



FEMA

Grant Programs Directorate Information Bulletin
No. 358
March 18, 2011

TO: All State Administrative Agency Heads
All State Administrative Agency Points of Contact
All State Homeland Security Directors
All State Emergency Management Agency Directors
All Urban Areas Security Initiative Points of Contact
All Tribal Nation Points of Contact

FROM: Elizabeth M. Harman
Assistant Administrator
Grant Programs Directorate

SUBJECT: Clarification on the *Personnel Reimbursement for Intelligence Cooperation and Enhancement of Homeland Security Act of 2008* (Public Law 110-412 – the *PRICE Act*)

This Information Bulletin serves to clarify the implementation of the PRICE Act in regard to the State Homeland Security Grant Program (SHSP), Urban Areas Security Initiative (UASI), Tribal Homeland Security Grant Program (THSGP), and Operation Stonegarden (OPSG), and provides examples of how to account for typical personnel costs.

The PRICE Act amends the Homeland Security Act of 2002, (P.L.107-296, 6 U.S.C. 609), Title 6, Chapter 1, Subchapter XV, Part A, §609. As such, 6 U.S.C 609(b)(2)(A) states: “*Not more than 50 percent of the amount awarded to a grant recipient under section 604 (Urban Area Security Initiative) or 605 (State Homeland Security Grant Program) of this title in any fiscal year may be used to pay for personnel, including overtime and backfill costs, in support of the permitted uses under subsection (a).*”

Subsection (a) [6 U.S.C 609(a) – *Permitted Uses*] state: “... *grant funds to achieve target capabilities related to preventing, preparing for, protecting against, and responding to acts of terrorism, consistent with a State homeland security plan and relevant local, tribal, and regional homeland security plans.*”

In other words, the PRICE Act clarifies what is covered by the 50 percent cap on personnel costs. To comply with the PRICE Act, grantees should keep track of personnel and personnel-related activities that would contribute to a personnel cap. In general, costs associated with:

- Work performed under contract for a specific deliverable DOES NOT count against the personnel cap, however,
- Work performed under contract for an undefined period, such as for personnel costs supporting operational activities, including general planning, training or exercise activities DO count against the personnel cap; and
- Work performed by all non-contractor personnel, including for full- or part-time staff and operational overtime DO count against the personnel cap.

The following examples **would not** count towards the personnel cap:

- Vendor installation of a radio tower;
- Vendor training on new equipment purchased;
- Contractor hired to create an Emergency Operations Plan;
- Contractor hired to provide deliveries of ICS 400; and
- Contractor hired to assist with planning, training, evaluating, and reporting the effectiveness of a specific exercise.

The following examples **would** count towards the personnel cap:

- Contractor hired to be the State's WMD training instructor with *no specific* deliverables under contract;
- Contractor hired to facilitate unidentified number of exercises throughout the performance period;
- Contractor hired to be the part-time auditor of HSGP grants throughout the year; and
- Contractor hired to be an intelligence analyst.

Recipients should also know that cap created under 6 U.S.C. 609(b)(2)(A) may be waived at the discretion of the FEMA Administrator.

6 U.S.C. 609(b)(2)(B) states:

At the request of the recipient of a grant under section 604 or 605 of this title, the Administrator may grant a waiver of the limitation under subparagraph (A).

Sections 604 and 605 are SHSGP and UASI respectively.

Please make your state and local sub grantees aware of this additional clarification, as it will assist in the development of both Investment Justifications and to ensure accuracy of reporting requirements.

For questions related to the PRICE Act or waiver requests, please contact your Program Analyst or the Centralized Services Information Desk at 1-800-368-6498 or via email at askcsid@dhs.gov.