



DEPARTMENT OF THE ARMY  
U.S. ARMY CORPS OF ENGINEERS  
WASHINGTON, D.C. 20314-1000

REPLY TO  
ATTENTION OF:

CECC-G

26 September 2002

MEMORANDUM FOR ALL MAJOR SUBORDINATE COMMAND, DISTRICT  
COMMAND, FIELD OPERATING ACTIVITY, AND LABORATORY COUNSELS

SUBJECT: CECC-G Bulletin No. 02-12, Challenge Partnership Program

1. This bulletin provides additional guidance on the Challenge Partnership Program, authorized by section 225 of the Water Resources Development Act of 1992 (33 U.S.C. § 2328).<sup>1</sup> I expect all counsel to be familiar with this authority, and I fully support its use in appropriate cases.
2. Section 225 authorizes the Secretary of the Army to enter into cooperative agreements with non-Federal public and private entities to share the cost of managing recreation facilities and natural resources at Corps projects where such facilities and resources are being maintained at complete Federal expense. This authority specifically authorizes the acceptance of funds, materials, and services from such non-Federal entities. Therefore, acceptance of contributions pursuant to this authority does not constitute an impermissible augmentation of the agency's appropriations.
3. In addition, agreements entered into pursuant to this authority are not cooperative agreements as that term is used in the Federal Grant and Cooperative Agreement Act of 1977 (FGCAA)<sup>2</sup>, nor are they subject to the DOD regulations governing cooperative agreements, including the requirement for execution by a certified grants officer. Although section 225 uses the term "cooperative agreement," it involves a type of transaction not covered by the FGCAA. A cooperative agreement under the FGCAA involves the *transfer of funds (or other items) from the Federal Government to a non-Federal entity*. Conversely, a challenge partnership agreement involves the *acceptance of funds, materials, and services by the Federal Government*.
4. Further, there is no set formula for the contribution to be provided by the non-Federal partner.<sup>3</sup> Rather, the contribution is negotiated on a case-by-case basis.

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<sup>1</sup> Previous guidance was provided in CECC-G Bulletin No. 01-16, Acceptance of Non-Federal Funds for Work at Recreation Facilities (dated 26 Sep 2001).

<sup>2</sup> In sections 4, 5, and 6 of the FGCAA, Public Law No. 224, 95<sup>th</sup> Cong., 1<sup>st</sup> Sess., 92 Stat. 3 (1978), the Congress defined when an agency would use a contract, grant, or cooperative agreement, respectively. Although the Congress, in 1982, repealed the FGCAA while recodifying Title 31 of the United States Code, it replaced virtually intact sections 4 – 6 of the FGCAA in 31 U.S.C. §§ 6303 – 6305. (31 U.S.C. §§ 6301 – 6308 is still popularly referred to as the FGCAA.)

<sup>3</sup> Challenge partnership agreements are not Public Law 89-72 cost sharing agreements, Project Cooperation Agreements, or Economy Act Orders.

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5. Approval and execution responsibilities for challenge partnership agreements are set out in paragraph 12-2 k. of ER 1130-2-500. MSC Commanders are responsible for administration of the challenge partnership program within their MSC and for the approval and execution of challenge partnership agreements that involve water resources development projects from two or more of their subordinate districts. District Commanders are responsible for the approval and execution of challenge cost sharing agreements that involve water resources development projects solely within their districts. Approval of agreements involving a total cost of less than \$200,000 may be delegated to the Chief of Operations. Approval of agreements involving a total cost of less than \$25,000 may be delegated to the Operations Project Managers.
6. In some cases, funds provided by the non-Federal partner may include grant funds provided by another Federal agency. Such grant funds may be accepted as part of the funds provided by the non-Federal partner if the granting agency confirms, in writing, that the funds may be used for this purpose.
7. My point of contact for this bulletin is Susan Nee, who can be reached at (202) 761-1696, or by e-mail at [susan.g.nee@usace.army.mil](mailto:susan.g.nee@usace.army.mil).



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