through entity will be responsible for negotiating the subrecipient’s indirect costs.

They are not required to submit their proposals unless they are specifically requested to do so by the cognizant agency.

Indian tribal governments must submit their indirect cost rate proposals to the Department of the Interior.

Notes:

Documentation of Indirect Cost Rate Proposals

The following information must be included with each indirect cost rate proposal:

1. The rates proposed, including subsidiary work sheets and other relevant data, cross referenced and reconciled to the financial data noted in (#2).
2. A copy of financial data (statements, annual financial reports, executive budgets, accounting reports) upon which the rate is based.
3. The approximate amount of direct base costs incurred under Federal awards. These costs should be broken out between salaries, wages, and other direct cost categories.
4. A chart showing the organizational structure of the agency during the period for which the proposal applies, along with a function statement noting the duties and responsibilities of all units that comprise the agency.

Negotiation and Approval of Indirect Cost Rate Proposals

Indirect cost rate proposals are reviewed, negotiated, and approved by the cognizant Federal agency. Once approved, the rate will be accepted by all Federal agencies, unless prohibited or limited by statute.

The results of each negotiation are formalized in a written agreement called a “Negotiated Indirect Cost Rate Agreement (NICRA)”.

Non-Federal entities that have a current NICRA may apply for a one-time extension of the rates in that agreement for a period of up to four years (**2 CFR 200.414(g)**). If the extension is granted, the non-Federal entity may not request a rate review until the extension period ends. At the end of the four-year extension, the non-Federal entity must re-apply to negotiate a rate. Subsequent one-time extensions are permitted if a renegotiation is completed between each extension request. **Only final and predetermined rates may be eligible for consideration of rate extensions.**

Interior Business Center reviews, negotiates, and approves all indirect cost rate proposals on behalf of the Department of the Interior. Please visit the [Office of Indirect Cost Services](#) for additional information.

Notes:

Honoring an Approved NICRA

All Federal awarding agencies must accept the negotiated rates of a non-Federal entity (**2 CFR 200.414(c)**). The Department of the Interior stepped down this requirement to all of its bureaus through policy at **DOI-AAAP-0007**. A Federal awarding agency may use a rate different from the negotiated rate for a class of Federal awards or a single Federal award only when:

- Required by Federal statute or regulation.
- When approved by a Federal awarding agency head or delegate based on documented justification.
- The Federal program has received approval from the Department of the Interior for rate deviation.
- The recipient attributes some or all of their allowable indirect costs as voluntary cost-share or, when allowable, to satisfy cost-sharing or matching requirements.
- The recipient voluntarily charges less than the full amount of indirect costs allowed under the award. The election must be voluntary, Federal awarding agency or pass-through entity staff must not require or otherwise solicit such a reduction.

Pass-through entities are also required to accept the negotiated rates of their subrecipients (**2 CFR 200.331(a)(4)**). The regulatory language was later clarified in the Office of Management and Budget's 2 CFR 200 Frequently Asked Questions (July 2017), page 24-25, .331-6 and .331-7.

Pass-through entities that do not honor a subrecipient's NICRA are vulnerable to any of the measures available under **2 CFR 200.338-342**, depending on the Federal awarding agencies oversight of their Federal award.

Notes:

Types of Indirect Rates

The following are the most common types of Indirect Cost Rates:

- (1) Provisional Rate – This is a temporary rate established for a period of time and based on estimated costs until a final rate can be determined, negotiated, and approved. A provisional rate is often sought by recipients that have no prior federal awards or contracts. Once the cognizant agency approves the indirect rate cost proposal, the provisional rate is revised to a final rate.
- (2) Final Rate – This is a rate that is applicable to a specified period which is based on actual allowable costs of the period. It is established after an organization's actual costs for an operating period are known.
- (3) Predetermined Rate – This a rate established for a specified current or future period, usually a governmental unit's fiscal year. The rate is based on an estimate of the costs to be incurred during the period. While not subject to adjustment, this rate is often used when financial data demonstrates a reasonable assurance that a reimbursement rate is likely to remain stable based on the recipient's actual costs, both previous and forecasted. As a result, this type of rate is usually valid for a period of two to four years.
- (4) Fixed Rate with Carry-Forward – This a rate established for a future (prospective) period of time. The recipient is reimbursed at this rate, but after actual costs have been determined, the difference between fixed and actual is carried forward to a future period in order to adjust the fixed rate for under or over recovery of indirect costs.
- (5) Special Rate – This is a rate developed to deal with unique situations. They are often used by Institutions of Higher Education when indirect costs are different for on-campus and off-campus activities.
- (6) 10% de minimis – This is a rate that where the recipient is authorized to charge indirect costs in the amount of 10% of the modified total direct costs (as defined in **2 CFR 200.68**). This type of rate is available to all non-Federal entities (except U.S. States and local governments who receive more than \$35 million in direct Federal funding per year) who have never had an approved NICRA with their cognizant Federal agency (**2 CFR 200.424(f)**). If chosen, this constitutes an approved indirect rate and must be used consistently for all Federal awards until such time as the non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.

Applying an Indirect Cost Rate

Charging indirect costs to a Federal award is a two part process. First the applicant must include indirect costs in the estimated budget as part of the total award cost. Then, once the award is approved, the recipient must submit (assuming they do not already have an approved NICRA) and receive an approved NICRA from their cognizant Federal agency.

During the period of performance, the approved rate is applied against the base (Salaries, Salaries/Fringe, Modified Total Direct Costs, Pass-Thru Agreements). Remember, when using MTDC as the base, recipients must exclude distorting items from the base prior to applying the indirect rate. Some examples of distorting items would be capital expenditures, equipment, and that portion of each subaward in excess of \$25,000.

Indirect cost rate proposals are typically prepared by State fiscal year. When a Federal award crosses State fiscal years, more than one rate may apply to the same award.

As direct costs are incurred and charged to the award the approved indirect cost rate is applied to determine the total grant costs.

The total cost of the award may then be charged based on the Federal participation rate (i.e. 75/25 for many WSFR awards). Financial information pertaining to indirect costs are documented on the Federal Financial Report(SF-425).

If more than one indirect rate is applied to the award, during the period of performance, then each indirect rate will be identified on separate lines of the SF-425.

Example 1 – Applying an Indirect Rate

Recipient’s NICRA is 27.65% (base – MTDC)

<u>Cost Category</u>	<u>Direct Costs</u>	<u>Indirect Costs</u>	<u>Total Costs</u>
Salaries/Wages	\$245,000	\$67,743	\$312,743
Fringe	\$55,000	\$15,208	\$70,208
Travel	\$20,000	\$5,530	\$25,530
Supplies	\$15,000	\$4,148	\$19,148
Equipment	\$65,000	\$0	\$65,000
Total	\$400,000	\$92,629	\$492,629



Exercise: Indirect Rates in Budgets

Using the sample grant application budgets and various non-Federal entity's approved indirect cost rates, determine the amount of indirect costs that may be applied to the Federal award. The approved indirect rates to apply to each budget scenario are as follows:

- Rate #1 – 37.65%, base of Salaries/Wages.
- Rate #2 – 30.15% base of Salaries and Fringe.
- Rate #3 – 27.45% base of MTDC (distorting items include all subawards and contracts in excess of \$25,000).
- Rate #4 – 79.75% base of pass-through agreements.

1.

Budget Category	Direct Cost	Indirect Rate #1	Indirect Rate #2	Indirect Rate #3	Indirect Rate #4
Salaries/Wages	\$250,000	\$94,125	\$75,375	\$68,625	\$0
Fringe Benefits	\$65,000	\$0	\$19,598	\$17,843	\$0
Travel	\$10,000	\$0	\$0	\$2,745	\$0
Supplies	\$12,000	\$0	\$0	\$3,294	\$0
Equipment	\$48,000	\$0	\$0	\$0	\$0
Subawards ¹	\$32,000	\$0	\$0	\$8,510	\$25,520
Contracts ²	\$8,000	\$0	\$0	\$2,196	\$0
Total Cost	\$425,000	\$94,125	\$94,973	\$103,213	\$25,520

¹ Comprised of two subawards (\$26,000 and \$6,000).

² Comprised of one contract (\$8,000).

When comparing Rates #1-3, note that Rate #1 (despite being the highest rate) produced the lowest indirect costs charged to the award.

2.

Budget Category	Direct Cost	Indirect Rate #1	Indirect Rate #2	Indirect Rate #3	Indirect Rate #4
Salaries/Wages	\$200,000	\$75,300	\$60,300	\$54,900	\$0
Fringe Benefits	\$58,000	\$0	\$17,487	\$15,921	\$0
Travel	\$7,000	\$0	\$0	\$1,922	\$0
Supplies	\$7,000	\$0	\$0	\$1,922	\$0
Equipment	\$40,000	\$0	\$0	\$0	\$0
Subawards	\$0	\$0	\$0	\$0	\$0
Contracts ¹	\$18,000	\$0	\$0	\$4,941	\$0
Total Cost	\$330,000	\$75,300	\$77,787	\$79,606	\$0

¹ Comprised of two contracts (\$10,000 and \$8,000).

Note how there are no indirect costs charged to the award for Rate #4. This is because there are no pass-through agreements to apply to the NICRA.

Limitation on State Central Services under the Wildlife and Sport Fish Restoration Acts

Administrative costs in the form of overhead or indirect costs for State central services outside of the State fish and wildlife agency are eligible for funding under the Acts and must follow an approved cost allocation plan. These expenses must not exceed 3 percent of the funds apportioned annually to the State under the Acts. (see **50 CFR 80.53**)

The regulatory requirement in 50 CFR 80 comes directly from language incorporated into both the Wildlife and Sport Fish Restoration Acts. In both Acts, the language is found in Section 6(c). Additional guidance can be found in the policy memorandum “**3% Central Services Limitation (WR/SFR Grants)**” located in the WSFR Toolkit.

