



United States Department of the Interior

NATIONAL PARK SERVICE

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Memorandum

Date: July 25, 2023
To: State Historic Preservation and Tribal Historic Preservation Officers
From: Megan J. Brown, Chief; State, Tribal, Local, Plans and Grants (STLPG)
Subject: HPF Manual Chapter 2 Update: SHPO formula; Tribal grants

The National Park Service (NPS) has revised Chapter 2 (Apportionment of Federal Funds) of the Historic Preservation Fund (HPF) Grants Manual to reflect changes to the apportionment of the annual historic preservation funding to State Historic Preservation Offices and to include the annual apportionment of funds to Tribal historic preservation programs. These updates fulfill the statutory requirement that apportionment to partners in the federal historic preservation program be allocated “on the basis of need as determined by the Secretary.” 54 U.S.C. § 302902(c)(1)(A).

First, the formula for annual HPF grants to State Historic Preservation Offices (SHPO) has been updated after a comprehensive examination of the previous formula and a thorough consultation with stakeholders regarding a wide range of options. This examination concluded that the previous formula was largely sound and could be improved with a few small updates. The review process has produced a formula that is equitable, based on consistent and reliable data, and causes the least disruption to SHPOs’ apportionment.

The updated SHPO HPF formula is described below:

- A determined percentage of the appropriation is set aside for the Freely Associated States.
- Tier 1 then provides all SHPOs an equal base award of \$400,000.
- Tier 2 remains based on an equal division between three factors: each State’s proportion of the United States’ total (1) acreage, (2) population, and (3) number of residences over 50 years old. The underlying data is derived from the current U.S. Census.
- Tier 3 allocates any appropriations over \$65 million to SHPOs using the Tier 2 formula and requires that at least 50% of that amount to be allocated to Certified Local Governments as the National Historic Preservation Act directs. 54 U.S.C. § 302902(c)(4).
- The NPS has extended the SHPO formula grant cycle to three years from the previous two-year cycle to allow for sufficient time to award funds to Certified Local Government sub-grantees and complete those projects. This provision supersedes Chapter 3, Section E.5. and Chapter 7, Section B.1. of the grants manual.

Second, the Chapter 2 revision adds the apportionment formula for the Tribal Historic Preservation Offices and details the use of funds for the Tribal Heritage Grant program.

Third, the title of Chapter 2 has been changed from “Apportionment of Federal Funds” to

“Apportionment of Federal Formula Awards.” This update clarifies that the subject of the chapter is limited to HPF formula grant programs and does not detail policy on project based, competitive HPF grant programs (with the exception of Tribal Heritage Grants).

Finally, the manual update includes various editorial revisions to clarify the language, streamline the formatting, and bring the provisions up to date with current practice.

The updated Chapter 2: Apportionment of Federal Formula Awards follows in its revised form.

HPF MANUAL CHANGE

Revised Language:

Chapter 2 - Apportionment of Federal Formula Awards

A. Purpose.

This Chapter sets forth the basis for recommendations that the National Park Service (NPS) makes to the Secretary for apportioning funds appropriated from the Historic Preservation Fund (HPF) to States, Territories, Tribes, Certified Local Governments (CLGs), and the Freely Associated States (FAS). The methods set forth in this Chapter conform to the National Historic Preservation Act (NHPA) (54 U.S.C. § 302902(a), (c)), and the regulations for historic preservation programs (36 C.F.R. § 61). This Chapter does not apply to competitive HPF programs that are individually appropriated by Congress, and the policies in the Chapter are subject to change as Congress may direct.

B. Apportionment of Funds to State Historic Preservation Office Programs.

The National Park Service shall use the following method to calculate its recommended apportionment of HPF funds to State Historic Preservation Offices (SHPO).

1. Freely Associated States.

The NPS will first apportion funds to the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau from HPF appropriations to States at a set percentage of the annual appropriation as agreed upon by the NPS and the FAS. See Section B.6. below.

2. Apportionment Formula for States, Territories, and the District of Columbia.

The NPS will apply the following three-tiered formula to the remaining appropriation after the apportionment of funds for the FAS to calculate the apportionment of HPF funds to SHPOs from each of the fifty States, Puerto Rico, Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the District of Columbia. The apportionment formula may be updated from time to time based on the needs of participants with input from relevant stakeholders.

a. Tier 1 – Base Award.

