



# Federal Emergency Management Agency

Washington, D.C. 20472

1. **Date Signed:** August 17, 1999
2. **Response and Recovery Directorate:** 9525.2
3. **Subject:** Donated Resources
4. **Purpose:** This policy describes criteria by which the Federal Emergency Management Agency (FEMA) will credit applicants for volunteer labor, donated equipment, and donated materials used in the performance of eligible emergency work – Categories A and B.
5. **Scope and Audience:** This policy is applicable to all major disasters and emergencies declared on or after the publication date of this policy. This policy is intended for personnel involved in the administration of the Public Assistance Program.
6. **Background:** In some disasters, individuals and organizations donate volunteer labor, equipment, and material. The Federal government is not required to credit the value of "in-kind" contributions toward cost share arrangements. However, FEMA has determined that the value of "in-kind" contributions by third parties may be credited toward the calculation of the non-Federal share for eligible emergency work following declared disasters. A Government Accounting Office report (GAO/RCED-96-113, Improvements Needed in Determining Eligibility for Public Assistance) contained a suggestion that credit for donated resources be eliminated. FEMA considered the suggestion but found implementing it would have an adverse impact on communities with limited cash flow. Instead, FEMA opted to allow credit, but to be clear and restrictive in the crediting policy.
7. **Policy:** Donated resources used on eligible work that is essential to meeting immediate threats to life and property resulting from a major disaster may be credited toward the non-Federal share of grant costs. Donated resources may include volunteer labor, donated equipment and donated materials.
  - A. **Eligibility.** Donated resources are eligible to offset the cost of the non-Federal share of eligible Category A and B costs if they meet the following criteria:
    1. The donated resources must be documented by a local public official or a person designated by a local public official. The documentation must include a record of hours worked, the work site, and a description of work for each volunteer, and equivalent information for equipment and materials. Regional Directors may establish alternate documentation requirements when required by an extraordinarily demanding situation.

2. The donated resources must apply to emergency work that is eligible under the Public Assistance Program. Examples include:

- a. Removing eligible debris.
- b. Filling and placing sandbags.
- c. Donating equipment to raise or reinforce a levee.
- d. Donating materials, such as rock or sand.
- e. Search and rescue when part of an organized search and rescue operation.
- f. Professional safety inspections.
- g. Mass food and shelter for victims, when not the mission of the organization.

3. The donated resources must be documented on one or more Project Worksheets (PWs).

B. Value of Resources. 44 CFR 13.24 addresses how donated resources are to be valued. The following instructions are based on that part of the CFR:

1. Volunteer Labor: The value of volunteer labor is discussed in 44 CFR 13.24 (c) (1). The rate placed on volunteer labor should be the same rate (plus reasonable fringe benefits) ordinarily paid for similar work within the applicant's organization. Premium rates will not be used. If the applicant does not have employees performing similar work, the rate should be consistent with those ordinarily performing the work in the same labor market. To determine the value of volunteer labor, the labor rate should be multiplied by the total number of volunteer labor hours. Credit may be for volunteer labor in any field reasonably required for emergency work, including the work of volunteer equipment operators.

2. Donated Equipment: To determine the value of donated equipment, determine the number of hours that each piece of donated equipment was used and multiply it by the applicable applicant's or FEMA's Equipment Rate, whichever is lower. The out-of-pocket cost to operate the equipment may be claimed as a donation for credit under this policy unless it is included in a reimbursed equipment rate.

3. Donated Materials: Only materials donated by third party entities are eligible for credit. Typical donated materials include sand, dirt, and rock, and other materials associated with flood-fighting activities. To determine the value of donated materials, use the current commercial rate for such material based on previous purchases or information available from vendors. Materials donated from other Federal agencies may not be included.

C. Calculations. The following guidance is to be used for calculation purposes:

1. "Total project cost" means the out-of-pocket costs (labor, materials, labor and contracts) plus the value of donated resources (limited to the maximum allowed, as provided in the next paragraph).

2. The maximum credit allowed for donated resources is calculated by dividing the non-Federal cost share percentage by the Federal cost share percentage (e.g.,  $25\%/75\% = .333$  and  $10\%/90\% = .111$ ) and multiplying that factor by the out-of-pocket expenses for a particular project or a group of projects.
3. The documented donations credit (not to exceed the maximum credit allowed for donation) is to be entered on the *PW* as a line item of the project cost. Any excess credit may be distributed to other emergency work *PWs* but may not exceed the maximum allowable credit for each *PW*.
4. When multiple *PWs* are going to be used for emergency work, the donations credit (with documentation) may be placed on one "credit" *PW* after all emergency work is completed.

E. Limitations.

1. The donations credit is capped at the non-Federal share of emergency work (Category A and Category B) so that the Federal share will not exceed the actual out-of-pocket cost. Any excess credit can be credited only to other emergency work for the same applicant in the same disaster. The value of excess donated resources cannot be credited toward another applicant, toward other State obligations, or toward permanent work.
2. A State may claim credit for the value of donated resources only according to the disaster cost-share agreement for the non-Federal share of cost for the eligible work.
3. Reasonable logistical support for volunteers doing eligible work may be considered an eligible cost or donations credit by the Regional Director.
4. Donated resources submitted for credit toward the non-Federal share may not be from another Federal grant or from other Federally funded sources.

F. PW Documentation.

1. If actual donated resources are less than or equal to the maximum amount of credit allowed, enter the amount of actual donated resources on the Project Worksheet, FEMA Form 90-91, in the **PROJECT COST** section as the credit amount (code 9050).
2. If actual donated resources are greater than the maximum amount of donated resources allowed, calculate the excess credit by subtracting the actual donated resources from the maximum credit allowed. This is the amount of excess credit. The maximum allowed donated resources amount is to be entered on a Project Worksheet, FEMA Form 90-91, in the **PROJECT COST** section. The amount of excess credit is to be entered on the Project Worksheet, FEMA Form 90-91 in the **SCOPE OF WORK** Section. If the applicant subsequently requests funds for other Category A or Category B work, the excess credit may be credited against the non-Federal share of that work.

3. Manual calculations will not be required because the FEMA computer system will calculate donation credits.

**8. Supersession:** This policy supersedes:

A. Memorandum dated August 25, 1993, to Federal Coordinating Officers, FEMA-993-DR, FEMA-994-DR, FEMA-995-DR, FEMA-996-DR, FEMA-997-DR, FEMA-998-DR, FEMA-999-DR, FEMA-1000-DR, and FEMA-1001-DR, from Laurence Zensinger, Chief, Public Assistance Division, subject: Crediting Volunteer Efforts for Essential Assistance

B. Memorandum dated October 19, 1994, to Warren M. Pugh, Jr., Director, Response and Recovery Division, from Craig S. Wingo, Director, Infrastructure Support Division, subject: Volunteer Credit Policy Request, Iowa Emergency Management Division, FEMA-996-DR-IA

C. Relevant provisions of other public assistance policy documents on this subject

**9. Authorities:** Section 403(a) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, P.L. 93-288 as amended, 44 CFR Section 13.24, and OMB Circular A-87

**10. Originating Office:** Infrastructure Division, Response and Recovery Directorate

**11. Review Date:** Two years from date of publication

**12. Signature:**



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**13. Distribution:** Regional Directors, Regional and Headquarters R&R Division Directors.