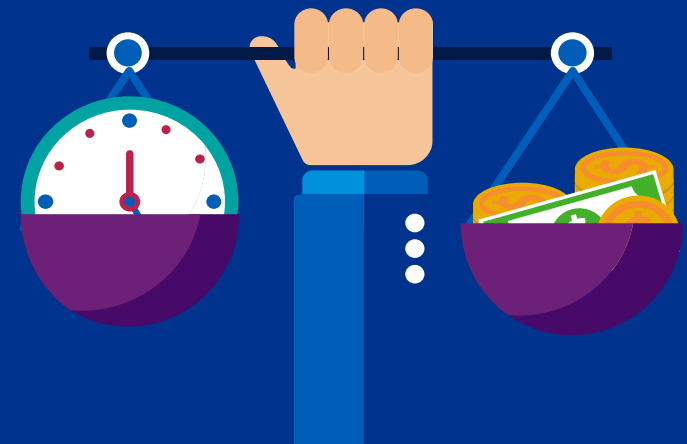


Designing Program Processes to Identify, Track & Avoid Duplication of Benefits in Leveraging Federal Funding

Training for Federal, State & Local Grantees & Subgrantees

August 2024



COLORADO
Office of the State Controller
Department of Personnel & Administration

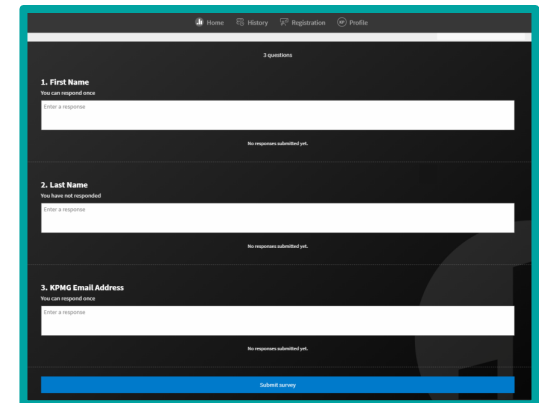
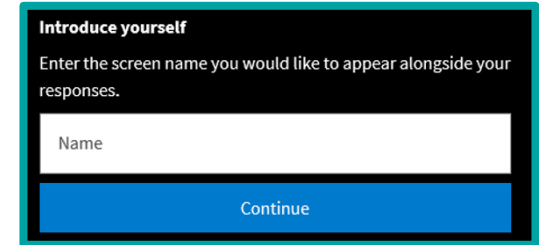
Would You Like CPE for this Session?

During this session we will be utilizing Poll Everywhere to track participation for CPE credit.

1. From your laptop OR mobile device, navigate to:

 <https://pollev.com/workshopdob>

2. **Introduce yourself:** Please enter your FULL NAME when prompted (do not skip!) and click/tap Continue.
3. **Complete the Check In shown on screen.** Complete all three fields and then click **Submit**.
4. Keep the Poll Everywhere window open. You will need it throughout the training.



If you are having any trouble joining or submitting answers, communicate your issue via teams chat.

CPE guidelines for virtual classroom sessions

KPMG is approved by NASBA to deliver CPE worthy training.

In order to receive CPE credit:

- Attend for entire session.
- Complete **both** the **Check In** and **Check Out** in Poll Everywhere.
- Participate in ALL polling questions.
- CPE eligibility is based on both time in the session and responses to polling.
- Participation is tracked.
- Failure to actively participate will result in denial of CPE credits.



Today's Presenters

Facilitator 1



Jeffrey Thomas
Director, KPMG

Facilitator 2



Jeremy Cirillo
Manager, KPMG

Facilitator 3



Marissa Fremont
Director, KPMG

Facilitator 4



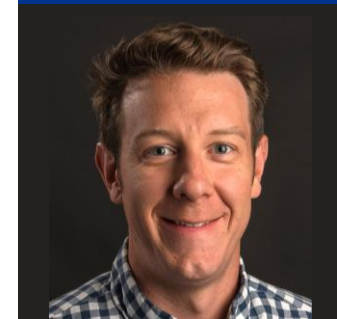
Linnea Garland
Manager, KPMG

Facilitator 5



Kaitlin Forman
Associate, KPMG

Facilitator 6



Peter Burke
Senior Consultant, KPMG
(Contingent Worker)

Learning Objectives



The objective of this training is to assist agencies and departments when using federal funding as support to subrecipients or beneficiaries to avoid duplicating a benefit achieved using other funds.