The NPS will allocate a base award of \$400,000 to each SHPO from the annual appropriation. The purpose of the base award is to provide SHPOs funds sufficient to meet the average annual cost of performing the minimum requirements for SHPOs as described in the NHPA. See 54 U.S.C. § 302303.

b. Tier 2 – Census Award.

The NPS will allocate the balance of annual appropriations after deducting the amount in Tier 1 up to \$65 million to Tier 2. The NPS will calculate the funds available for Tier 2 based upon the three factors below.

The Tier 2 calculations will rely on data collected in the most recent U.S. census. NPS will update the data based upon subsequent decennial census collections.

The NPS will use square roots in the calculation of each factor to control for extreme values.

1) Population.

The NPS will divide one-third of the funds available for Tier 2 based upon each State's share of the population of the United States.

2) Area.

The NPS will divide one-third of the funds available for Tier 2 based upon each State's share of the total area of the United States. This factor is based on state boundaries as defined by the U.S. census including area covered by water to account for underwater resources.

3) Historic Resources.

The NPS will divide one-third of the funds available for Tier 2 based upon each State's share of the total number of residences in the United States that are 50 years or older as defined and identified in the census.

c. Tier 3 – Statute Award.

The NPS will allocate annual appropriations exceeding \$65 million to Tier 3, with a requirement that a minimum of 50% of Tier 3 funds be granted to CLGs as directed by the National Historic Preservation Act. See 54 U.S.C. § 302902(c)(4). To comply with the statutory CLG funding requirement, the NPS will allocate half of Tier 3 funds to States with CLG programs and require that those funds be granted to CLGs. The other half of Tier 3 funds will be allocated to all SHPO formula participants. The NPS will allocate awards to SHPOs from both portions of Tier 3 funds using the Tier 2 factors and method.

3. Required Funding for Certified Local Governments.

The NPS will require that CLGs receive from States a minimum of 10% of their Tier 1 and 2 awards plus a minimum of 50% of the funds allocated to Tier 3, as calculated under the SHPO apportionment formula. See 54 U.S.C. § 302902(c)(4). For years in which appropriations reach Tier 3, the NPS will provide to States the total minimum amount that each SHPO must grant to its CLGs.

Each SHPO will grant funds to its CLGs in accordance with the State's approved process for the transfer of funds. Where there is no approved State program, the NPS will act in place of the State to award grants to CLGs. See 36 C.F.R. § 61 and Chapter 9 of the Grants Manual.

4. Changes to HPF Appropriation Amounts.

Regardless of the total HPF appropriation in any year, the NPS will allocate funds based on the formula detailed above. The variance in funding available will also result in fluctuations in the amount allocated to each SHPO each year. If the total HPF appropriation decreases from the previous year, then the amount of total funding to each SHPO will also decrease. If the total HPF appropriation increases from the

previous year, the funding allocated to each SHPO will likewise increase.

5. Special Situations.

The NPS may adjust awards to individual States to meet specific emergency or risk situations on a case-by-case basis and after appropriate input from stakeholders.

6. Apportionment of Funds to the Freely Associated States.

The NPS will apportion funds to the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau separately from the States. The percentage of the total HPF apportionment allocated to the FAS has been established in consultation between the NPS and the FAS. The FAS do not participate in the SHPO apportionment formula because of their unique relationship with the United States, the different statutory basis for its grant programs, and the unavailability of U.S. Census data for the FAS. The method for apportioning HPF funds to the FAS may be adjusted based on need as determined by the Secretary. See 54 U.S.C. § 302908.

7. Notification.

Pursuant to the National Historic Preservation Act, the Secretary will notify each SHPO with an approved State program in writing of its apportioned amount within 30 days of the enactment of the regular Department of the Interior fiscal year appropriation. See 54 U.S.C. § 302902(c)(2); Section D below. The 30-day period for completing the apportionment of funds to the SHPOs begins on the date that the President signs the appropriations bill into law.

Apportionment amounts provided are for planning purposes and are not final until the approved by the Secretary of the Interior or their designee. Upon approval, the NPS will notify the SHPOs of the final award amounts along with application instructions.

8. Grant Duration and Expiration of Funds.

HPF formula grants to SHPOs have a “period of performance” of three fiscal years, beginning on the first day (October 1) of the fiscal year for which Congress appropriates the funds. The “period of performance” is the time during which grant activities may take place and costs may be incurred.

