



U. S. Department of Homeland Security

Office for Domestic Preparedness

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TO: All State Administrative Agency Heads
All State Administrative Agency Points of Contact
All Urban Areas Security Initiative Points of Contact
All ODP Training Partners

FROM: C. Suzanne Mencer
Director

SUBJECT: Additional Guidance on Allowable Management and Administration Funds

The Office for Domestic Preparedness has recently reviewed requests from several State Administrative Agencies (SAAs) seeking additional clarification on allowable Management and Administrative (M&A) costs under the Fiscal Year 2003 State Homeland Security Grant Program (SHSGP) II.

States may use no more than 3% of the overall grant award to pay for M&A activities associated with the implementation of the State assessment. This 3% administrative allowance does not relieve States of the SHSGP II requirement to pass through 80% of the total grant award to local units of government. The administrative allowance can be used at the State or local level, but the combined administrative allowance can not exceed 3% of the overall grant award.

For example, if a State received a SHSGP II award of \$1,000,000, the State must pass through at least \$800,000 to local units of government. The total M&A funds available statewide would be \$30,000. If the State retains the entire \$30,000, no additional SHSGP II funds may be used for M&A by sub-grantees. In this case, the State was eligible to retain \$200,000 (20%) of the total grant award for SHSGP II programs at the State level. After subtracting M&A funds retained by the State, the State would have \$170,000 for other program activities. Similarly, if the State retained only \$15,000 of M&A funds, then the remaining \$15,000 of funds allowable for M&A costs would be available to sub-grantees, as part of the total \$800,000 sub-awarded, and as determined by the SAA.

Should you have any additional questions, please contact the ODP Helpline at: 1-800-368-6498.