



# Federal Emergency Management Agency

Washington, D.C. 20472

1. **Date Published:** October 30, 2000
2. **Response and Recovery Directorate Policy Number:** 9525.3
3. **Title:** Duplication of Benefits – Non-Government Funds
4. **Purpose:** This policy clarifies the issues related to grants and cash donations from third parties for emergency and permanent work under the Public Assistance Program.
5. **Scope and Audience:** This policy amends the policy of the same title issued on August 17, 1999. Due to the nature of the change, this policy is retroactive to that date. This policy is intended for Federal Emergency Management Agency (FEMA) personnel in making eligibility determinations for the Public Assistance Program and is applicable to all emergency and permanent work done under Public Assistance program grants.
6. **Background:**
  - A. Communities and private non-profit institutions often look for assistance from the general public, private institutions, and Federal and State agencies to help rebuild their infrastructure following a disaster. This assistance may come in the form of donations, insurance proceeds, volunteer work, or grants. With multiple entities providing assistance, it is possible for different sources to allocate funds to repair the same project. This action may constitute a duplication of benefits.
  - B. Section 312 (a) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, P.L. 93-288 as amended states that no entity will receive assistance for any loss for which financial assistance has already been received from any other program, from insurance, or from any other source. The use of Federal and/or State funds granted for the same purpose clearly constitutes a duplication of benefits. However, grant or cash donations provided by a private benefactor also may constitute a duplication of benefits.
  - C. Part 13 of 44 CFR allows, but does not require, the credit of third party donations to the non-federal cost share. FEMA's position on the credit of third party donations was to require grant and cash donations designated solely for eligible work to be used to reduce total project cost. In early 2000, it was demonstrated that this policy was unacceptably burdensome, especially on small government applicants, and on private nonprofit organizations (PNPs) without other sources of income. Therefore, the application of this policy was modified to allow all eligible applicants to use cash donations, and possibly grants (depending on source and conditions), for the non-federal share of project costs.

**7. Policy:**

A. Grants and cash donations designated for specific eligible work. Grants and cash donations from non-Federal sources designated for the same purpose as Federal disaster funds generally are considered a duplication of benefit. However, cash donations and grants from non-Federal sources designated for the same purpose as Federal disaster funds may be used for the non-Federal cost-share. Funds exceeding the amount of the non-Federal obligation must be used to reduce the total project cost. If donated funds designated for specific eligible work exceed the amount of the non-Federal obligation, FEMA headquarters will provide the methodology for calculating the adjusted project cost and adjusted non-Federal share.

B. Grants and cash donations not designated for specific eligible work. Unless otherwise prohibited, grants and cash donations received for unspecified purposes (e.g., "for disaster recovery/relief efforts"), or for work not eligible for FEMA assistance, do not constitute a duplication of benefits.

C. Insurance. Disaster assistance will not be provided for damages covered by insurance. Disaster assistance provided by FEMA is intended to supplement assistance from other sources; therefore, insurance proceeds should be an applicant's first alternative for disaster assistance. An adjustment for the amount that should be received from insurance coverage is required even if the applicant has not completed negotiations with the insurer.

D. The retention of duplicated funds is illegal. Duplicated Federal funds must be returned to FEMA.

**8. Supersession:** This policy revises and replaces RR Policy #9525.3, Duplication of Benefits—Non-Government Funds that was issued on August 17, 1999.

**9. Authorities:** Robert T. Stafford Disaster Relief and Emergency Assistance Act, Section 312; 44 CFR 13.24 and 206.226(a).

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

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

**12. Signature:**



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