Calculation of State Central Services Limitation

The State of Protection has an approved State Wide Cost Allocation Plan (SWCAP) for allocating the cost of providing centralized computer, purchasing and vehicle maintenance to all State (operating) departments and agencies. The State of Protection has determined that the central services cost allocable to the Protection Department of Fish & Wildlife is \$575,000.

The Protection Department of Fish & Wildlife is developing an indirect cost rate proposal to obtain an approved indirect cost rate to apply to its Federal awards.

$$\$18,000,000 \text{ (Annual Apportionment for both WR/SFR)} \times 3\% = \text{\$540,000 limit}$$

Indirect costs included in indirect cost rate proposal:

Protection Department Fish & Wildlife - Indirect costs	\$15,000,000
State Central Services (3% Limit)	+ <u>\$540,000</u>
Total Indirect Cost Pool	<u>\$15,540,000</u>

Indirect Rate Calculation:

Total Indirect Cost Pool	\$15,540,000
Direct Cost Base (Salaries and Fringe)	/ <u>\$50,000,000</u>
Indirect Rate	31.08%

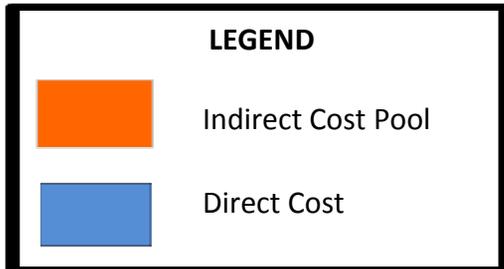
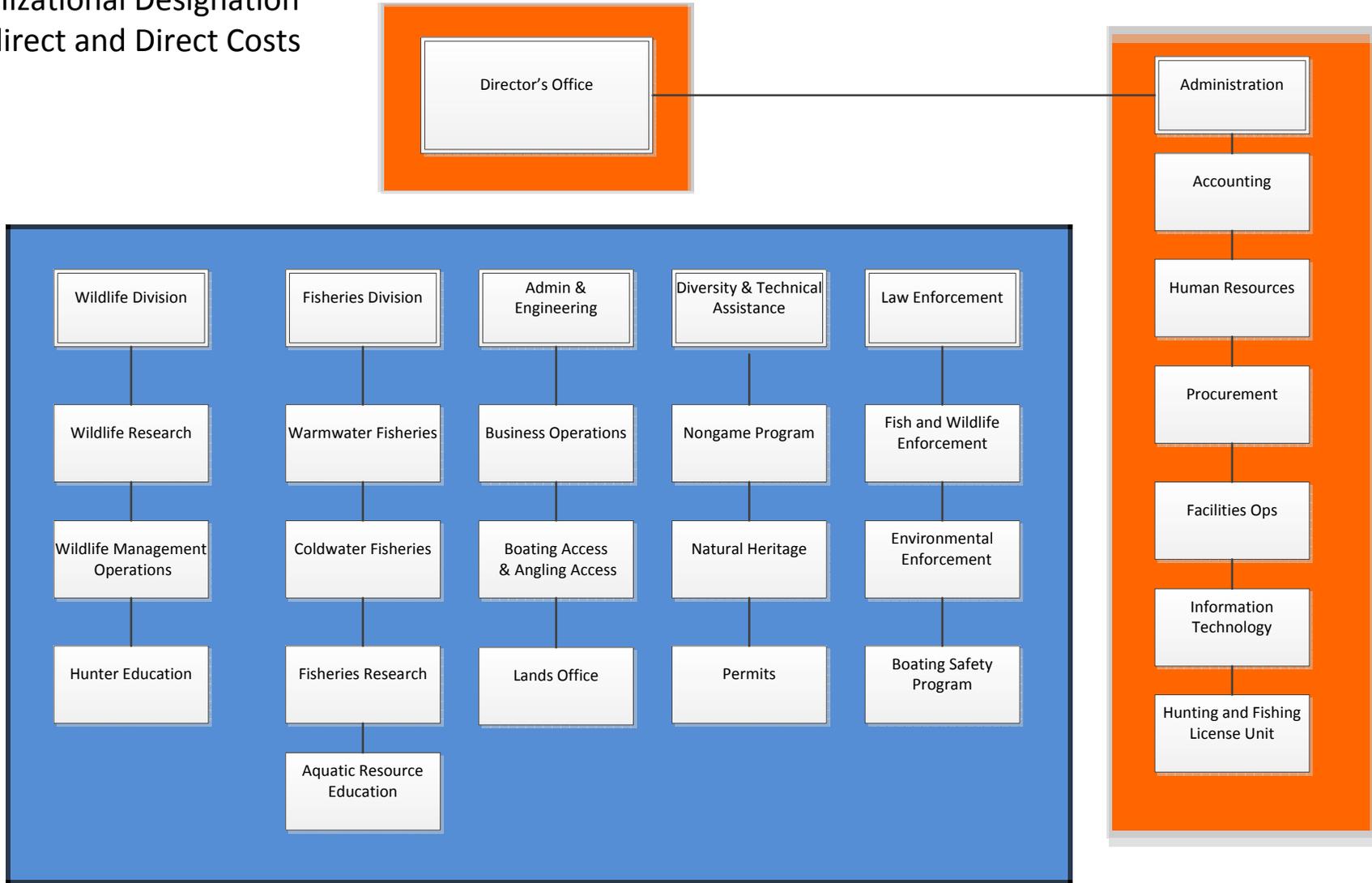


Learning Points

- ✓ Indirect costs are those costs incurred for a common or joint purpose and cannot be readily identified with a particular cost objective.
- ✓ An indirect cost rate is the ratio or percentage of an organization's total indirect costs (overhead/administrative costs) to its direct cost base. The rate is used by a non-federal entity to distribute indirect costs to individual Federal awards by applying the rate to either total direct or modified direct costs of the award.
- ✓ Non-Federal entities submit indirect cost rate proposals to and receive the approved indirect cost rate from their cognizant Federal agency. The cognizant Federal agency are determined by the Office of Management and Budget's Federal Register Notice 51 FR 552. If not listed, the cognizant agency is the Federal agency that provides the most amount of Federal funding to the non-Federal entity.
- ✓ Charging indirect costs to a Federal award is a two-part process. First, applicants must include indirect costs in their budget application. Secondly, non-Federal entities must obtain an approved indirect cost rate from their cognizant Federal agency. For those non-Federal entity that are eligible to and accept the 10% de minimis, this constitutes an accepted negotiated rate.
- ✓ States must ensure that indirect costs for state central services are limited to 3% of the annual apportionment amount for both Wildlife Restoration and Sport Fish Restoration programs.
- ✓ Federal agencies and pass-through entities must honor a non-Federal entities negotiated indirect rate.

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Organizational Designation of Indirect and Direct Costs



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Simplified Allocation Method for Indirect Cost
(Dollars in 1,000)

Expense Category	Direct Cost Base		Indirect Cost Pool	Total Expenses
	Federal Projects	Non-Federal Projects		
Salaries / Wages	9,600	32,000	8,000	49,600
Employee Benefits	2,000	6,400	2,500	10,900
Central Services			575	575
Travel	600	1,500	600	2,700
Materials and Supplies	850	1,800	750	3,400
Rent			1,200	1,200
Communications			400	400
Utilities			850	850
Advertising			150	150
Equipment	800	2,400	700	3,900
Subcontracts / Grants	365	150	0	515
Land Acquisition	1,000	3,000	0	4,000
Total	14,215	44,250	15,725	78,190
Less Unallowable				
Advertising			150	
Central Services			155	
Allowable Costs	14,215	44,250	15,420	78,190

Notes:

- 1 The Federal project expenses are total costs associated with Federal awards (federal & match).
- 2 Advertising is an unallowable cost for Federal awards
- 3 The 3% limitation on central services makes part of the central services unallowable for Wildlife and Sport Fish funded projects
- 4 Only the first \$25,000 of contracts and grants can be claimed using MTDC base

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**Grants and Contracts Detail
(Dollars in 1,000)**

Recipient	Federal F&W	Non-Federal F&W	Award / Contract Purpose
University of Protection	125		Elk reintroduction feasibility study
Protection Tech	75		Analysis of riparian zone in central Protection
Smith Construction Company	20		Construction of boating access facility
Yummy Fish Food Inc.	100		Fish food for hatcheries
Sky High Flight Services		50	Flights to support aerial telemetry work on white-tailed deer
University of Protection	15		Genetic tissue analysis
University of Protection		25	Survey of woodrats in northern counties of Protection
Protection Tech		30	Statistical analysis of Ruffed Grouse data
The Result U Want Consulting	30		Development of environmental assessment for boating access
You Do the Work We Get Paid Consulting		45	Study on alternative funding for agency
TOTALS	365	150	

Worksheet for Calculating Allowable Contracts/Grants for Modified Total Direct Cost Base

Number of contracts/grants greater \geq \$ 25	<input type="text"/>	x	25	=	<input type="text"/>	Totals
Total \$ value of all contracts/grants < \$ 25	—————>				<input type="text"/>	
TOTAL ALLOWABLE CONTRACTS/GRANTS						<input type="text"/>

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Calculating Indirect Rates using Different Bases

(Dollars in 1,000)

Indirect Base Method	Indirect Cost Pool	Direct Cost Base	Indirect Cost Rate
Salaries / Wages	15,420		
Salaries / Wages + Fringe	15,420		
Modified Total Direct Costs	15,420		

Notes:

- 1 - Divide the indirect cost pool by the direct cost base to determine the rate
- 2- For modified total direct costs the exclusions are capital outlays, equipment and the first 25,000 of each contract/subaward

Applying Indirect Using Different Bases

(Dollars in 1,000)

Expenditure by Class	Dollar Amount
Salaries and Wages	125
Fringe Benefits	25
Supplies	12
Travel	14
Vehicle Expense	18
Equipment	25
Contracts / Grants	50
TOTAL DIRECT CHARGES	269

Notes:

- 1- The Contracts / Grants expenditures consist of 3 procurements (\$10, \$7 and \$33).