Training participants should be familiar with the following:

- ✓ Federal grants being used by the agency/department in their purview
- ✓ Programs within their organization that are utilizing federal grants to disburse among beneficiaries or subrecipients
- ✓ Internal organizational policies and program procedures used by their organization to identify, track, and avoid potential duplication of benefits



Training Topics

**Legal Basis, Definitions
& Obligations in
Avoiding Duplication of
Benefits with Federal
Funds**



**Funding Sources
Considered to be
Duplicating Benefits
Relative to Federal
Funding Use**



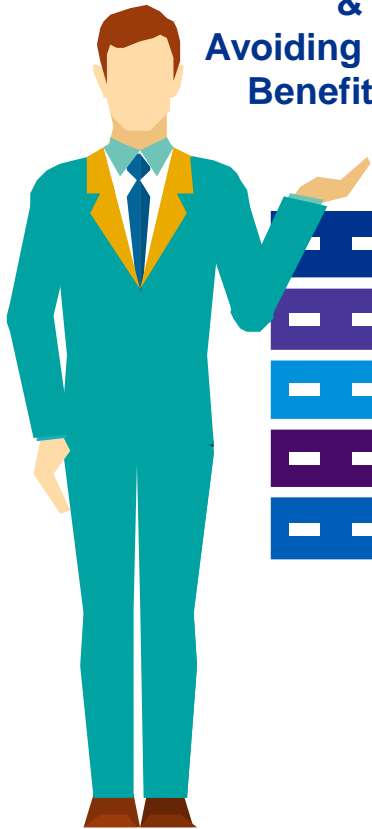
**Risks and
Consequences of
Duplicating
Benefits & Tactics
for Mitigating Risk**



**Designing Program
Level Processes to
Identify, Avoid, and
Recoup *Duplication
of Benefits?***



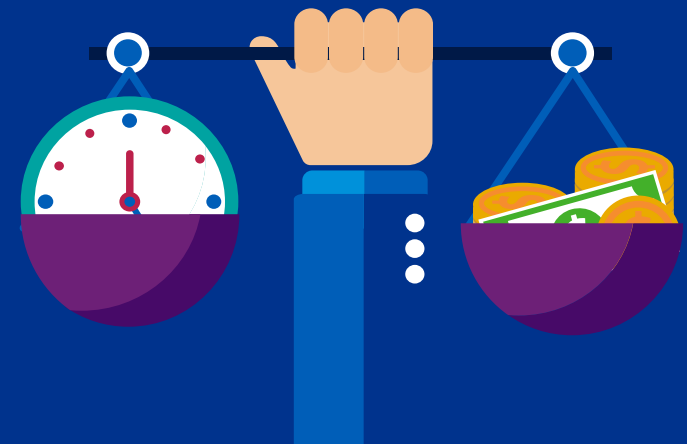
**Case Studies & Department Level
Discussions on Process Designing
DOB Avoidance Measures**



Workshop Schedule

Time	Topic
9:00 – 9:15am	Introductions
9:15am – 10:45am	Fundamentals of Duplication of Benefits
10:45am – 11:00am	Break
11:00am – 12:15pm	Process Steps to Identify & Address DOB
12:15pm – 1:30pm	Lunch Break
1:30pm – 2:00pm	DOB Worksheet Walkthrough
2:00pm – 3:30pm	Breakout Activities
3:30pm – 3:45pm	Break
3:45pm – 4:10pm	Group Idea Sharing and Overall Takeaways
4:10 – 4:30pm	Q&A and Wrap Up

Legal Basis, Definitions & Obligations in Avoiding *Duplication of Benefits* with Federal funds



What is a *DOB*?

A duplication occurs when a person, household, business, or other entity receives federal assistance from multiple grant sources for the same purpose, and the total assistance received for that purpose is more than the total need.

The amount of the ***Duplication of Benefit (DOB)*** is the amount **received in excess of the total need for the same purpose.**

When total need for eligible activities is more than total assistance for the same purpose, **the difference between these amounts is an “unmet need.”**

Grantees of federal grants must limit their assistance to unmet needs for eligible activities to prevent a DOB.

