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Approval:

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Federal Assistance Manual, Chapter 3-09, *Characteristics of the Small Operator Assistance Program (SOAP) Grants*, is revised to:

- establish a three year performance period for SOAP operational grants
- update procedures for distributing funds to States and processing reimbursements
- use plain language

Remove:

Chapter 3-09, pages 1-2, dated Jan. 2, 1998

Insert:

Chapter 3-09, pages 1-3

CHANGE NOTICE

**CHAPTER 3-09
CHARACTERISTICS OF
THE SMALL OPERATOR ASSISTANCE PROGRAM (SOAP) GRANTS**

3-09-00	Purpose
10	Eligibility
20	Amount of Grants
30	Grant Performance Period
40	Allowable Costs
50	Unallowable Costs
60	Reimbursements of Federal Funds

3-09-00 PURPOSE

- A. SOAP Operational grants enable the State to contract with qualified laboratories to collect analyze, and interpret hydrologic and geologic data and produce technical reports for small operators. The costs of administering a SOAP are funded as part of the Administration & Enforcement grant for the approved State regulatory program.
- B. During the initial regulatory program phase, OSM provided two types of SOAP grants - Administrative and Operational. OSM no longer awards SOAP Administration grants.

3-09-10 ELIGIBILITY

The State must administer an approved permanent program to receive a SOAP Operational grant.

3-09-20 AMOUNT OF GRANTS

- A. The State may be reimbursed for up to 100% of the allowable costs.
- B. If Federal funds are insufficient to support State Operational Grant requests, OSM will allocate funds to States based on the proportion of each State's program activity to the total of all SOAP activity nationwide.
- C. States must develop a formula to allocate reduced grant awards among operators as required by 30 CFR 795.11(b).

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3-09-30 PERFORMANCE PERIOD

SOAP operational grants have a three-year budget performance period. The three-year grant period allows States to complete projects within the same grant as they are originally obligated. States should not obligate new projects into a grant which does not have enough time left to complete them. The three-year grant period may not be extended.

3-09-40 ALLOWABLE COSTS

- A. Expenditures by either State personnel or qualified laboratories to provide planning services are allowable. Planning services are limited to background data searches and work statement development, both directly related to individual assistance mining sites. Costs for planning services provided by State personnel must be documented with detailed records to clearly distinguish these services from administrative activities in order to support audit findings and to provide a means to verify reasonableness of cost.
- B. All expenditures by qualified laboratories to collect field data and prepare reports necessary for the determination of probable hydrologic consequences and the statement of the results of test borings or core sampling required in the permanent program mining application are allowable.
- C. Ground water observation well drilling is authorized as necessary on a case by case basis.
- D. To be allowable, all costs must be in accord with the principles set forth in OMB Circular A-87.
- E. Additional technical services specified by State law or regulation and that are in accord with 30 CFR 795 are allowed.

3-09-50 UNALLOWABLE COSTS

- A. Federal funds appropriated for the purpose of SOAP, mandated by the narrow statutory authorization in SMCRA, are linked precisely to baseline information and reports needed to satisfy hydrologic and geologic permitting requirements for an approved applicant. The following items are unallowable costs under the SOAP operational grant: expenses incurred by the regulatory authority to administer the SOAP, including indirect costs; exploratory test drilling, core drilling or observation well drilling that may be needed to define the extent of coal or for sampling overburden materials; engineering analyses or designs; and collection of data from local or regional sites in advance of receiving applications for assistance.

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3-09-50 (Continued)

B. Interest penalties associated with late payments for contractual work with laboratories are unallowable.

3-09-60 REIMBURSEMENTS OF FEDERAL FUNDS

Reimbursements are funds expended from a SOAP operational grant which are recovered by a State after an operator exceeds the tonnage eligibility limit. Reimbursements reduce the expenditures of the grant under which they were originally paid. If the original grant has expired, the State must send a revised final expenditure report to OSM and return the funds to OSM by negative drawdown or check as soon as administratively feasible.