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Mr. Pearson



DECISION

**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D. C. 20548

FILE: B-197699

DATE: June 3, 1980

MATTER OF: Department of Interior--Heritage Conservation
and Recreation Service--Pregrant Award Costs.

DIGEST: Project related pre-application grant costs may be paid out of funds appropriated for Urban Park and Recreation Recovery Program, Pub. L. No. 95-625, 16 U.S.C. 2501 et seq., where reimbursement of architectural or engineering or other grant costs is considered by Secretary of Interior to be appropriate and in the public interest in carrying out program.

The Assistant Secretary of Interior for Fish and Wildlife and Parks asks whether the Heritage Conservation and Recreation Service has [authority to pay grantees for architectural and engineering costs] incurred by grantees prior to, or in conjunction with, the preparation of pre-applications for grants under the Urban Park and Recreation Recovery Program.

This program is authorized by the Urban Park and Recreation Recovery Act of 1978, Pub. L. No. 95-625, 92 Stat. 3538, approved November 10, 1978, to be codified at 16 U.S.C. 2501 et seq. All the pre-application costs that the Assistant Secretary argues should be paid were incurred after July 25, 1979, the date the first appropriation for the program was approved. Pub. L. No. 96-38, 93 Stat. 106. We conclude, as discussed below, that the Secretary or his delegate has the authority to pay project related costs incurred prior to grant awards under the facts presented.

In his letter, the Assistant Secretary says:

"The UPARR [Urban Park and Recreation Recovery] grants are awarded on a competitive basis without options for increases in grant assistance necessitated through cost overruns. The grant awards are based upon the submission of a pre-application and grant approval is contingent upon the completion of the full OMB Circular A-102 application forms and requirements. Due to these constraints, applicants must incur architectural and/or engineering costs prior to, or in conjunction with the preparation of

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the pre-application. These costs are a major factor in establishing estimated project costs and in determining the amount of Federal assistance to be requested."

We have interpreted a number of statutes as allowing grant related costs to be paid grantees where the grantee incurred costs prior to an application for grant funds but after the program was authorized and appropriated funds were available for obligation. See 32 Comp. Gen. 141 (1952); 31 *id.* 308 (1952); B-75414, May 7, 1946. There is no rule of interpretation or policy that generally restricts allowable costs to those incurred after the award of a grant; however, agencies may normally adopt such a rule as administrative policy. See 56 Comp. Gen. 31 (1976).

The Urban Park and Recreation Recovery Act provides for three kinds of grants--rehabilitation (section 1006), innovation (*id.*) and recovery action program grants (section 1007). Under section 1003 of the act, to be codified at 16 U.S.C. § 2503, the purposes of the entire program and the authority of Secretary are established as follows:

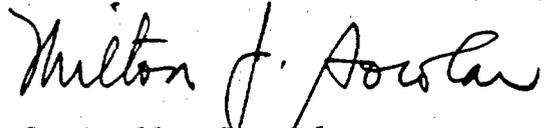
"The purpose of this chapter is to authorize the Secretary to establish an urban park and recreation recovery program which would provide Federal grants to economically hard-pressed communities specifically for the rehabilitation of critically needed recreation areas, facilities, and development of improved recreation programs for a period of five years. This short-term program is intended to complement existing Federal programs such as the Land and Water Conservation Fund and Community Development Grant Programs by encouraging and stimulating local governments to revitalize their park and recreation systems and to make long-term commitments to continuing maintenance of these systems. Such assistance shall be subject to such terms and conditions as the Secretary considers appropriate and in the public interest to carry out the purposes of this chapter."
(Emphasis supplied.)

We have searched the legislative history and found no indication of a congressional intent to limit allowable grant costs to those incurred after application.

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Under this statutory scheme, therefore, we believe that the Secretary of the Interior has authority to design the program so as to permit payment to grantees for pre-application costs if he considers them "* * * appropriate and in the public interest to carry out the purposes of this chapter."

Accordingly, we can see no objection to payment of costs related to approved projects under these circumstances where the Secretary has concluded that reimbursement of approved pre-application costs is appropriate and in the public interest.

A handwritten signature in cursive script that reads "Milton J. Fowler".

For The Comptroller General
of the United States