(2) The Assistant Administrator will determine each State's weighting factor based on an evaluation and ranking of the State's Strategy that takes into consideration the following:

(i) The scope and value of the proposed program change(s) contained in the Strategy in terms of improved coastal resource management;
(ii) The technical merits of the Strategy in terms of project design and cost effectiveness;
(iii) The likelihood of success that the State will have in attaining the proposed program change(s), including an evaluation of the State's past performance and support for the Strategy; and,
(iv) The fiscal and technical needs of the State.

(3) Each State will be notified individually of its weighting factor, the reasons for assigning this weighting factor, and any changes thereto. In consultation with the Assistant Administrator, a State may choose to make substantive changes to its approved Assessment and Strategy to improve its weighting factor, in accordance with the procedures at §923.128.

(e) Funding for projects of special merit.

The Assistant Administrator will award the remaining section 309 funds, which are not awarded under §923.124(d), to States based on an annual evaluation and ranking of projects of special merit, as defined in §923.123(d). Funding of projects of special merit will be limited to the highest ranked projects based on the criteria at §923.125(b).

(f) The Assistant Administrator will notify each State annually of the total amount of funds to be devoted to section 309 pursuant to §923.124(b), the proportion to be awarded by weighted formula pursuant to §923.124(c), the State's weighted formula funding target pursuant to §923.124(d), and the total amount of funds available for funding for projects of special merit pursuant to §923.124(e).

§923.125 Criteria for section 309 project selection.

(a) Section 309 criteria for weighted formula funding. (1) For those projects that will be funded by weighted formula, the Assistant Administrator will determine that:

(i) The project is consistent with the State’s approved Assessment and Strategy and advances the attainment of the objectives of the Strategy;
(ii) Costs are reasonable and necessary to achieve the objectives of both the project and the Strategy. Allowability of costs will be determined in accordance with the provisions of OMB Circular A-87: Cost Principles for State and Local Governments;
(iii) The project is technically sound;
(iv) The State has an effective plan to ensure proper and efficient administration of the project; and,
(v) The State has submitted the required project information as specified in §923.126(b)(1).

(2) In reviewing projects that will be considered under the weighted formula, the Assistant Administrator will take into consideration the fiscal and technical needs of proposing States and the overall merit of each proposal in terms of benefits to the public.

(b) Section 309 criteria for evaluation and ranking of projects of special merit.

(1) After determining those projects that will be funded under weighted formula funding, the Assistant Administrator will evaluate and rank State funding proposals of special merit which may be funded under 15 CFR 932.4(e).

(2) In addition to meeting the criteria in paragraph (a)(1) of this section, proposals will be evaluated and ranked under this subsection using the following criteria:

(i) Merit. (90 points) The Assistant Administrator will review each application to determine the following:

(A) Degree to which the project significantly advances the program improvements and leads to a program change identified in the State’s Strategy. In making this determination, the Assistant Administrator shall consider the weighting factor derived from the evaluation of the quality of the State’s Strategy, as supported by the State’s Assessment, relative to the weighting factors assigned to other eligible States;
(B) Overall benefit of the project to the public relative to the project’s cost; 
(C) Innovativeness of the proposal; 
(D) Transferability of the results to problems in other coastal States; and 
(E) The State’s past performance under section 309. 
(ii) Fiscal needs. (5 points) The Assistant Administrator will review each application to determine the “fiscal needs” of a State as defined in §923.123(e). 
(iii) Technical needs. (5 points) The Assistant Administrator will review each application to determine the “technical needs” of a State as defined in §923.123(f). 

(c) Section 309 funds not awarded to States under §923.125(a) will be awarded to States under §923.125(b). 

§923.126 Pre-application procedures. 

(a) Pre-submission consultation. Each State is strongly encouraged to consult with the Assistant Administrator prior to the submission of its draft proposal (see §923.126(b)) and formal application for section 309 funding. The purpose of the consultation will be to determine whether the proposed projects are consistent with the purposes and objectives of section 309 and with the State’s approved Strategy, to resolve any questions concerning eligibility for funding under section 309 (see §923.121(b)), and to discuss preliminarily the State’s recommendations regarding which projects should be funded by weighted formula and which projects should be individually evaluated and ranked as projects of special merit. 
(b) Draft proposals. States shall submit draft proposals for section 309 funding annually on a schedule to be determined by the Assistant Administrator. These draft proposals shall contain all of the information needed for final application, including the following: 
(1) A clear and concise description of the projects that the State proposes to be funded under section 309. This description shall explain the relationship of each proposed project to the State’s approved Assessment and Strategy and how each proposed project will accomplish all or part of a program change that the State has identified in its Strategy. In addition, each project description shall include: 
(i) A specific timetable for completion of each project; 
(ii) A description of the activities that will be undertaken to complete each project and by whom; 
(iii) The identification of any subawardees, pursuant to §923.94(d)(3)(i); and 
(iv) The estimated total cost for each project. 
(2) Section 309 funds may be used for any of the following allowable uses which support the attainment of a program change: 
(i) Personnel costs; 
(ii) Supplies and overhead; 
(iii) Travel; 
(iv) Equipment (pursuant to 15 CFR part 24); 
(v) Projects, studies and reports; and 
(vi) Contractual costs including subcontracts, subawards, personal service contracts with individuals, memoranda of agreement/understanding, and other forms of passthrough funding for the purpose of carrying out the provisions of section 309. 
(3) Funds may not be used for land acquisition or low cost construction projects. 
(4) The State may recommend which projects should be funded by weighted formula under §923.125(a) and which projects should be funded as projects of special merit under §923.125(b). 
(5) The draft proposal shall contain documentation of fiscal needs and technical needs, if any. This documentation shall include: 
(i) For fiscal needs, information on the current State budget (surplus or deficit), the budget of the applying agency (increase or decrease over previous fiscal year), future budget projections, and what efforts have been made by the applying agency, if any, to secure additional State funds from the Legislature and/or from off-budget sources such as user fees; and 
(ii) For technical needs, identification of the technical knowledge, skills and equipment that are needed to carry out proposed projects and that are not available to the applying agency, and what efforts the applying agency has