Calculate the dollar amount for each indirect cost rate base

Indirect Rate Base Types	Rate	Base	Total Amount of Indirect
Salaries / Wages			
Salaries / Wages + Fringe			
Modified Total Direct Costs			

Calculate the total charges to the award under each scenario

Indirect Rate Base Types	Total Direct	Total Indirect	Total Outlays
Salaries / Wages			
Salaries / Wages + Fringe			
Modified Total Direct Costs			

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**State and Local Governments
Indirect Cost Negotiation Agreement**

EIN: 82-6000952

Organization:

Idaho Department of Fish and Game
P.O. Box 25
Boise, ID 83707-0025

Date: August 24, 2015

Report No(s) .: 15-A-1034

Filing Ref. :
Last Negotiation Agreement
dated September 10, 2014

The indirect cost rate contained herein is for use on grants, contracts, and other agreements with the Federal Government to which 2 CFR Part 200 applies for fiscal years beginning on or after December 26, 2014 subject to the limitations in Section II.A. of this agreement. Applicable OMB Circulars and the regulations at 2 CFR 225 will continue to apply to federal funds awarded prior to December 26, 2014. The rate was negotiated by the U.S. Department of the Interior, Interior Business Center, and the subject organization in accordance with the authority contained in applicable regulations.

Section I: Rate

Rate Type	Effective Dates		Rate	Locations	Applicable To
	Effective Period				
Type	From	To	Rate*		
Fixed Carryforward	07/01/15	06/30/16	29.52%	All	All Programs

***Base:** Total direct salaries and wages, including fringe benefits. The rate applies to all programs administered by the non-federal entity. To determine the amount of indirect costs to be billed under this agreement, direct salaries and wages and related fringe benefits should be summed and multiplied by the rate. All other program costs should be eliminated from the calculation.

Description of Base

Treatment of fringe benefits: Fringe benefits applicable to direct salaries and wages are treated as direct costs; fringe benefits applicable to indirect salaries and wages are treated as indirect costs.

Section II: General

Page 1 of 3

A. Limitations: Use of the rate(s) contained in this agreement is subject to any applicable statutory limitations. Acceptance of the rate(s) agreed to herein is predicated upon these conditions: (1) no costs other than those incurred by the subject organization were included in its indirect cost rate proposal, (2) all such costs are the legal obligations of the grantee/contractor, (3) similar types of costs have been accorded consistent treatment, and (4) the same costs that have been treated as indirect costs have not been claimed as direct costs (for example, supplies can be charged directly to a program or activity as long as these costs are not part of the supply costs included in the indirect cost pool for central administration).

B. Audit: All costs (direct and indirect, federal and non-federal) are subject to audit. Adjustments to amounts resulting from audit of the cost allocation plan or indirect cost rate proposal upon which the negotiation of this agreement was based will be compensated for in a subsequent negotiation.

**State and Local Governments
Indirect Cost Negotiation Agreement**

EIN: 91-1632572

Organization:

State of Washington
Department of Fish and Wildlife
600 Capitol Way N
Olympia, WA 98501-1091

Date: July 14, 2015

Report No(s) .: 15-A-0880

Filing Ref.:

Last Negotiation Agreement
dated June 24, 2014

The indirect cost rate contained herein is for use on grants, contracts, and other agreements with the Federal Government to which 2 CFR Part 200 applies for fiscal years beginning on or after December 26, 2014 subject to the limitations in Section II.A. of this agreement. Applicable OMB Circulars and the regulations at 2 CFR 225 will continue to apply to federal funds awarded prior to December 26, 2014. The rate was negotiated by the U.S. Department of the Interior, Interior Business Center, and the subject organization in accordance with the authority contained in applicable regulations.

Section I: Rate

Type	Effective Period		Rate*	Locations	Applicable To
	From	To			
Fixed Carryforward	07/01/15	06/30/16	29.21%	All	All Programs

***Base:** Total direct costs, less capital expenditures and passthrough funds. Passthrough funds are normally defined as payments to participants, stipends to eligible recipients, subcontracts and subgrants, all of which normally require minimal administrative effort.

Treatment of fringe benefits: Fringe benefits applicable to direct salaries and wages are treated as direct costs; fringe benefits applicable to indirect salaries and wages are treated as indirect costs.

Clarifying language regarding subgrants and subcontracts

Section II: General

Page 1 of 3

A. Limitations: Use of the rate(s) contained in this agreement is subject to any applicable statutory limitations. Acceptance of the rate(s) agreed to herein is predicated upon these conditions: (1) no costs other than those incurred by the subject organization were included in its indirect cost rate proposal, (2) all such costs are the legal obligations of the grantee/contractor, (3) similar types of costs have been accorded consistent treatment, and (4) the same costs that have been treated as indirect costs have not been claimed as direct costs (for example, supplies can be charged directly to a program or activity as long as these costs are not part of the supply costs included in the indirect cost pool for central administration).

B. Audit: All costs (direct and indirect, federal and non-federal) are subject to audit. Adjustments to amounts resulting from audit of the cost allocation plan or indirect cost rate proposal upon which the negotiation of this agreement was based will be compensated for in a subsequent negotiation.

**State and Local Governments
Indirect Cost Negotiation Agreement**

EIN: 64-0897726

Organization:

Mississippi Department of Wildlife,
Fisheries and Parks
1505 Eastover Drive
Jackson, MS 39211

Date: July 15, 2014

Report No(s) .: 14-A-0928

Filing Ref.:

Last Negotiation Agreement
dated September 30, 2013

The indirect cost rates contained in this agreement apply to grants, contracts, and other agreements with the subject organization which 2 CFR 225 (OMB Circular A-87) applies, subject to the provisions of Section II.A. of this agreement. The rates were negotiated by the U.S. Department of the Interior, Interior Business Center, and the subject organization in accordance with the authority contained in 2 CFR 225.

Example of a multiple
allocation method

Section I: Rates

Type	Effective Period		Rate	Locations	Applicable Federal	
	From	To			To	%in Base
Fixed Carryforward	07/01/14	06/30/15	42.86%*	All	Fisheries (DJ)	85%
Fixed Carryforward	07/01/14	06/30/15	78.43%*	All	Game (PR)	65%
Fixed Carryforward	07/01/14	06/30/15	45.18%*	All	Hunter Edu. (PR)	100%
Fixed Carryforward	07/01/14	06/30/15	37.58%*	All	Law Enforc.	20%
Fixed Carryforward	07/01/14	06/30/15	19.55%*	All	Boat Safety	10%
Fixed Carryforward	07/01/14	06/30/15	81.85%*	All	Boat Regis.	90%
Fixed Carryforward	07/01/14	06/30/15	129.36%*	All	Parks	0%
Fixed Carryforward	07/01/14	06/30/15	125.24%**	All	Museum	40%

*Base: Total direct salaries and wages, including fringe benefits.

**Base: Total direct costs, less capital expenditures and passthrough funds.

Treatment of fringe benefits: Fringe benefits applicable to direct salaries and wages are treated as direct costs; fringe benefits applicable to indirect salaries and wages are treated as indirect costs.

Section II: General

A. Limitations: Use of the rate(s) contained in this agreement is subject to any applicable statutory limitations. Acceptance of the rate(s) agreed to herein is predicated upon these conditions: (1) no costs other than those incurred by the subject organization were included in its indirect cost rate proposal, (2) all such costs are the legal obligations of the grantee/contractor, (3) similar types of costs have been accorded consistent treatment, and (4) the same costs that have been treated as indirect costs have not been claimed as direct costs (for example, supplies can be charged directly to a program or activity as long as these costs are not part of the supply costs included in the indirect cost pool for central administration).

B. Audit: All costs (direct and indirect, federal and non-federal) are subject to audit. Adjustments to amounts resulting from audit of the cost allocation plan or indirect cost rate proposal upon which the negotiation of this agreement was based will be compensated for in a subsequent negotiation.

**State and Local Governments
Indirect Cost Negotiation Agreement**

EIN: 94-1697567

Organization:

California Department of Fish
and Wildlife
1416 9th Street, Suite 117
Sacramento, CA 95814

Date: June 25, 2015

Report No(s) .: 15-A-0810

Filing Ref.:

Last Negotiation Agreement
dated June 4, 2014

The indirect cost rates contained herein are for use on grants, contracts, and other agreements with the Federal Government to which 2 CFR Part 200 applies for fiscal years beginning on or after December 26, 2014 subject to the limitations in Section II.A. of this agreement. Applicable OMB Circulars and the regulations at 2 CFR 225 will continue to apply to federal funds awarded prior to December 26, 2014. The rates were negotiated by the U.S. Department of the Interior, Interior Business Center, and the subject organization in accordance with the authority contained in applicable regulations.

Example of where 3% limitation in SWCAP impacted indirect rate

Section I: Rates

Type	Effective Period		Rate*	Locations	Applicable To
	From	To			
Fixed Carryforward	07/01/15	06/30/16	27.63%	All	PR-SFRA
Fixed Carryforward	07/01/15	06/30/16	38.44%	All	All Others

*Base: Total direct costs less capital expenditures, passthrough funds, fish foods and contractual costs.

Treatment of fringe benefits: Fringe benefits applicable to direct salaries and wages are treated as direct costs; fringe benefits applicable to indirect salaries and wages are treated as indirect costs.

Example of a distorting items based on the mission of the agency

Section II: General

A. Limitations: Use of the rate(s) consistent to any applicable statutory limitations. Acceptance of the rate(s) agreed to herein is predicated upon these conditions: (1) no costs other than those incurred by the subject organization were included in its indirect cost rate proposal, (2) all such costs are the legal obligations of the grantee/contractor, (3) similar types of costs have been accorded consistent treatment, and (4) the same costs that have been treated as indirect costs have not been claimed as direct costs (for example, supplies can be charged directly to a program or activity as long as these costs are not part of the supply costs included in the indirect cost pool for central administration).

