



Michigan's
Nonpoint Source
Program

Nonpoint Source Grant Condition: Consultant Cap

December 30, 2009

The Michigan Department of Environmental Quality (MDEQ) was informed of a new U.S. Environmental Agency (U.S. EPA) grant condition that will affect most grants funded by the Nonpoint Source (NPS) Program after January 1, 2007. Conditions are requirements the U.S. EPA adds to the award of our federal Clean Water Act Section 319 Grant, we must, in turn, require many of these same conditions of our grantees. The condition herein also affects those CMI grants used to match the federal 319 Grant.

Effective immediately, all grants with Tracking Codes of 2007 forward will fall under the **consultant cap**. As of January 1, 2010, the consultant cap is \$74.76 per hour and \$598.08 per day, considering only salary plus fringe (and not travel or overhead). This cap applies unless the grantee used a bidding process or other [acceptable procurement method](#) to hire the contractor. The [official language](#) will be reflected in grant boilerplate contracts from this point forward.

As NPS Grant contracts are developed, grantees will be asked to submit a [Contractor's Qualifications Form](#), that has a check box to denote that none of the individuals working for a contractor exceed the consultant cap rate, or that they went through a bidding process or other acceptable procurement method to hire the contractor. Since this consultant cap language will be in all future boilerplates, by checking the box on the Contractor's Qualifications Form, grantees will need to adhere to this requirement. To check compliance with this condition, upon request by the MDEQ, grantees will be asked to submit either: (1) a Contractor's Budget Form for each contractor on the grant project budget, showing the rates of the people charging to the grant, or (2) information on the bidding process used to obtain the contractors on the grant contract budget. Such a request may occur before a contract is developed, or during the life of a project at a randomly selected time. In addition, the MDEQ will continue to collect invoices to verify grant and matching costs and will seek clarification on any invoice rates above the cap as relevant to the individual project.

To assist grantees who may be unsure whether their contractors are operating within the consultant cap, the NPS Program developed a [Contractor's Budget Form](#) that grantees can send to their contractors. The form allows contractors to insert the salary and fringe for each employee of the contractor organization. Grantees choosing to use this budget form to document the consultant cap must ensure that no individual exceeds the cap, else, the grantee must follow the procurement process for the work proposed.

Note that the consultant cap is expected to change each year in January. The NPS Program will post the updated rate as soon as it is available by updating the Contractor's Qualifications Form.