The Legal Basis for DOB Policy

To understand federal *Duplication of Benefit rules*, grantors should understand the underlying principles behind these regulations and what sources to access for program specific rules as to what constitutes DOB for particular fund uses.

The following sources detail DOB principles and rules:

- ✓ **Federal Uniform Administrative Requirements**, Cost Principles & Audit Requirements for Federal Awards, 2 Code of Federal Regulations (CFR) § 200.400-405 (*DOB is neither reasonable nor necessary!*)
- ✓ Section 312, Robert T. Stafford Disaster Relief and Emergency Assistance Act (“**Stafford Act**”) (42 U.S.C. § 5155)(44 CFR § 206.191) (*applies to federal funds in response to federally declared disasters and emergencies*)
- ✓ **Federal Grant and Subgrant Terms**, as defined in statute, Congressional appropriations, and/or related regulations for federal funds that can be used as assistance to persons, businesses, or other entities (*DOB can occur among government or private interests*)

Federal Uniform Requirements: General Principle Prohibiting DOB – Necessary & Reasonable Use of Federal

Federal law establishes uniform requirements for using Federal grants to be administered using “sound management practices” (2 CFR § 200.400) and cover costs are “necessary and reasonable” (2 CFR § 200.403).

A **cost is reasonable** if it does not exceed that which would be incurred by a prudent person under the circumstances and is **ordinary and necessary for proper and efficient performance** of the grant given its purpose (2 CFR § 200.404).

Conversely, “any cost allocable to a particular Federal award...may not be charged to other Federal awards to overcome deficiencies, avoid statutory restrictions, regulations, terms and conditions, or for other reasons” (2 CFR § 200.405(c)).

Based on these factors, it is generally presumed **that if a cost has been paid by another source, charging it to a Federal award violates the necessary and reasonable standard** unless grant requirements permit reimbursement.

When Federal Statutes Govern *DOB* Policy: Stafford Act Example

Whenever a federal disaster or national emergency is declared, funding that is provided from “**each Federal agency** administering any program providing financial assistance to persons, business concerns, or other entities suffering losses as a result of [the] major disaster or emergency, shall assure that no such person, business concern, or other entity will receive **such assistance with respect to any part of such loss as to which he has received financial assistance under any other program or from insurance or any other source.**” Stafford Act, § 312(a)

The **President can waive DOB** prohibitions when: 1) a Governor requests a waiver and 2) the President determines a waiver is in public interest and will not result in waste, fraud, or abuse. Stafford Act, § 312(b)(4)(a)

The **following aid cannot be waived** from DOB consideration:

- ✓ FEMA Public Assistance Grants and FEMA Individual Assistance Grants
- ✓ Insurance money
- ✓ Overlapping money from non-disaster related programs

When Federal Statutes Govern *DOB* Policy: Stafford Act Example (cont)

The most recent example of the Stafford Act being triggered with respect to DOB is the COVID-19 pandemic.

On March 13, 2020, a national public health emergency was declared therein triggering the Stafford Act provisions to all subsequent federal actions in furtherance of responding to the emergency.

Accordingly, **every federal agency funding program with congressionally appropriated funding that can be disbursed as aid to persons, business concerns, or other entities impacted by the COVID-19 pandemic emergency is subject to the Stafford Act's DOB regulations** in addition to any more specific considerations among each funding source.

Other Policy Rationales for Maintaining Effective *DOB* Avoidance Processes

Maximizes Efficiency and Promotes Equity:

Resources can be allocated more efficiently, reducing waste and allowing assistance to reach a greater number of people in need. In addition, equitable distribution minimizes situations where some individuals or groups receive more assistance than others, and some receive insufficient support.

Minimizes Fraud and Abuse:

Vigilance in preventing a *DOB* helps to safeguard against fraudulent or abusive practices, ensuring assistance reaches those who genuinely require it and deterring misuse of resources, in addition to acting as good stewards of taxpayer dollars.

Procedural Obligations for Minimizing *DOB* Risk when Using Federal Funds

Grantees should have grant-specific policies & procedures in place to:

- ✓ **Identify DOB** as defined for each particular grant use;
- ✓ **Ensure awards or subgrants of federal funding are "necessary and reasonable"** by assessing total need and accounting for prior DOB sources for the same purpose;
- ✓ **Provide adequate notice** to awardees/subrecipients of obligation and consequence of not disclosing potential DOB; and
- ✓ **Recapture funds** if a DOB occurs.