B. Audit: All costs (direct and indirect, federal and non-federal) are subject to audit. Adjustments to amounts resulting from audit of the cost allocation plan or indirect cost rate proposal upon which the negotiation of this agreement was based will be compensated for in a subsequent negotiation.

**State and Local Governments
Indirect Cost Negotiation Agreement**

EIN: 73-6502734

Organization:

North Carolina Wildlife Resources Commission
1701 Mail Service Center
Raleigh, NC 27699-1701

Date: March 31, 2014

Report No(s) .: 14-A-0552

Filing Ref.:

Last Negotiation Agreement
dated June 10, 2013

The indirect cost rate(s) contained herein are for use on grants, contracts, and other agreements with the Federal Government to which 2 CFR 225 (OMB Circular A-87) applies, subject to the limitations in Section II.A. of this agreement. The rate(s) were negotiated by the U.S. Department of the Interior, Interior Business Center, and the subject organization in accordance with the authority contained in 2 CFR 225.

Section I: Rate(s)

Type	Effective Period		Rate*	Locations	Applicable To
	From	To			
Fixed Carryforward	07/01/14	06/30/15	75.20%	All	All Programs

Is this a high rate?

*Base: Total direct salaries and wages, excluding fringe benefits.

Treatment of fringe benefits: Fringe benefits applicable to both direct and indirect salaries and wages are treated as indirect costs.

Section II: General

A. **Limitations:** Use of the rate(s) contained in this agreement is subject to any applicable statutory limitations. Acceptance of the rate(s) agreed to herein is predicated on the following conditions: (1) the rate(s) are not in excess of those incurred by the subject organization in its indirect cost rate proposal, (2) all obligations of the grantee/contractor, (3) similar types of costs have been accorded consistent treatment, and (4) the same costs that have been treated as indirect costs have not been claimed as direct costs (for example, supplies can be charged directly to a program or activity as long as these costs are not part of the supply costs included in the indirect cost pool for central administration).

Fringe for both direct and indirect staff is treated as indirect

B. **Audit:** All costs (direct and indirect, federal and non-federal) are subject to audit. Adjustments to amounts resulting from audit of the cost allocation plan or indirect cost rate proposal upon which the negotiation of this agreement was based will be compensated for in a subsequent negotiation.

C. **Changes:** The rate(s) contained in this agreement are based on the organizational structure and the accounting system in effect at the time the proposal was submitted. Changes in organizational structure, or changes in the method of accounting for costs which affect the amount of reimbursement resulting from use of the rate(s) in this agreement, require the prior approval of the responsible negotiation agency. Failure to obtain such approval may result in subsequent audit disallowance.

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11

AQUATIC RESOURCE EDUCATION PROGRAM

UPDATED 3/2019



U.S. Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program

DISTRIBUTION METHOD

Apportioned based on formula:
Maximum 15% of Sport Fish Restoration Funding

Governing Guidance

- Sport Fish Restoration Act also known as Dingell-Johnson (DJ) Act of 1950 (enabling legislation)
- 50 CFR 80
- 2 CFR 200

ELIGIBLE GRANTEES: ALL STATE/TERRITORY FISH AND WILDLIFE AGENCIES WITH ASSENT LEGISLATION

Purpose Enhance the public's understanding of water resources, aquatic life forms, sport fishing, and develop responsible attitudes and ethics toward the aquatic environment

ELIGIBLE PROJECTS

- Projects that enhance the public's understanding of aquatic resources
- Projects that improve communications with anglers, boaters, and the general public on sport fishing and boating opportunities
- Projects that increase participation in sport fishing and boating
- Projects that advance the adoption of sound fishing and boating practices, including safety
- Projects that promote conservation and responsible use of aquatic resources

SOURCE OF FUNDS

Sport Fish Restoration & Boating Trust Fund

Includes Revenues from:

- Excise taxes on sport fishing equipment and electric motors
- Import duties on fishing tackle, yachts, and pleasure craft
- Portion of gasoline tax attributable to motorboats and small engines
- Interest earned on Trust Fund

MATCHING REQUIREMENTS AND LIMITATIONS ON AVAILABILITY OF FUNDS

- States may be paid up to 75% federal funds, 25% match requirement from non-federal sources
- 100% federal funding for District of Columbia, Puerto Rico, Northern Mariana Islands, Guam, Virgin Islands, and American Samoa
- Annual apportionment available for obligation to grants for two years before it reverts. Reverted funds are reapportioned to the Sport Fish Restoration program during the subsequent year

SPECIAL CONDITIONS OR REQUIREMENTS

- * State fish and wildlife agencies must pass and maintain assent legislation
- * State fish and wildlife agencies must submit annual license certifications
- * State fish and wildlife agencies may spend a maximum of 15% of their annual Sport Fish Restoration apportionment on aquatic education programs.
- * 15% maximum does not apply to DC, Puerto Rico, Northern Mariana Islands, Guam, Virgin Islands, and American Samoa

BOATING ACCESS PROGRAM

UPDATED 3/2019

Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program



DISTRIBUTION METHOD

Apportioned based on formula

Governing Guidance

- Sport Fish Restoration Act also known as Dingell-Johnson (DJ) Act of 1950 (enabling legislation)
- 50 CFR Part 80
- 2 CFR 200

ELIGIBLE GRANTEES: ALL STATE/TERRITORY FISH AND WILDLIFE AGENCIES WITH ASSENT LEGISLATION

Purpose Provide facilities that create or add to public access for recreational boating

ELIGIBLE PROJECTS

→ A broad range of access facilities and associated amenities that benefit recreation boaters may qualify

- Projects that seek to acquire, develop, renovate, maintain, or improve facilities that create or improve public access to the waters of the United States or improve the suitability of these waters for recreational boating. These facilities may include auxiliary structures to ensure safe use by recreational boaters. Projects may include surveys to determine information needed to plan for providing access to recreational waters for any size or type of recreational boat
- Maintenance and operations projects can be funded for boating access sites, facilities, and structures, even if the Sport Fish Restoration Program did not fund their acquisition or construction
- Facilities funded through the subprogram must be available to all recreational boaters, but States may restrict uses for public safety, property protection, noise abatement, or aquatic resource protection. Examples of restrictions include limiting the horsepower or types of boat motors and setting speed limits, no-wake zones, or hours of use

SOURCE OF FUNDS

Annual apportionment from the Sport Fish Restoration & Boating Trust Fund

Includes Revenues from:

- Excise taxes on sport fishing equipment and electric motors
- Import duties on fishing tackle, yachts, and pleasure craft
- Portion of gasoline tax attributable to motorboats and small engines
- Interest earned on Trust Fund

MATCHING REQUIREMENTS AND LIMITATIONS ON AVAILABILITY OF FUNDS

- States may be paid up to 75% federal funding, 25% required from non-federal sources
- 100% Federal funding for District of Columbia, Puerto Rico, Northern Mariana Islands, Virgin Islands, Guam, and American Samoa.
- At least 15% of the Region's Sport Fish Restoration apportionment over a five-year period must be allocated for Boating Access projects
- WSFR calculates the Regional allocations for separate five-year periods that coincide with Federal fiscal calendars (i.e. 2013-2017, 2018-2022)
- A State may change its current year boating access allocation up to, but not after, the close of the Federal fiscal year in which funds were apportioned
- States must use Boating Access funds in the year that the State receives them, or in the following four fiscal years, otherwise the funds will revert to the Service and be reapportioned
- If the primary project purpose is to benefit users who are not recreational boaters, program funds may only be used to the extent that recreational boaters use a facility and other expenses must be matched through other methods. For example, if survey information shows that only 40% of facility's users are recreational boaters, program funds can account for no more than 40% of project costs

SPECIAL CONDITIONS OR REQUIREMENTS

- ◆ State fish and wildlife agencies are responsible for maintaining capital improvements to ensure that they serve its authorized purpose during its useful life.
- ◆ State fish and wildlife agencies must control the parcel of land and water on which it completes a grant-funded capital improvement. Control must be adequate for the protection, maintenance, and use of the improvement for its authorized purpose during its useful life.

BOATING INFRASTRUCTURE GRANTS

Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program



DISTRIBUTION METHOD

Tier 1-State:

Provides up to \$200,000 per year to each state

Tier 2-National:

Nationwide funding based on set ranking criteria

Governing Guidance

- Sport Fishing and Boating Safety Act of 1998 (Enabling Legislation)
- 50 CFR 86
- 2 CFR 200

ELIGIBLE GRANTEES: GOVERNOR DESIGNATED AGENCIES OF STATES AND TERRITORIES

Purpose

Provide grants to States and Territories to construct, renovate, or maintain tie-up facilities for transient recreational vessels twenty-six feet or more in length

ELIGIBLE PROJECTS

- Construction, renovation, and maintenance of boating infrastructure tie-up facilities solely for transient recreational vessels twenty six feet or more in length
- Produce information and education materials specific to BIG or BIG-funded projects (i.e. charts, cruising guides, and brochures)

SOURCE OF FUNDS

Four percent of the amount in Sport Fish Restoration & Boating Trust Fund (shared with Clean Vessel Act grants).