SHPOs may request reimbursement for any eligible, allowable, allocable, and reasonable cost incurred during their grant’s period of performance regardless of the date when the grant is executed. Funds that are not used by the end of the period of performance will be recaptured by the NPS.

9. Apportionment of Recaptured Funds.

- a. The purpose for recapturing and then reapportioning funds is to maximize the use of HPF funds for the purpose for which Congress appropriated the money.

- b. The NPS will determine when sufficient funds have been recaptured to warrant reapportionment and when such reapportionment can be achieved within the timeframes allowed by law.
 - c. The criteria and method of reapportionment will vary depending on the amount and type of funds recaptured and national or specific needs or issues at the time.
10. Procedure for Reprogramming Unobligated Certified Local Government Funds.
If a SHPO fails to obligate the minimum amount of funds required to CLGs within the first two years of the grant's period of performance, the NPS may, at its discretion, consult with the SHPO to determine an acceptable use for those funds consistent with 54 U.S.C. § 302902(c)(4). The use of the funds will be subject to the applicable laws, regulations, and policies governing the use of CLG funding. The NPS may require additional reporting on the use of these funds.
- If a SHPO fails to propose an acceptable use for the funds, the NPS will recapture the funds prior to the close of the grant period.

C. Apportionment of Funds to Tribal Preservation Programs.

- 1. Purpose for Apportioned Funds.
The NHPA requires that HPF appropriations for THPOs be apportioned in a manner that allows them to fulfill the minimum requirements under the NHPA that they have adopted in their official partnership agreement with the NPS. See 54 U.S.C. § 302907.
- 2. Tribal Historic Preservation Office Eligibility.
To be eligible for an HPF annual award, the THPO must (1) be federally recognized under the Federally Recognized Indian Tribe List Act (25 U.S.C. § 5130), by act of Congress, under the administrative procedures under 25 C.F.R. § 83, or by decision of a United States court and (2) meet all the following requirements.
 - a. The THPO's Partnership Agreement with the NPS was executed by June 30 prior to the start of the next fiscal year (October 1). The approval date is the date on the official NPS letter or announcement stating that the Director of the National Park Service has formally approved the proposal of the Tribe to assume selected duties within the Tribe's lands. See 54 U.S.C. § 301702.
 - b. The THPO has no outstanding HPF grant compliance issues or audit findings.
 - c. The THPO has no outstanding compliance issues under the THPO Partnership Agreement.
 - d. The THPO has no other issue that would legally bar the Tribe from receiving Federal funds.
- 3. Apportionment of Funds to Tribal Programs.

The amount of funds available to apportion to formula grants to THPOs and to Tribal Heritage Grants will depend in part on whether Congress appropriates funds in separate line items for the two programs or a single consolidated line item. Generally, Congress has annually appropriated funds from the HPF to Tribes in a single consolidated line item that the NPS then allocates between the THPO grant program (open to THPOs only) and the Tribal Heritage Grant program (open to all federally recognized Indian Tribes, Alaskan Native Villages/Corporations, and Native Hawaiian Organizations (See 54 U.S.C. § 300309)).

When the appropriations are in a single consolidated line item, the NPS will fund the Tribal Heritage Grant program in whole or in part from THPO funds that are apportioned but not awarded during the first fiscal year of the appropriation. Funds may be apportioned but not awarded if a THPO does not apply for the Tribe's allocation or is determined ineligible for programmatic or financial reasons. See Section C.2. above. The NPS supplements these funds as necessary from newly appropriated funds. All remaining funds in the Tribal appropriation are divided among the eligible THPOs according to the apportionment formula. See Section C.3.b. below. The division of funds is subject to change as directed by Congress.

a. Difference Between THPO Grants and the Tribal Heritage Grant Program.

The Tribal Heritage Grant program is a competitive, project-based grant program for eligible entities that meet the statutory definition of "Indian Tribe" in the NHPA (federally recognized Indian tribes, Alaska Native Villages/Corporations, and Native Hawaiian Organizations) to protect and promote their unique cultural heritage and traditions. See 54 U.S.C. § 300309.