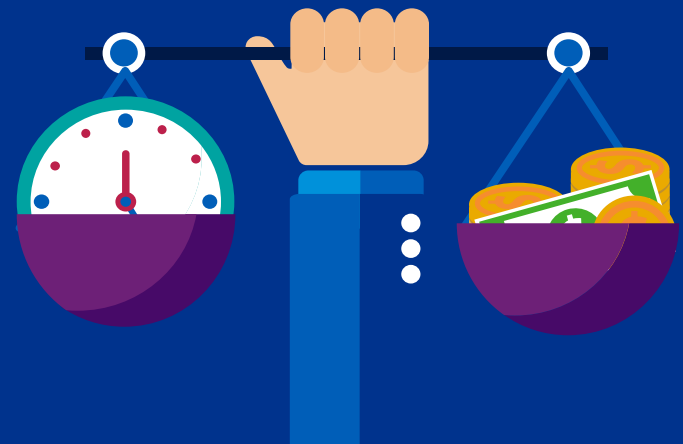
Procedural Obligations in Practice: Measures Expected to be Taken to Avoid and Recoup a *DOB*

Grantees and their subgrantees must require any person or entity receiving federal aid (including subrecipients and direct beneficiaries) to agree to repay assistance that is determined to be duplicative. This may be documented through a subrogation agreement or similar clause in a funding agreement.

Grantees should establish protocols to monitor compliance based on the risk of duplication for each activity. **Federal agencies providing funding can assess whether the funding agency is following adequate remedial procedures** in the event of duplicated aid, and provide opportunity for the agency to take the required corrective action.

If the agency cannot fulfill remedial actions, the federal agency will directly notify the recipient of the excess assistance and, if determined that the likelihood of collection is feasible and in the best interests of the Federal Government, collection proceedings will commence.

Knowledge Check Poll Questions – Round 1



Knowledge Check Question #1

When does DOB occur?

- A. If an individual, business, or government entity receives assistance for a specific purpose from multiple sources that matches the need for that particular purpose
- B. If an individual, business, or government entity receives assistance for a specific purpose from multiple sources that does not meet the need for that particular purpose
- C. If an individual, business, or government entity receives assistance for a specific purpose from multiple sources that exceeds the need for that particular purpose



Knowledge Check Answer #1

When does DOB occur?

- A. If an individual, business, or government entity receives assistance for a specific purpose from multiple sources that matches the need for that particular purpose
- B. If an individual, business, or government entity receives assistance for a specific purpose from multiple sources that does not meet the need for that particular purpose
- C. If an individual, business, or government entity receives assistance for a specific purpose from multiple sources that exceeds the need for that particular purpose**



Knowledge Check Question #2

When total need for eligible activities exceeds the total available assistance for the same purpose, the difference between these amounts is?

- A. “Total need”
- B. “Excess need”
- C. “Limited need”
- D. “Unmet need”



Knowledge Check Answer #2

When total need for eligible activities exceeds the total available assistance for the same purpose, the difference between these amounts is?

- A. “Total need”
- B. “Excess need”
- C. “Limited need”
- D. “Unmet need”**



Knowledge Check Question #3

Which of the following are a grantee's responsibility in returning DOB?

- A. Notifying the recipient of excess assistance
- B. Examining the debt to determine the likelihood of collecting the debt and the best interests of the federal government to justify taking action
- C. Triggering funding recovery procedures
- D. All of the above

Knowledge Check Answer #3

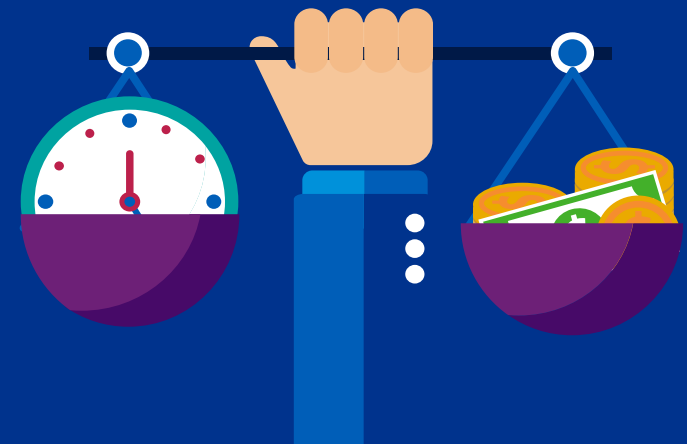
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- C. Triggering funding recovery procedures

D. All of the above



What Sources of Funding Constitute a *Duplication* of Benefits?



