MEMORANDUM FOR:  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 Area Security Initiative Points of Contact
                All Tribal Nation Points of Contact

FROM:    Thomas DiNanno
        Assistant Administrator for Grant Programs
        Federal Emergency Management Agency

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

I. Purpose

This Information Bulletin (IB) serves to explain how direct and contract personnel costs are
classified under Section 2008 of the Homeland Security Act of 2002 (Pub. L. No. 107-296) as
amended by the Personnel Reimbursement for Intelligence Cooperation and Enhancement of
Grant Programs Directorate (GPD) Policy (FP 207-093-1) of the same subject/title. The only
substantive change to the previous policy relates to FEMA’s decision to prioritize personnel
cap waiver approvals for those requests where overtime costs are for Operation Stonegarden,
or are well justified by threat data.

II. Applicability

This policy applies to all recipients of a grant and any subrecipients under the State
Homeland Security Program (SHSP), Urban Area Security Initiative (UASI), Tribal
Homeland Security Grant Program (THSGP), and Operation Stonegarden (OPSG).
III. Guidance

A. Overview

1. Section 2008 (b)(2)(A) of the Homeland Security Act of 2002, as amended, states: “Not more than 50 percent of the amount awarded to a grant recipient under section 2003 or 2004 [of the Homeland Security Act of 2002] in any fiscal year may be used to pay for personnel, including overtime and backfill costs, in support of the permitted uses under [section 2008(a)].”

2. Section 2008 (a) states, in part, with respect to permitted uses: “The Administrator shall permit the recipient of a grant under section 2003 or 2004 [of the Homeland Security Act of 2002] to use 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...”

B. Clarification of Personnel Costs

1. To comply with section 2008 (b)(2) of the Homeland Security Act of 2002, as amended, recipients are required to track personnel and personnel-related activities to ensure compliance with the 50% cap on personnel costs. In general, costs associated with the following ARE counted against the personnel cap:

   a. Work performed under contract for an undefined period, such as for personnel costs supporting operational activities, including general planning, training or exercise activities; and

   b. Work performed by all non-contractor personnel, including for full-time or part-time staff and overtime of any kind.

2. Work performed under contract for a specific deliverable IS NOT counted against the personnel cap. Under this provision, the following are examples of contract deliverables that are not counted against the personnel cap:

   a. Vendor installation of a radio tower;

   b. Vendor training on new equipment purchased;

   c. Contractor hired to create an Emergency Operations Plan;

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1 “(b) LIMITATIONS ON USE OF FUNDS.—
   (2) PERSONNEL.—
   (A) IN GENERAL.—Not more than 50 percent of the amount awarded to a grant recipient under section 2003 or 2004 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).
   (B) WAIVER.—At the request of the recipient of a grant under section 2003 or 2004, the Administrator may grant a waiver of the limitation under subparagraph (A).
d. Contractor hired to provide deliveries of ICS 400; and

e. Contractor hired to assist with planning, training, developing, and evaluating an exercise.

C. Waiver Requests

1. Upon written request, the 50% personnel cap established by section 2008 (b)(2)(A) of the Homeland Security Act of 2002, as amended, may be waived at the discretion of the FEMA Administrator pursuant to section 2008 (b)(2)(B). Requests to waive the 50% personnel cap should be coordinated through the assigned FEMA Program Analyst (PA). Recipients of a grant that request a waiver of the personnel cap are reminded that they should not incur any costs in excess of the 50% cap prior to the approval of the waiver request by the FEMA Administrator.

2. FEMA will prioritize personnel waiver requests that are well justified by threat data. FEMA will also continue to prioritize personnel cap waiver requests for Operation Stonegarden.

D. Monitoring and Compliance

1. GPD will ensure compliance with this policy through its annual financial and programmatic monitoring program. FEMA preparedness grant recipients and subrecipients that fail to comply with this policy may not receive reimbursement through the applicable grant program.

IV. Questions

Questions regarding this IB may be directed to your assigned FEMA PA or the Centralized Scheduling and Information Desk (CSID) at askcsid@dhs.gov or (800) 368-6498.

V. Review Date

This IB will be reviewed within five years (5) from date of issuance.