Includes Revenues from:

- Excise taxes on sport fishing equipment and electric motors
- Import duties on fishing tackle, yachts, and pleasure craft
- Portion of gasoline tax attributable to motorboats and small engines
- Interest earned on Trust Fund

MATCHING REQUIREMENTS AND LIMITATIONS ON AVAILABILITY OF FUNDS

- Requires minimum of 25% matching funds, federal share not to exceed 75% total costs
- Funds not obligated within three years are reverted and are made available to the U.S. Coast Guard for Boating Safety
- Maximum amount of federal share for Tier 2-National is \$1,500,000
- Funds are available from time of obligation until the grant closure. Unspent funds are returned to be awarded in addition to new funds in the subsequent year

SPECIAL CONDITIONS OR REQUIREMENTS

- * Facilities constructed, operated, or maintained with grant funds must offer reasonable access for all transient recreational vessels for the full period of their useful life
- * Facilities must be open to the public during reasonable time periods
- * Entities may charge fees. Fees must be comparable to the prevailing rate in the area
- * New construction and renovations must be designed to last throughout its useful life

CLEAN VESSEL ACT

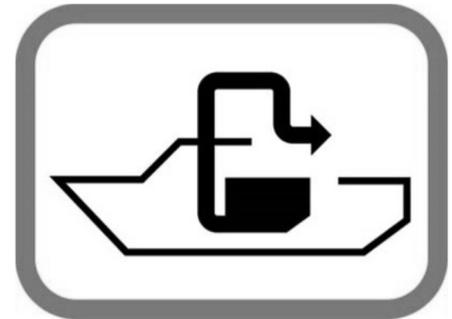
Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program

DISTRIBUTION METHOD

Nationally competitive based on ranking criteria

Governing Guidance

- Clean Vessel Act of 1992, Amendment to the Sport Fish Restoration Act (Enabling Legislation)
- 50 CFR 85
- 2 CFR 200



ELIGIBLE GRANTEES: GOVERNOR DESIGNATED AGENCIES OF STATES AND TERRITORIES

Purpose Provide grants to States and Territories for pumpout stations and waste reception facilities to safely dispose of recreational boater sewage.

ELIGIBLE PROJECTS

Coastal States:

- Identify operational pumpout and dump stations
- Survey of recreational vessels in coastal waters with holding tanks/portable toilets
- Developing list of operational pumpout & dump stations and plans for construction/renovation of pumpout & dump stations in coastal zones

All States:

- Construction, renovation, operation, and maintenance of pumpout & dump stations including floating restrooms used solely by boaters
- Education / information programs to educate / inform recreational boaters about environmental pollution resulting from sewage discharges from vessels
- Location of pump out & dump stations
- Activities involved with holding, transporting, and getting sewage treatment facilities to accept sewage

SOURCE OF FUNDS

Four percent of the amount in Sport Fish Restoration & Boating Trust Fund (shared with Boating Infrastructure grants). Includes revenues from:

- Excise taxes on sport fishing equipment and electric motors
- Import duties on fishing tackle, yachts, and pleasure craft
- Portion of gasoline tax attributable to motorboats and small engines
- Interest earned on Trust Fund

MATCHING REQUIREMENTS AND LIMITATIONS ON AVAILABILITY OF FUNDS

- Require 25% match, Federal share not to exceed 75% of total costs
- Unspent funds are returned to be awarded in addition to new funds in the subsequent year
- Funds not obligated three years from date of availability are reverted and made available to the U.S. Coast Guard for use on Recreational Boating Safety.

SPECIAL CONDITIONS OR REQUIREMENTS

- * Requires each coastal State to develop and submit plan for construction and/or renovation of facilities within coastal zone
- * Only equitable fees may be charged
- * Facilities constructed, operated, or maintained with grant funds must be accessible to public for the full period of their useful life
- * CVA signage must be displayed and visible to boaters from the water

ENDANGERED SPECIES GRANTS

Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program

DISTRIBUTION METHOD

Traditional Conservation Grants

Funding allocated by formula to USFWS Regions based on number of species covered in cooperative agreements. Regions further allocate funding to States by formula or competitive basis

Habitat Conservation Planning Assistance

Awarded based on National competition

Habitat Conservation Plan Land Acquisition

Awarded based on National competition

Recovery Land Acquisition Grants

Awarded based on Regional competition

Governing Guidance

- Endangered Species Act of 1973 —Section 6 (Enabling Legislation)
- 2 CFR 200
- Notice of Funding Opportunity (NOFO) for Section 6 ESA Program



ELIGIBLE GRANTEES: ALL STATE AND TERRITORY AGENCIES THAT HAVE ENTERED INTO A COOPERATIVE AGREEMENT WITH THE SECRETARY OF THE INTERIOR

Purpose

Provide assistance to State fish and wildlife agencies to assist in development of programs for the conservation of endangered and threatened species on non-federal lands

ELIGIBLE PROJECTS

Animal, plant, and habitat surveys; research; planning; monitoring; habitat protection, restoration, management, and acquisition; and public education

SOURCE OF FUNDS

Cooperative Endangered Species Conservation Fund

MATCHING REQUIREMENTS AND LIMITATIONS ON AVAILABILITY OF FUNDS

- Provides up to 75% federal funding, 25% required from non-federal sources (up to 90% federal funding when two or more States cooperate to conserve an endangered or threatened species of common interest)
- Matching funds under \$200,000 shall be waived for American Samoa, Guam, Virgin Islands, and Northern Mariana Islands.

SPECIAL CONDITIONS OR REQUIREMENTS

- * All State and Territory agencies must currently have or enter into a cooperative agreement with USFWS
- * Submit proposals meeting eligibility requirements for specific grant program

HUNTER EDUCATION PROGRAM

UPDATED 3/2019

Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program

DISTRIBUTION METHOD

Apportioned based on formula that includes a factor for population size

Governing Guidance

- Wildlife Restoration Act, also known as Pittman-Robertson Act of 1937 (Enabling Legislation)
- 2 CFR 200
- 50 CFR 80



ELIGIBLE GRANTEES: ALL STATE/TERRITORY FISH AND WILDLIFE AGENCIES WITH ASSENT LEGISLATION

Purpose

To teach students to be safe, responsible, conservation-minded hunters; provide instruction in safe firearm operations, wildlife management, ethics, game laws, outdoor survival, wilderness first aid; and build/operate archery and firearm range facilities.

ELIGIBLE PROJECTS

Basic Hunter Education (BHE):

- Teach the skills, knowledge, and attitudes necessary to become a responsible hunter
- Construct, operate, or maintain firearm and archery ranges for public use

Enhanced Hunter Education (EHE):

- Enhance programs for hunter education, hunter development, and firearm and archery safety. Hunter development programs introduce individuals to and recruit them to take part in hunting, bow hunting, target shooting, or archery
- Enhance interstate coordination of hunter education and firearm and archery range programs
- Enhance programs for education, safety, or development of bow hunters and archers
- Enhance construction and development of firearm and archery ranges
- Update safety features of firearm and archery ranges

SOURCE OF FUNDS

Wildlife Restoration Trust Fund Includes Revenues from:

- Excise taxes on sporting arms and ammunitions (firearms, ammunition, pistols, handguns, revolvers, bows, archery, arrow components)
- BHE funds: 1/2 of taxes collected on pistols, handguns, revolvers, and archery equipment
- EHE funds: \$8 million from Wildlife Restoration Trust fund

MATCHING REQUIREMENTS AND LIMITATIONS ON AVAILABILITY OF FUNDS

- States may be paid up to 75% federal funding, 25% from nonfederal sources.
- 100% federal funding for Puerto Rico, Virgin Islands, Guam, American Samoa, and Northern Mariana Islands.
- BHE apportionment available for two years before it reverts.
- BHE reverted funds are provided to the Migratory Bird Program.
- EHE apportionment available for one year before it reverts. Reverted funds are apportioned, the following year, to those States who fully obligated their current year BHE apportionment to BHE eligible activities.

SPECIAL CONDITIONS OR REQUIREMENTS

* If a state fails to obligate all of its current year BHE apportionment on BHE eligible activities, then EHE apportionment funds may only be used for EHE eligible activities.

* If a state fully obligates all of its current year BHE apportionment on BHE eligible activities, then that state may use its current year EHE apportionment on any eligible activity authorized under the Wildlife Restoration Act (WR, BHE, or EHE) AND that state becomes eligible to receive reverted EHE funds the following fiscal year.

LANDOWNER INCENTIVE PROGRAM

UPDATED 3/2019

Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program

DISTRIBUTION METHOD

TIER ONE

For eligible projects meeting Tier 1 criteria

- Each state receives \$180,000
- Territories and DC receive \$75,000

TIER TWO

Nationally competitive based on criteria

Governing Guidance

- Annual Appropriations Act
- 43 CFR Part 12
- Landowner Incentive Grant Program Implementation Guidelines



ELIGIBLE GRANTEES: ALL STATE AND TERRITORY AGENCIES WITH PRIMARY RESPONSIBILITY FOR FISH AND WILDLIFE

Purpose

Establish or supplement landowner incentive programs that protect and restore habitat on private lands to benefit Federally listed, proposed, candidate, or at-risk species. Also to provide technical and financial assistance to private landowners for habitat protection and restoration.

ELIGIBLE PROJECTS

Tier One Grants:

- Grants to fund staff and associated support necessary to develop or enhance existing landowner program to benefit private landowners and other partners to help manage and protect habitats that benefit species at-risk

Tier Two Grants:

- Tier Two grants to provide funding for technical and financial assistance to private landowners for the protection and restoration of habitats that benefit Federally listed, proposed, or candidate species or other at-risk species on private land
- Tier Two grants to expand existing landowner incentive programs or those created under Tier One

SOURCE OF FUNDS

Land & Water Conservation Fund (annual appropriation).