Prevailing Types of Resources Considering Duplicating Benefits

Grantees should conduct individualized applicant reviews to assess potential DOB because of the wide range of assistance types potentially available to any given applicant. In assessing an applicants' total assistance relative to need, the following sources are typically construed as being potential DOB:

- ✓ **Cash Awards**
- ✓ **Insurance Proceeds**
- ✓ **Government Subsidized and/or Guaranteed Loans (non-forgivable)**
- ✓ **Other Federal, State, and/or Local Government Grants or Loans**
- ✓ **Nonprofit/Charitable Funding**

Total assistance for DOB review ***does not include personal assets*** (excluding insurance proceeds or government aid deposited into an applicant's account); **retirement accounts; credit cards and lines of credit; in-kind donations; and private loans.**

Special Considerations among Potential DOB Resources: Insurance

- ✓ DOB may occur when an applicant has **non-specific insurance benefits** that can be used to cover costs for which aid is being sought.
- ✓ **Insurance provided for a different purpose (e.g., insurance for loss of contents and personal property versus renting costs) is non-duplicative.**
- ✓ Insurance can be **duplicative if impractical to identify non-duplicative portions.**
- ✓ **Insurance that could have been reasonably received** (taking same practical steps as similarly situated others) or for which an applicant was legal entitled but does not possess is considered duplicative. (U.S. HUD rule)
- ✓ Insurance of a previous owner of an asset for which an applicant is seeking aid is **not** duplicative unless current owner is a co-recipient of proceeds.
- ✓ If insurance applicable to the purpose of the aid is **legally used towards other costs (e.g., unpaid mortgage principal but not repair costs), then coverage is not duplicative.**
- ✓ If an insured can use proceeds towards object for which aid is sought but **uses it alternatively for another purpose the coverage is still considered duplicative (e.g., commercial rehab coverage used for operations costs).**

Special Considerations among Potential DOB Resources: Loans

Private loans are not DOB sources but government subsidized loans, unless waived, are considered DOB.

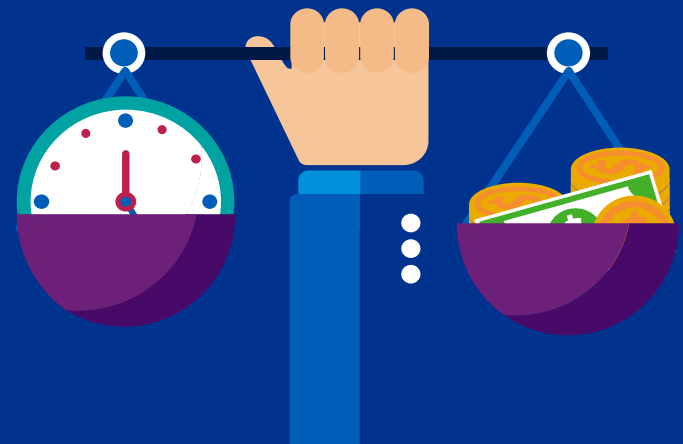
- ✓ Private loans are not guaranteed by a governmental entity and require repayment of full loan amount (principal and interest) under typical commercial lending terms (e.g., the loan is not forgivable)
- ✓ Full amount of a subsidized loan available to an applicant for the same purpose as the aid sought should be factored
- ✓ Subsidized loans become DOB when loan is accepted (e.g., signed note)
- ✓ Short-term subsidized loans for costs that can be reimbursed by future aid are not duplicative when the loan was available before the eventual aid
- ✓ Declined subsidized loans (e.g., approved but applicant did not sign loan documents) are not DOB
- ✓ Documented undisbursed/unavailable portion of cancelled loans are not DOB

Special Considerations among Potential DOB Resources: How Federal Agencies Differentiate Grants and Loans

Federal regulators use the following key indicators to determine whether a subsidized loan is a bona fide loan (not a de facto grant):

