

**Question: How does a State properly allocate costs for programs with multi-year funding under the Cooperative Forestry Assistance Act?**

**Answer:** Federal financial assistance (Grants and Cooperative Agreements) may be awarded for any of the programs under the authority of the Cooperative Forestry Assistance Act of 1978 (Act), providing appropriated funding is available. Funds may be granted through a Consolidated Payments Grant or through individual program grants. Annually, funds are provided to State forestry agencies to fund the cooperative forestry programs administered by the State that complement the related activities of the Forest Service. The Act provides that the appropriated funding is available until expended, and is considered no-year funding. On occasion, there may be special projects or specific programs implemented that require separate tracking and reporting, or require a separate award from the general program funding.

The Act is a unique federal authority which has been provided to improve the efficiency and over all delivery of a collection of programs listed in the Act, through consolidated payments. Section 13(g) states that the Act supplements all other laws, and as such the use of Consolidated Payment Grants provides a recognized addition to traditional financial assistance grant mechanisms afforded to federal agencies. Congressional reports and legislative history detail the rationale behind the Act, and implementation is a means to improve the efficiency, flexibility, and effectiveness of the cooperative forestry programs. The funds provided to State forestry agencies under the Act are generally managed on a programmatic basis.

If a State has multiple overlapping grants that support the same program objectives, program costs must be properly accounted for and recorded to ensure that costs are not double-counted. If program costs benefit more than one fiscal year in a proportion that cannot be determined, then costs may be allocated to any of the open funded grants using a reasonable, consistent documented basis. For example, for general program work, the costs may be allocated to the oldest open grant that has funding available for that program, provided that the practice is documented and applied consistently. Regardless of the methodology for charging general program costs, a mechanism must be in place to capture expenses on a grant by grant basis to properly allocate costs. See §.607 (d) in the draft OMB Circular.