

OCD-DRU CDBG-DR BOOT CAMP TRAINING

CDBG COMPLIANCE REQUIREMENTS – DUPLICATION OF BENEFITS



March 2019

What is Duplication of Benefits (DOB)?

- As a CDBG-DR recipient, OCD-DRU must comply with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act):
 - Recipients of federal disaster recovery funding make certain that no “person, business concern or other entity” will receive duplicative assistance¹
- Cannot comply with Stafford Act unless a DOB analysis is done
- CDBG-DR Funds only supplement and DO NOT supplant
- It is incumbent upon OCD-DRU to assess that any need has not been met



¹ Stafford Act, Title III, Sec. 312, (a)

WHEN DOES DOB OCCUR?

DOB occurs when:

- A beneficiary receives assistance,
- The assistance is from one or multiple sources, AND
- The assistance amount exceeds the need for a particular recovery purpose.



TYPES OF DUPLICATIVE SOURCES

Includes, but is not limited to:

- Private Insurance
- Federal Emergency Management Agency (FEMA) funding
- Small Business Administration (SBA)*
- National Flood Insurance Program (NFIP)
- Local and State Funds
- Other Federal Programs
- Private and nonprofit organizations

*SBA Loans as a DOB source are currently under review by HUD in conjunction with the 2016 Flood appropriation onward.



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TYPES OF NON-DUPLICATIVE SOURCES

Includes, but is not limited to:

- Private or Bank Loans
- Other Assets or Lines of Credit
- Funds received for a different eligible program purpose
- Any other funding sources identified in the applicable federal register notice



ROLES AND RESPONSIBILITIES – WHO IS RESPONSIBLE FOR VERIFYING DOB AND WHEN?

All parties involved in the CDBG-DR grant transaction are responsible for reporting availability or receipt of duplicate funding:

- OCD-DRU
- Grantee
- Other Grant/Loan recipients
- Subrecipients
- Contractors



ROLES AND RESPONSIBILITIES – WHO IS RESPONSIBLE FOR VERIFYING DOB AND WHEN?

Reporting should occur at the time information becomes available, which could happen during a review under:

- Application submission
- Project Implementation
- Closeout Submission
- Post Closeout, if duplicative funds are received after activity/grant closeout



TIPS FOR ANALYZING DOB DURING GRANT IMPLEMENTATION PROCESS

- Always be aware of the types of disaster relief assistance received as stated on a grantee's/homeowner's application.
- Support docs for any stated "other funding" source
- Potential "third party" verifications of possible duplicate funding
- Perform DOB calculation as soon as possible
- Review draw requests or any follow-up amendments for "indicators."



OTHER DOCUMENTS TO REQUEST DURING “PERIOD OF PERFORMANCE”

- All of the previous tips must take place during the project’s “period of performance”
- Additional measures can include:
 - Information gathered through calls, meetings, other correspondence
 - Requiring cost estimates within an application or amendment
 - Finding other sources during a review of other DOB supporting documents
- If DOB identified prior to project completion, CDBG-DR funds can be withheld per policy



ANALYZING DOB AFTER “PERIOD OF PERFORMANCE”

- Ideal world: CDBG-DR last money in, first money out
 - Final amounts for all a project’s funding sources must be confirmed prior to closing a project.
 - Final confirmation of those sources should be completely outlined on the Certificate of Completion Final Statement of Cost (Ex. 13-1g of the closeout packet).



ANALYZING DOB AFTER “PERIOD OF PERFORMANCE”

- Additional “third party” verification can occur at that time if a review of the documents provided by the grantee/applicant are deemed insufficient.
- In the event all funds are expended and DOB is identified to exist, the applicant/grantee will be required to repay the duplicate funds to OCD-DRU for return to the U.S. Treasury.



FINDING DOB AFTER “PERIOD OF PERFORMANCE” – WHAT HAPPENS THEN?

Details on the return of funds process will be provided to the grantee/applicant and will follow OCD-DRU financial procedures for recapturing ineligible or unsupported funds.

OCD-DRU will recapture funds via the following options:

- Provide a signed, certified letter to the grantee/applicant documenting the reason(s)/amount for recapture



FINDING DOB AFTER “PERIOD OF PERFORMANCE” – WHAT HAPPENS THEN?

OCD-DRU will recapture funds via the following options (continue):

- Provide a 30-day notice requiring repayment with options and/or opportunity to cure the issue. Options could include full repayment or partial repayment via installment method.
- If there is no response from the grantee or applicant within the allotted period, OCD-DRU can issue another shorter notice and demand for repayment or possibly institute litigation.



EXERCISE – HOMEOWNER PROGRAM DOB

Mr. and Mrs. Smith recently applied to the Louisiana Home Rebuild Program. The program provides grants (no max. award) to homeowners whose homes suffered damage in a prior year's storm. In meeting all other eligibility criteria, Mr. and Mrs. Smith provide the following documentation for determining what their potential award may be:

- Flood Insurance Proceeds: \$80,000
- Homeowners (Wind/Hail) Insurance Proceeds: \$15,000
- Non-Profit Rebuild Program Recipient: \$30,000
- 401k Retirement Income (to help fund repairs): \$20,000
- Home Equity Line of Credit: \$20,000
- Unsecured Bank Loan: \$10,000

What could Mr. and Mrs. Smith's potential award be if the damages to their home were valued at \$180,000?

\$55,000



EXERCISE – RECOVERY PROGRAM DOB

The Town of Arpent recently submitted a project application to the Critical Infrastructure Program. The program provides grants (no max. award) to local governments whose critical infrastructure (e.g., sewer, drainage, water lines, etc.) was damaged during a prior year's storm. In meeting all other eligibility criteria, Mayor Bob provides the following information in their project application with the appropriate supporting documents:

- FEMA PA Award (10% local match): \$90,000
- HUD Local Government Assistance Program (LGAP) Funds: \$30,000
- Capital Outlay Award: \$500,000
- Town Funds Committed to Project Through Town Council Resolution: \$80,000

What could the Town's potential award be if the project budget is currently estimated at \$850,000?

\$150,000



DOB LAST NOTES AND RESOURCES

- OCD-DRU Official DOB Policy:
 - Exhibit 2-5 of the Grantee Admin Manual (click [here](#))
- Sample DOB Policy:
 - All Grantees must adopt a DOB Policy into their general or core CDBG-DR policies and procedures
 - Exhibit 2-6 of the Grantee Admin Manual (click [here](#))
- OCD-DRU CDBG-DR DOB Internal Procedures:
 - Click [here](#) (a digital copy can be provided if you have trouble accessing this site)