- ✓ Loan documents include a **schedule for principal and interest payments**
- ✓ **Security or collateral** is requested to ensure payment
- ✓ Borrower signs **traditional loan documents** (e.g., note & loan agreement)
- ✓ The borrower could **reasonably be expected to repay** the loan
- ✓ **Reportable to credit agency** if not repaid under its terms
- ✓ For **forgivable loans**, there are **reasonable conditions**, forgiveness is **not a forgone conclusion**, and loan **terms are enforceable** if not forgiven (repayment can be longer than forgiveness period)

Knowledge Check Poll Questions – Round 2



Knowledge Check Question #4

**Which sources are typically construed as a potential DOB?
(check all that apply)**

- A. Cash awards from federal government
- B. Personal assets
- C. Insurance proceeds
- D. Government subsidized and/or guaranteed loans
- E. Retirement loans
- F. Federal, State, and/or local government grants or loans
- G. Nonprofit/charitable funding
- H. Credit card loans and lines of credit
- I. Private loans



Knowledge Check Answer #4

**Which sources are typically construed as a potential DOB?
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Knowledge Check Question #5

A homeowner sustained damage to their property that resulted in estimated losses of \$150,000. The homeowner applies to a state agency for a federal award for the full amount to rebuild the damaged home.

The homeowner has an insurance policy for the property that covers losses including those sustained in a disaster, up to \$75,000. However, the homeowner does not want to deal with insurance and instead applies for federal funding.

The homeowner receives a federal award for \$150,000.

Would it be a DOB for the state agency to award the full amount of \$150,000?

- A. Yes
- B. No

Knowledge Check Answer #5

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The homeowner receives a federal award for \$150,000.

Would it be a DOB for the state agency to award the full amount of \$150,000?

A. Yes

B. No

Knowledge Check Question #6

A homeowner sustained damage to their home during a disaster and applied for a private loan but declined the terms. The homeowner then applied for a government subsidized loan and received it.

This loan was canceled after half of the funds were utilized.

How should a grantee account for both of these loans to determine a DOB?

- A. Consider both private and subsidized loans as potential DOB because the homeowner applied for both
- B. Do not consider either the private loan or the canceled subsidized loan as potential DOB
- C. Do not consider private loan as DOB but for cancelled loan – obtain written communication from lender as to portion cancelled or establish a legally binding agreement that the applicant will not reinstate the loan.