Includes revenues from:

- **Outer Continental Shelf Oil & Gas**

MATCHING REQUIREMENTS AND LIMITATIONS ON AVAILABILITY OF FUNDS

- Provides up to 75 percent federal funding and 25 percent required from non-federal sources
- Matching funds under \$200,000 shall be waived for American Samoa, Guam, Virgin Island, and CNMI
- Funds are available from time of obligation on awarded grant until grant closing date. Unspent funds are returned to the LIP to be awarded in addition to new funds in the subsequent year

SPECIAL CONDITIONS OR REQUIREMENTS

Submit proposals meeting eligibility requirements for Tier One and/or Tier Two funding

MULTI-STATE CONSERVATION GRANTS

UPDATED 3/2019

Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program



DISTRIBUTION METHOD

Awarded through cooperative process with Association of Fish and Wildlife Agencies (AFWA)

Governing Guidance

- Wildlife and Sport Fish Restoration Programs Act of 2000, amended Sport Fish Restoration and Wildlife Restoration (Enabling Legislation)
- 2 CFR 200

ELIGIBLE

- States or Groups of States
- USFWS, a State or group of States for the purpose of carrying out the National Survey of Fishing, Hunting and Wildlife Associated Recreation
- Non-governmental organizations

GRANTEES

Purpose

- Provide funding for wildlife and sport fish restoration projects identified as priority projects by the Association of Fish and Wildlife Agencies (AFWA)
- Program is intended to address regional or national level priorities of state fish and wildlife agencies

ELIGIBLE PROJECTS

- Sports fisheries, wildlife management, research projects, boating access development, hunter safety, aquatic education, habitat improvements, and other projects consistent with the Wildlife and Sport Fish Restoration Acts
- Projects must benefit at least twenty-six States or a majority of States in any USFWS or AFWA Region

SOURCE OF FUNDS

Sport Fish Restoration & Boating Trust Fund, three million dollars

Includes Revenues from:

- Excise taxes on sport fishing equipment and electric motors
- Import duties on fishing tackle, yachts and pleasure craft
- Portion of gasoline tax attributable to motorboats and small engines
- Interest earned on Trust Fund

Wildlife Restoration Trust Fund, three million dollars

Includes Revenues from:

- Excise taxes on sporting arms and ammunitions (firearms, ammunitions, pistols, handguns, revolvers, bows, archery, and arrow components).

MATCHING REQUIREMENTS AND LIMITATIONS

- Six million dollars available annually
- Funds available to be obligated for two years
- Funds not obligated within two years revert back to both the SFR and WR programs for use by the States
- Once obligated, funds remain available until the grant closing date. Any unspent funds at closing are returned to the multi-state program to be awarded in the subsequent year, in addition to new funds
- No matching requirements

SPECIAL CONDITIONS OR REQUIREMENTS

* Non-governmental applications must provide certification to AFWA that grant funds will not be used for any activities, projects or programs that promote or encourage opposition to regulated hunting or trapping of wildlife or angling for or taking of fish.
* AFWA and USFWS cooperatively administer the Multistate Program. AFWA solicits grant proposals and recommends a "priority list" of projects to the USFWS. The USFWS awards, manages, and monitors the grant awards.

NATIONAL COASTAL WETLANDS

UPDATED 3/2019

Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program



DISTRIBUTION METHOD

Nationally competitive to only coastal States

Governing Guidance

- Coastal Wetlands Planning, Protection, and Restoration Act of 1991 (Enabling Legislation)
- 50 CFR 84
- 2 CFR 200

ELIGIBLE GRANTEES: ANY AGENCY OR AGENCIES OF A COASTAL STATE DESIGNATED BY THE GOVERNOR AS HAVING RESPONSIBILITY FOR COASTAL WETLANDS

Purpose Provide funding for long-term conservation of coastal wetland ecosystems by helping States to protect, restore and enhance coastal habitats

ELIGIBLE PROJECTS

- Acquisition of real property interest in coastal land or waters providing that terms and conditions ensure property will be administered for long-term conservation
- Restoration, enhancement, or management of coastal wetlands ecosystems, providing restoration, enhancement, or management will be administered for long-term conservation

SOURCE OF FUNDS

15% annually of the 18.7% distributed to Coastal Wetlands Planning, Protection and Restoration Act from the Sport Fish Restoration & Boating Trust Fund

Includes revenues from:

- Interest earned on Trust Fund

- **Import duties on fishing tackle, yachts and pleasure craft**
- **Excise taxes on sport fishing equipment and electric motors**
- **Portion of gasoline tax attributable to motorboats and small engines**

MATCHING REQUIREMENTS AND LIMITATIONS

- Provides up to 50% federal funding, remaining 50% of costs must be from non-federal source (funds increased to 75% federal share for coastal States that have and are using a fund for acquiring coastal wetlands or other natural areas or open spaces)
- Matching funds under \$200,000 shall be waived for American Samoa, Guam, Virgin Islands, and Northern Mariana Islands.

SPECIAL CONDITIONS OR REQUIREMENTS

- * Recipients must provide non-federal matching funds

SPORT FISH RESTORATION PROGRAM

UPDATED 3/2019

Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program



DISTRIBUTION METHOD

Apportioned formula based on: 60% paid sportfishing license holders + 40% land/water area

Governing Guidance

- Sport Fish Restoration Act, also known as Dingell-Johnson Act of 1950 (Enabling Legislation) • 50 CFR 80 • 2 CFR 200

ELIGIBLE GRANTEES: ALL STATE/TERRITORY FISH AND WILDLIFE AGENCIES WITH ASSENT LEGISLATION

Purpose

- Restoration and management of fish species of material value for sport-fishing and recreation
- Provide facilities that create or add to public access for recreational boating
- Provide aquatic education to public to increase understanding of water resources and associated aquatic life

ELIGIBLE PROJECTS

- Projects restoring, conserving, managing, and enhancing sport fish having material value for sport or recreation
- Projects enhancing the public's understanding of water resources and aquatic life, assisting them in developing attitudes toward the aquatic environment

SOURCE OF FUNDS

Fifty-eight percent of amount in Sport Fish Restoration & Boating Trust Fund

Includes Revenues from:

- Excise taxes on sport fishing equipment and electric motors
- Import duties on fishing tackle, yachts and pleasure craft
- Portion of gasoline tax attributable to motorboats and small engines
- Interest earned on Trust Fund

MATCHING REQUIREMENTS AND LIMITATIONS ON AVAILABILITY OF FUNDS

- States may be paid up to 75% federal funding, 25% required from non-federal sources
- 100% federal funding for Puerto Rico, Virgin Islands, Guam, American Samoa, and Northern Mariana Islands
- Annual apportionment available for obligation to grants for two years before they revert. Reverted funds are reapportioned to the Sport Fish Restoration program during subsequent year
- Amount allocated by States for freshwater programs each fiscal year cannot be less than amount allocated in fiscal year 1988
- Up to 15% of annual apportionment may be allocated for aquatic education (no limit for PR, DC, CNMI, Guam, VI, and American Samoa)
- At least 15% of annual apportionment must be allocated to the boating access subprogram (each USFWS region's boating access allocation must be at least 15% during each 5 year period. If not, those states below 15% revert funds).
- Coastal States must equitably allocate apportionment between freshwater and marine projects in proportion to number of resident marine/freshwater anglers

SPECIAL CONDITIONS OR REQUIREMENTS

- * State Fish and Wildlife Agencies must pass and maintain assent legislation
- * Submit annual license certifications
- * Ineligible projects include law enforcement, public relations, and revenue producing activities

STATE WILDLIFE GRANTS

U.S. Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program

DISTRIBUTION METHOD

All Annually Distributed Competitive
Nationally competitive based on ranking criteria

Noncompetitive—Formula
Apportioned based on formula:
1/3 land area + 2/3 population

Governing Guidance

- Annual Interior Appropriations Acts (Enabling Legislation)
- 2 CFR 200
- Administrative Guidelines for State Wildlife Grants—2007
- Guidance on Wildlife Action Plan Review and Revision—2017 (<https://awiki.fws.gov/display/WTK/Director%27s+Orders-Rules-Policy-Interim+Guidance>)



ELIGIBLE GRANTEES

- ALL STATE AND TERRITORY FISH AND WILDLIFE AGENCIES
- REGIONAL ASSOCIATIONS OF FISH AND WILDLIFE AGENCIES

Purpose

Provide funds for development and implementation of programs that benefit sensitive and imperiled wildlife and their habitats, especially species not hunted or fished (referred to as “species of greatest conservation need”)

ELIGIBLE PROJECTS

Conservation actions such as research, surveys, species and habitat management, and monitoring that are identified in an approved State Wildlife Action Plan; or updating, revising, or modifying a State’s Plan; or addressing approved “emerging issues”

SOURCE OF FUNDS

- ⇒ Before 2006, funding provided through the Land and Water Conservation Fund.
- ⇒ 2006 and later, funding provided through General Appropriations.

MATCHING REQUIREMENTS AND LIMITATIONS ON AVAILABILITY OF FUNDS

- Annual appropriation available for two years
- Formula planning grants and competitive grants require 25% matching, federal share not to exceed 75% of total costs
- Formula implementation grants require 35% matching, federal share not to exceed 65% of total costs
- Matching funds under \$200,000 shall be waived for American Samoa, Guam, Virgin Islands, and Northern Mariana Islands.

SPECIAL CONDITIONS OR REQUIREMENTS

- * State/Territory must develop or commit to develop a comprehensive wildlife conservation plan by October 1, 2005.
- * Approved plans must be reviewed and updated at maximum intervals of ten years.

TRIBAL WILDLIFE GRANTS

Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program



DISTRIBUTION METHOD

Competitive based on Request for Grant Proposals and Final Policy and Implementation Guidelines

Governing Guidance

- Annual Appropriations Act (Enabling Legislation)
- Tribal Wildlife Grant Program Implementation Guidelines
- 2 CFR 200

ELIGIBLE GRANTEEES: FEDERALLY RECOGNIZED TRIBES IN UNITED STATES INCLUDING PUEBLOS, RANCHEROS, AND ALASKA NATIVE VILLAGES OR TRADITIONAL COUNCILS AS DEFINED BY THE ALASKA NATIVE CLAIMS SETTLEMENT ACT

Purpose

Provide funding to federally recognized Tribes for development and implementation of programs that benefit wildlife and their habitat, including species of tribal culture or traditional importance and species that are not hunted or fished.