The THPO grant program provides the funds necessary to support THPO responsibilities under the NHPA, as specified in each THPO's Partnership Agreement with the NPS. These responsibilities can include conducting archeological and architectural surveys, completing review and compliance activities, conducting comprehensive preservation planning studies, completing National Register nominations, creating and presenting educational programs, and conducting other preservation-related activities.

b. Apportionment Formula for Tribal Historic Preservation Offices.

The National Park Service shall use the following method to calculate its recommended apportionment of HPF funds to Tribes.

1) Tier 1 – Base Award.

The NPS will apportion 80% of the total appropriation to the THPO grant program divided equally among all eligible THPOs.

2) Tier 2 – Tribal Lands.

The NPS will apportion the remaining 20% of the appropriation based on the area of Tribal lands as defined in the NHPA. See 54 U.S.C. § 300319.

c. Notification.

The Secretary will notify each THPO (with an approved program) in writing of its apportioned amount within 30 days of the enactment of the regular Department of the Interior fiscal year appropriation. See 54 U.S.C. § 302902(c)(2); Section D below. The 30-day period for completing the apportionment of funds to the THPOs begins on the date that the President signs the appropriations bill into law.

Apportionment amounts provided are for planning purposes and are not final until approved by the Secretary of the Interior or their designee. Upon approval, the NPS will notify the THPOs of the final award amounts along with application instructions.

d. Grant Duration and Expiration of Funds.

HPF grants to THPOs have a “period of performance” of two fiscal years, beginning on the first day (October 1) of the fiscal year for which Congress appropriates the funds. The “period of performance” is the time during which grant activities can take place and costs may be incurred. The grant agreement will specify the period of performance.

THPO grantees may request reimbursement for any eligible, allowable, allocable, and reasonable cost incurred during their grant’s period of performance regardless of the date when the grant is executed. Funds that are not applied for during the first fiscal year or not used by the end of the period of performance will be recaptured by the NPS.

D. Grant Award Process.

After the Secretary apportions the funds, the NPS will issue a notice of funding opportunity with the amount of funds for which SHPOs and THPOs may apply. The notice of funding opportunity will stipulate the amount apportioned and the major terms and conditions of the apportionment. Among these conditions is the stipulation that the NPS will obligate the apportioned funds only upon submission of an acceptable grant application, and the stipulation that the NPS may reduce the amount apportioned by the amount of any unobligated balance at the end of the prior grant period. See Chapter 3, Section K.

The notice of funding opportunity shall not be treated as an award of grant assistance. The NPS will subsequently award grants pursuant to the NPS-approved applications.

E. Continuing Resolution Appropriations.

1. Continuing Resolutions Covering Less Than a Year.

If Congress provides HPF obligational authority through one or more Continuing Resolutions covering less than a year and absent Congressional instruction to the contrary, the NPS will distribute funds among the grantees using the regular apportionment formula. The NPS will, at its discretion, determine when Congress has appropriated sufficient funds to make a partial apportionment. If additional funding is

made available, the NPS will apply the formula to the cumulative amount appropriated for the year to date and subtract any amount previously awarded. The NPS will subtract the amount allocated under Continuing Resolutions from any apportionment from the regular full-year appropriation when it is signed into law.

2. Continuing Resolution(s) Covering a Full-Year.

Absent Congressional instructions to the contrary, for apportionment purposes, the NPS will treat a year-long Continuing Resolution appropriation as if it were a regular appropriation.

F. Apportionment of Funds to Other Grant Programs.

Should Congress designate other programs to receive HPF funding, the NPS will prepare necessary instructions or procedures based on the circumstances and direction of Congress for the award.

G. Targeted Appropriations.

Occasionally, Congress provides instructions for all or part of a regular or special appropriation as to the use of funds or as to how the NPS must apportion the funds.

1. Congress Specifies Apportionment Factors.

If Congress mandates specific apportionment factors, the NPS will use them in lieu of the standard apportionment formulas.

2. Special Purpose Appropriation.

In the case of a special purpose appropriation and in the absence of specific apportionment instructions, the NPS will consider input from the affected grantees on an appropriate method of apportionment.

3. Regular Appropriation but Congress Specifies the Use of Part of the Funds.

Occasionally, Congress provides instructions as to the use (as opposed to the apportionment) of part of the regular appropriation. In this situation, the NPS will consider input from the affected grantees as to whether to develop a special factor to add to the apportionment formula and/or whether the NPS should handle the Congressional targeting by grant conditions.