Presentation for North Carolina Houses of Worship

Goals:

1) Understand FEMA Public Assistance funding as it relates to a major disaster event and private nonprofits;

2) Review HOW capacity needs and likely routes that could increase access to FEMA funding, providing assistance on gathering information for upload to FEMA Grants Portal;

2) Understand the risks and benefits of participating in the FEMA Public Assistance program, including planning for non-reimbursable disaster costs and common issues for independent private nonprofits such as HOW’s.

NCEM Recovery’s Public Assistance team are assigned to every county in North Carolina. NCEM PA will quickly start each disaster with applicant outreach, immediate next steps, and timelines. NCEM PA will also review subrecipient projects and assist subrecipients as questions arise, including RFI’s and determination memos.
Things to know about FEMA Public Assistance

1) The Stafford Act (law), both 44 CFR 206 and 2 CFR 200 (regulations) and the Public Assistance Program and Policy Guide (policies) dictate the rules for FEMA PA program funds

2) Houses of Worship are designated “non-critical” private nonprofits, and this designation has a required extra application requirement with the SBA for a low-interest loan (before FEMA PA can be considered)

3) Goods, services or time that is donated to helping survivors are not reimbursable by FEMA

4) FEMA will not reimburse an eligible subrecipient for work they do during a disaster that was not already a part of the subrecipient’s historical, defined operations or without an memorandum of understanding

5) Subrecipients devote a great deal of time to this process to meet required timelines - some hire consultants to help (i.e. municipalities, colleges, hospitals) and others either do not start – or complete - the FEMA Public Assistance process
Designation as a “non-critical but essential” PNP and the SBA requirement

Non-critical PNP’s must first apply for SBA low-interest loan assistance:

1) if *granted* an SBA loan, must take or refuse the loan before applying to FEMA PA

2) if the PNP is *denied* an SBA loan, FEMA becomes the funder of damage costs, outside of any insurance that exists *or that FEMA says should exist*

3) any SBA loan amount provided – *or that would have been provided if the loan is refused* - will be deducted from the project costs that FEMA PA establishes
Insurance Requirements

1) All actual or anticipated insurance coverage will be deducted from project costs

2) If existing insurance is deemed inadequate, or if FEMA believes the subrecipient should have had certain insurance coverage, those insurance dollars will also be deducted

3) Subrecipients are required to sign off on an “obtain and maintain” insurance agreement at the start of the application process (flood, wind, etc.).

If a subrecipient does not obtain and continue to maintain the denoted insurance, and if the same type of disaster damage occurs in the future, FEMA PA will not consider damages done to a particular facility or facilities lacking that insurance.
FEMA Grants Portal – Administrative Time and Effort

Although FEMA provides full-time staff to every disaster to assist subrecipients with their PA damages and project development, there is a lot that is required directly from the applicant up front and throughout the process. Regular involvement with project approval, uploading documentation into FEMA Grants Portal and using NCEM’s EMgrants system for payments can be more than a part-time role.

- Registration and formal online request
- Insurance records upload
- Maintenance records upload
- Procurement records & 2 CFR 200
- Multiple project reviews and approvals
- Multiple requests for sign-off
- Requests for cost reimbursement
- Time extension requests to complete work
- Scope of work change requests
- Closeout Requests
- Physical or virtual final Inspections
- FEMA’s quarterly reports
Primary issues experienced by private nonprofit’s (PNP’s) regarding FEMA Public Assistance funding

- PNP tax-exemption status records lost or unavailable – FEMA requires this documentation be put in FEMA Grants Portal so FEMA can determine eligibility

- Lacking articles of incorporation, charter or bylaws and other operational documentation typical of a PNP – also required in FEMA Grants Portal

- Lacking any (or enough) flood, wind-driven rain, or other insurance on buildings

- Lacking property and facility records (deed, mortgage, lease) with maintenance records and activities

- Anticipating that volunteers are paid for what they do - volunteer hours are not reimbursable by FEMA

- Anticipating that food, water, clothing, transportation and other items or services donated to survivors are reimbursable by FEMA - donated items are not reimbursable by FEMA

- Not having enough time or staff, or issues with internet service after a disaster event
Cost denial example: When Florence hit, a NC private nonprofit academic institution had not obtained and maintained flood insurance after being told of this requirement by FEMA post-Matthew. After Florence, this PNP had $3,000,000 in project costs removed from the FEMA project scope for flood damage incurred to buildings. The PNP is appealing this decision and have hired a law firm that has a practice area that specializes in disaster recovery funding denials by FEMA.

Costs to appeal could total between $50,000 to $100,000.
Examples of documents that are required by FEMA to be uploaded into FEMA Grants Portal to establish eligibility: purpose, ownership, costs, damages and authority to receive FEMA funds.
Thank you.

Questions? Please call or email your NCEM PA Grants Manager, their Team Lead, or PA leadership for guidance or additional assistance on this topic.