ELIGIBLE PROJECTS

- Development and implementation of programs for the benefit of wildlife and their habitat, including species of tribal cultural or traditional importance and species that are not hunted or fished
- Activities may include, but are not limited to, planning for wildlife and habitat conservation, ongoing and/or new fish and wildlife management actions, fish and wildlife related laboratory and field research, natural history studies, habitat mapping, field surveys and population monitoring, habitat preservation, land acquisition, conservation easements, and outreach efforts.

SOURCE OF FUNDS

Land and Water Conservation Fund (annual appropriation).

Includes Revenues from:

- Outer continental shelf oil and gas
- General treasury since 2006

MATCHING REQUIREMENTS AND LIMITATIONS ON AVAILABILITY OF FUNDS

- Cost reimbursement
- Provides up to 100% of federal funding
- Annual appropriation available for two years

SPECIAL CONDITIONS OR REQUIREMENTS

Eligible grantees submit applications including Tribal resolution of support to Regional Native American Liaisons of U.S. Fish and Wildlife Service.

WILDLIFE RESTORATION PROGRAM

UPDATED 3/2019



Fish and Wildlife Service, Wildlife and Sport Fish Restoration Program

DISTRIBUTION METHOD

Apportioned formula based on: 50% paid hunting license holders + 50% land/water area

Governing Guidance

- Wildlife Restoration Act, also known as Pittman-Robertson Act of 1937 (Enabling Legislation)
- 50 CFR 80
- 2 CFR 200

ELIGIBLE GRANTEES: ALL STATE/TERRITORY FISH AND WILDLIFE AGENCIES WITH ASSENT LEGISLATION

Purpose

- Restoration, conservation, management and enhancement of wild birds and mammals and their habitat
- Provide public use and access to wildlife resources
- Provide for education of hunters and development of shooting ranges

ELIGIBLE PROJECTS

Manage wildlife and their habitats, monitor populations, conduct research, collect and analyze data, maintain facilities, perform outreach, and other activities designed to promote wildlife restoration and wildlife-based recreation.

SOURCE OF FUNDS

Wildlife Restoration Trust Fund

Includes Revenues from:

- **Excise taxes on sporting arms and ammunition (firearms, ammunition, pistols, handguns, revolvers, bows, archery, arrow components)**

MATCHING REQUIREMENTS AND LIMITATIONS ON AVAILABILITY OF FUNDS

- States may be paid up to 75% federal funding, 25% required from non-federal sources
- 100% federal funding for Puerto Rico, Virgin Islands, Guam, American Samoa, and Northern Mariana Islands
- Annual apportionment available for two years before it reverts
- Reverted funds are returned to U.S. Fish and Wildlife Service for use in Migratory Bird Program
- Basic Hunter Education (separate formula and apportionment) - may be used for hunter education or other WR Act authorized projects
- Enhanced Hunter Education (eight million dollars set aside) - must be used for hunter education or shooting range enhancements (if all Basic Hunter Education funds are used for hunter education, Enhanced HE may be used for any WR Act authorized projects)

SPECIAL CONDITIONS OR REQUIREMENTS

- * State Fish and Wildlife Agencies must pass and maintain assent legislation
- * Submit annual license certification
- * Ineligible projects include law enforcement, public relations, and revenue producing activities
- * Wildlife includes indigenous or naturalized species of birds or mammals that are either wildlife or free-ranging; held in a captive breeding program for reintroduction of depleted species; or under the jurisdiction of State fish and wildlife agency.

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Wildlife Restoration Act

11% tax on firearms and ammunition

10% tax on pistols, handguns and revolvers

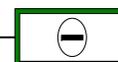
11% tax on bows, quivers, broadheads, points (\$0.52 per arrow shaft)

Revenue transferred or deposited to the account



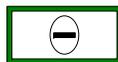
Wildlife Restoration Account

Interest earned on fund



North American Wetlands Conservation Fund

Deductions from account



WSFR Administration \$\$ based on 2000 Improvement Act

\$3 M Multistate Conservation Grant Program

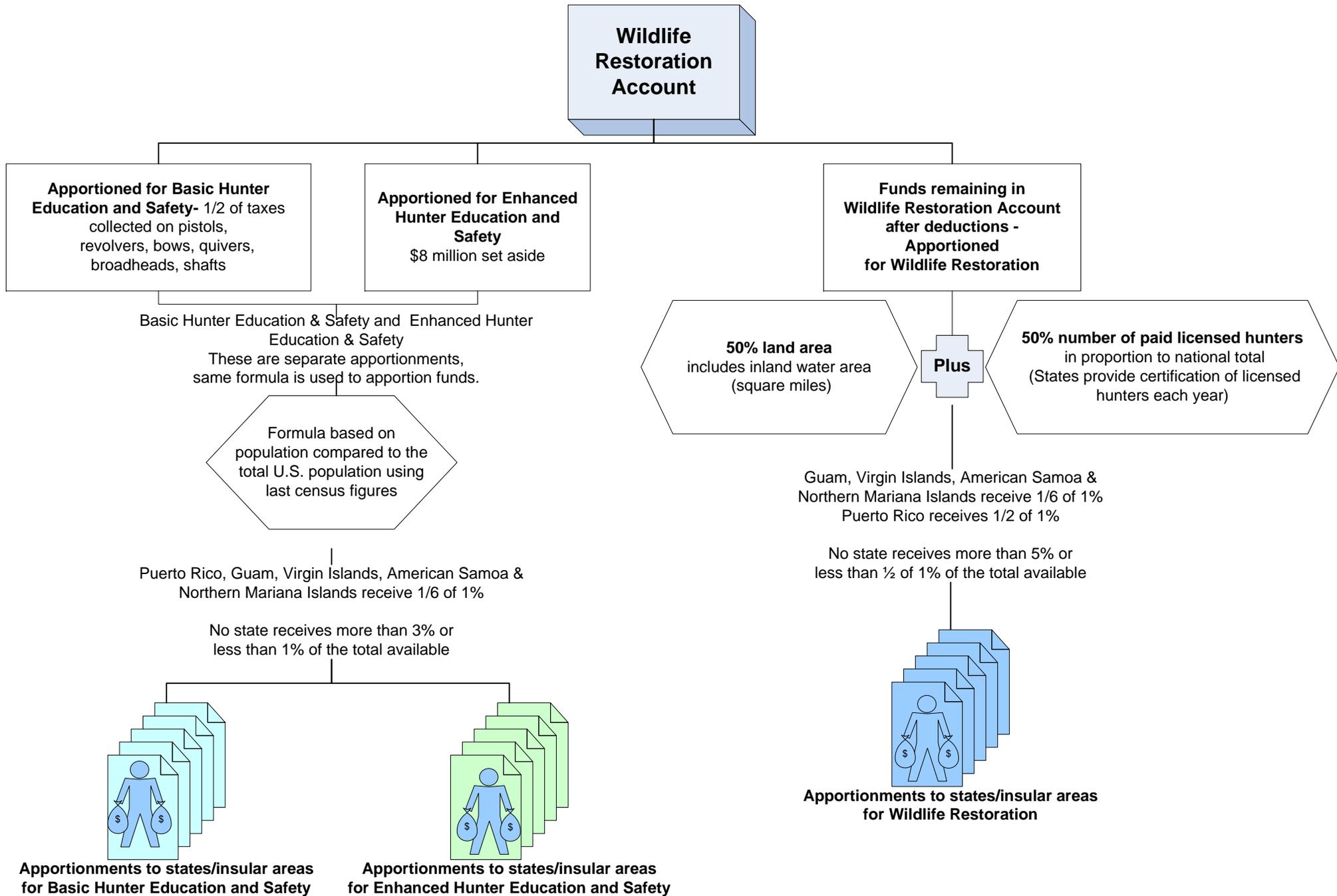
\$8 M Enhanced Hunter Education & Safety

Basic Hunter Education & Safety 1/2 of taxes collected on pistols, revolvers, bows, quivers, broadheads, shafts, apportioned to states/insular areas

