*****Due to the nature of the below question, PHMSA has determined that this particular question shall be answered ahead of the question submittal deadline. Unless otherwise determined, all other questions will be answered by March 10th. *****

Question:

We had a question related to the 25% cap on M&A costs. On page 10 of the HMIT NOFO (and page 9 of the CS NOFO) it states:
Personnel costs are the employee salaries working directly on the grant project. Include the number, type of personnel, the percentage of time dedicated to the project, hourly wage (or salary) and total cost to the grant. At least 75 percent of grant funding must be used for HMIT programmatic activities, no more than 25 percent of federal funding may be used for maintenance and administration costs (M&A). This does not include indirect costs.

We are trying to determine what activities would fall under "programmatic" activities.

Lastly, the final sentence above states: *This does not include indirect costs.* How do we determine the 25% cap number?

Answer:

M&A costs are not operational costs, but they are necessary costs incurred in direct support of the grant or as a consequence of the grant. For example, M&A activities are those directly relating to the management and administration of a grant, such as financial management and reporting or in the oversight of those involved in the operational aspects of the grant.

To determine the 25% cap, applicants should take the "final grant budget amount" and subtract "indirect costs." No more than 25% of that number may be used for M&A.