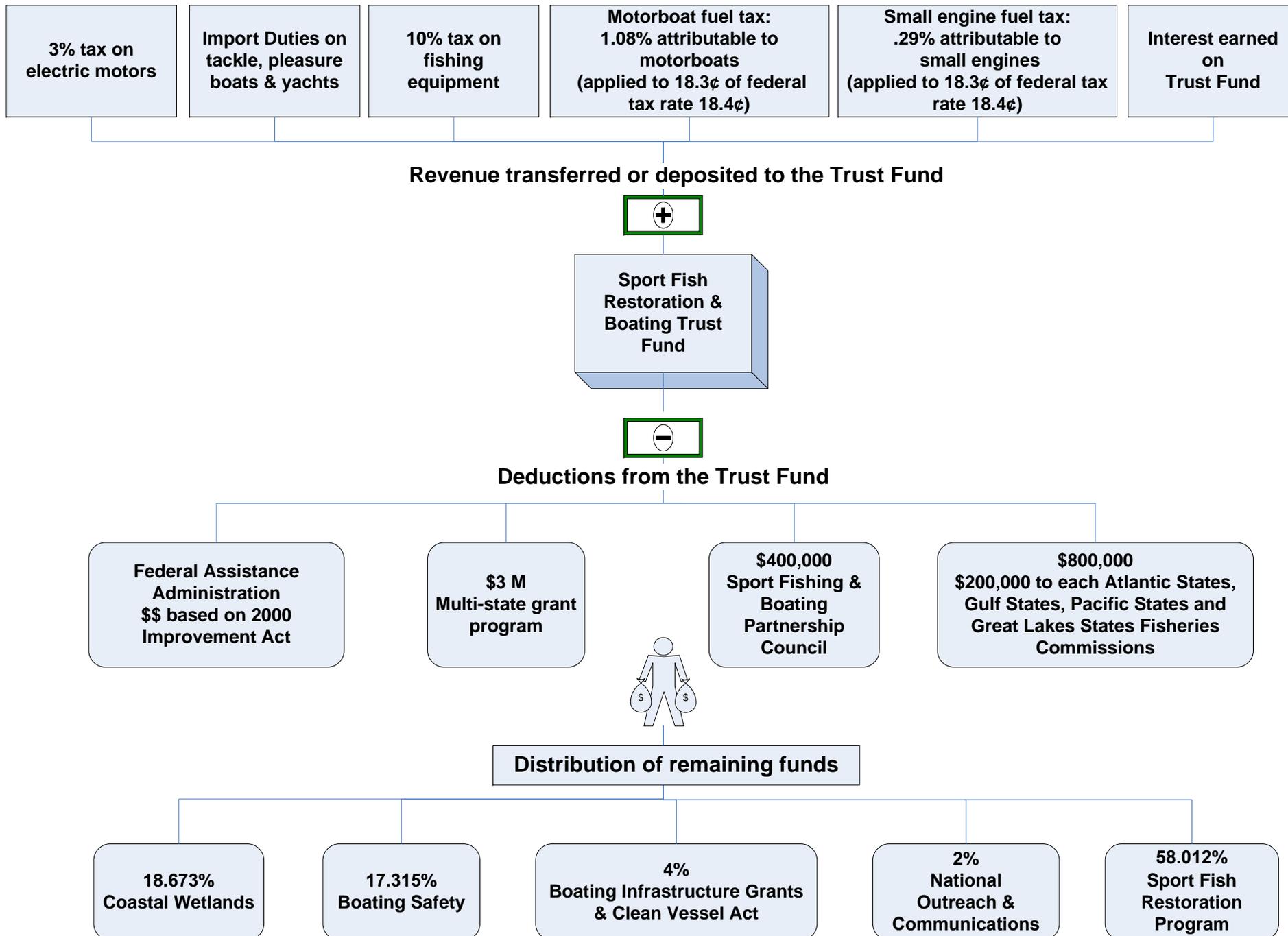
Distribution of remaining funds

Apportioned to states/insular areas for Wildlife Restoration Program

Wildlife Restoration Program Apportionment Formula

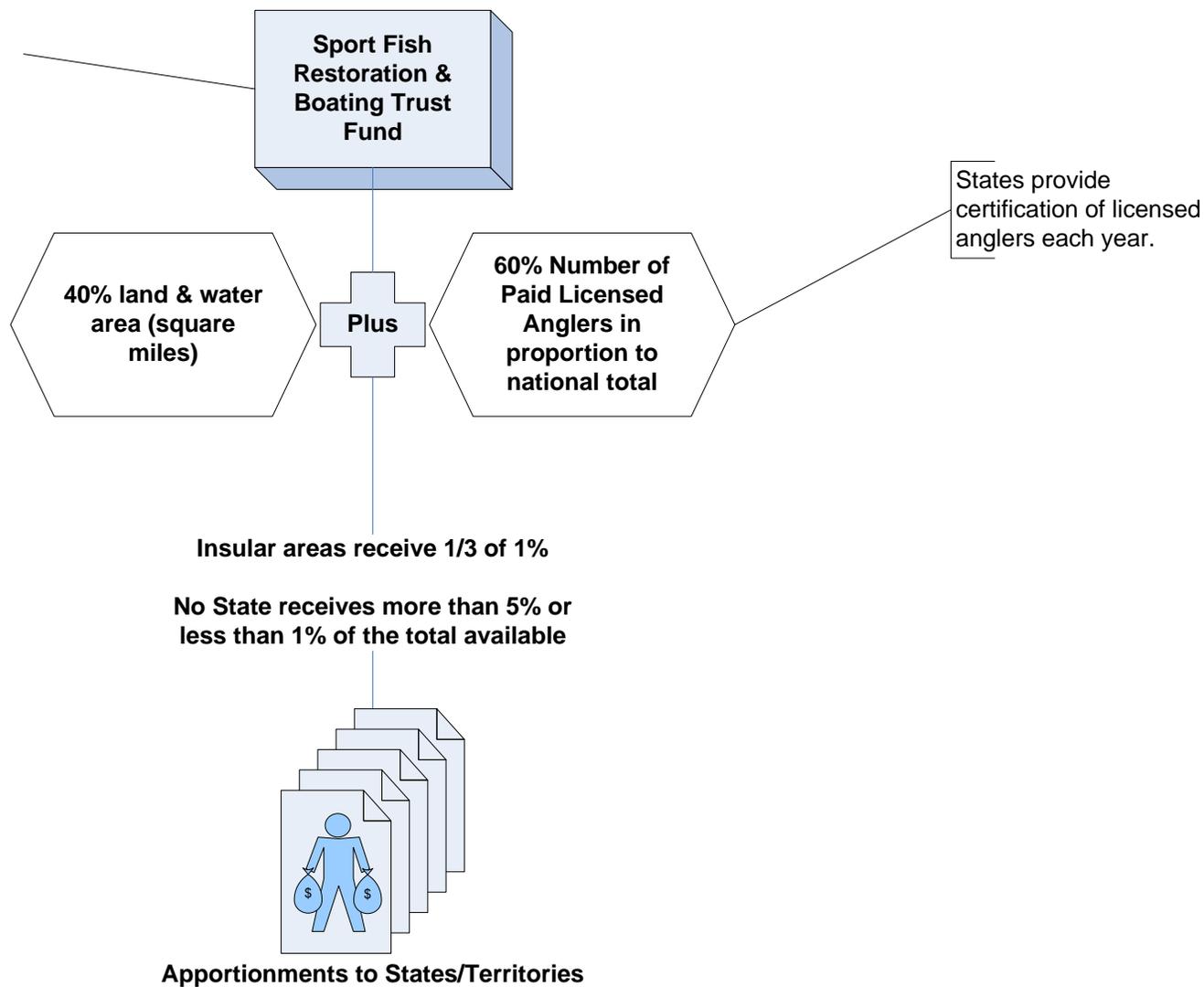


Sport Fish Restoration Act



Sport Fish Restoration Program Apportionment Formula

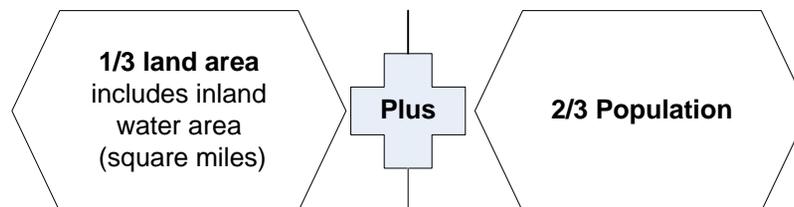
SFR Program receives remaining in Trust Fund after deductions annually.



State Wildlife Grant Program Apportionment Formula



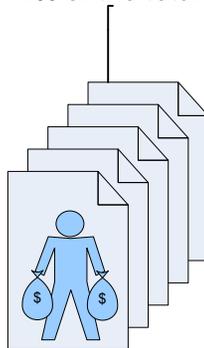
Funds appropriated annually less amount allocated to Tribal
Wildlife Grants and 3% for WSFR Administration



District of Columbia and Puerto Rico receive 1/2 of 1%

Guam, American Samoa, Northern Mariana Islands,
Virgin Islands receive 1/4 of 1%

No state receives more than 5% or
less than 1% of the total available



Apportionments to states/insular areas

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12

Instructors

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Phil joined the Wildlife and Sport Fish Restoration (WSFR) training team as an instructor in April 2009. He works as an instructor developing and delivering grant management training courses.

Prior to joining WSFR, Phil was the Federal Aid Coordinator for the Ohio Department of Natural Resources (ODNR), Division of Wildlife for 8 years. Phil served a total of 21 years with ODNR holding positions as Hunter Education Coordinator, Project WILD Coordinator, Becoming an Outdoors Woman Coordinator and State Park Naturalist.

Phil received an A.A.S. degree in Recreation and Wildlife from Hocking College in Nelsonville, Ohio.

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Ryan joined the WSFR training branch in September 2014. Previously, he was the Federal Aid Coordinator for the Fisheries Division of the Kentucky Department of Fish and Wildlife Resources. His primary responsibilities included managing the Fisheries Division's Sport Fish Restoration, State Wildlife Grants, Clean Vessel Act, Boating Infrastructure, and boating access programs.

Prior to that, Ryan worked as a District Fisheries Biologist in western Kentucky where he spent the majority of his time managing Kentucky and Barkley Lakes. In 2005, Ryan was promoted to the statewide Black Bass Research Biologist position, where he conducted statewide research projects aimed at enhancing black bass, catfish, muskellunge, and crappie populations.

Ryan holds a Bachelor's Degree and Master's Degree in Zoology (emphasis in Fisheries Management) from Southern Illinois University at Carbondale (Go Salukis).

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Kelly joined the Region 1 WSFR staff in June of 2002. She works as the Grants Fiscal Officer for Region 1. Her primary responsibilities include fiscal review of grants; managing the grant and administrative funds; providing technical assistance to grantees in relation to fiscal matters; and assisting the States and OIG with the WSFR Program audits from entrance to resolution.

Prior to joining WSFR, she worked for the Budget & Finance Department of Region 1 U.S. Fish & Wildlife as a Budget Analyst. Her primary responsibilities included managing and tracking the budget for the Ecological Services Division, establishing reimbursable agreements for the Region 1 field stations, and maintaining and packaging documentation for litigations related to the Natural Resource and Damage Assessment funds for the Environmental Contaminant's program.

Kelly received her Bachelor of Science in Psychology with a minor in Business Administration from Northwest Christian College and University of Oregon. Kelly enjoys outdoor activities such as hiking, cycling, riding horses, and swimming.