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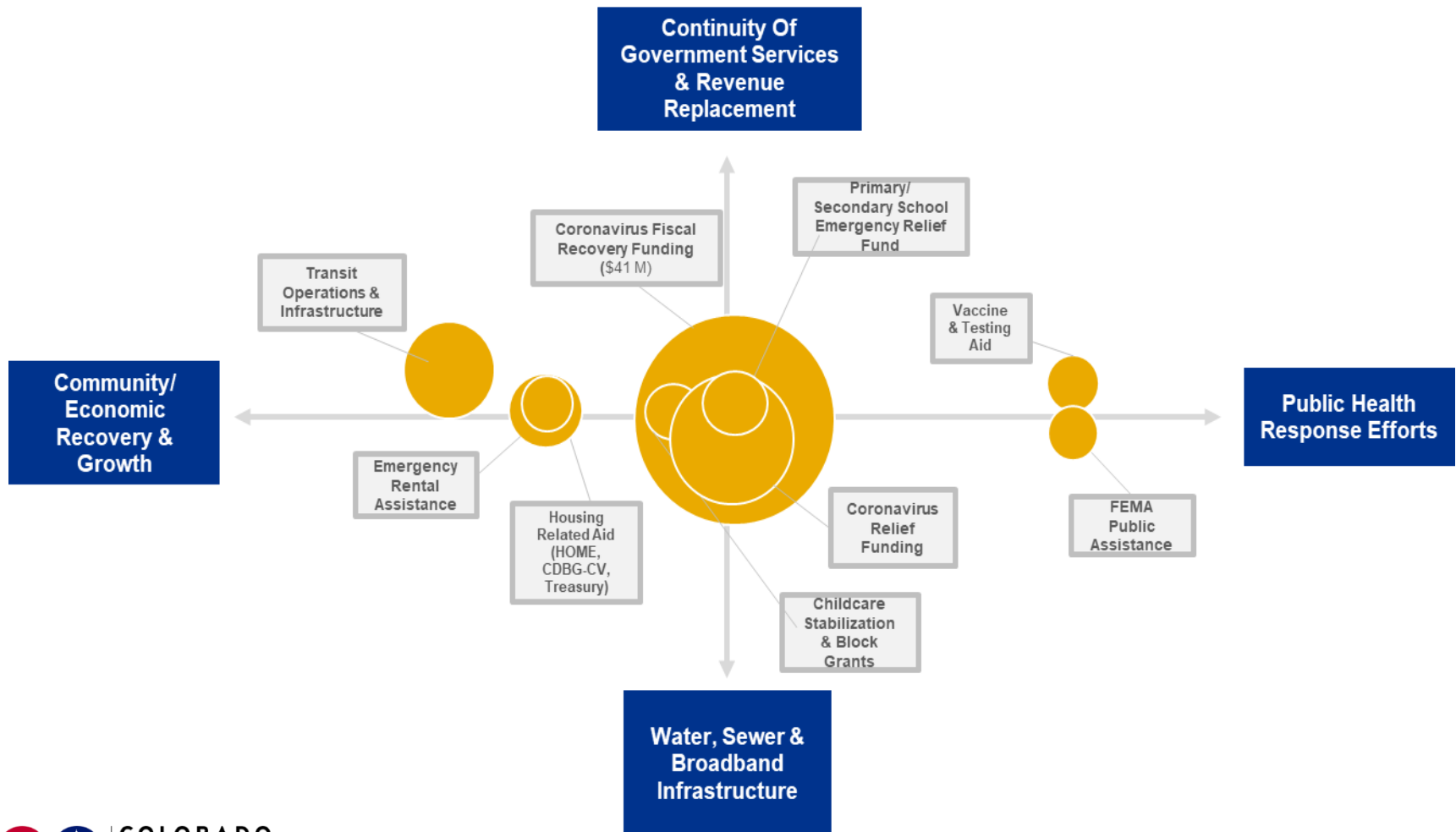
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- B. Do not consider either the private loan or the canceled subsidized loan as potential DOB
- C. Do not consider private loan as DOB but for cancelled loan – obtain written communication from lender as to portion cancelled or establish a legally binding agreement that the applicant will not reinstate the loan.**

Risks and Consequences of Duplicating Benefits & Tactics for Mitigating Risk

- *Multiple Funds Addressing Common Community Needs*
- *Federal Government Right to Recoup and be Repaid*



Unintended DOB Risk when Multiple Public Sources are Deployed to Aid Communities in Crisis or Investment in Other Shared Policy Goals



Specific Federal COVID-19 Funding Sources with *DOB* Related Rules and Guidance

- ✓ State & Local Fiscal Recovery Funding (U.S. Treasury)
- ✓ Coronavirus Relief Funding (U.S. Treasury)
- ✓ Coronavirus Fiscal Recovery Funding (U.S. Treasury)
- ✓ Emergency Rental Assistance (U.S. Treasury)
- ✓ Homeowner Assistance Fund (U.S. Treasury)
- ✓ Community Development Block Grant Coronavirus (U.S. HUD)
- ✓ Higher Education Emergency Relief Funding (U.S. ED)
- ✓ Governor's Emergency Education Relief Funds (U.S. ED)
- ✓ Paycheck Protection Program (U.S. SBA)
- ✓ Economic Injury Disaster Loan (U.S. SBA)
- ✓ Low Income Home Energy Assistance Program (U.S. HHS)
- ✓ Low Income Household Water Assistance Program (U.S. HHS)

Tactics for Mitigating DOB Risk Amid Multiple Entities Funding Aid for Common Purposes

- ✓ **Pre-award program scope and design coordination** with known entities providing DOB sources of funds for similar or exact policy purposes
- ✓ **Utilize common applicant identifiers** (e.g., numerical designations) among entities utilizing a common funding source (e.g., recipient and subrecipient) and/or within a common jurisdiction (e.g., multiple departments within a state)
- ✓ **Execute applicant data sharing agreements** among partnering entities and/or among federal, state, local, and philanthropic entities known to be providing assistance for comparable purposes

The Risk of Federal Government Exercising its Right to Recoup and be Repaid

“Any persons, business concerns, or other entities that are the recipient of duplicative assistance are **liable to the United States for the amount of duplicated aid and...the agency that provided the duplicative assistance is responsible for debt collection.**” Stafford Act, § 312(c)

If use of federal funds created a DOB, grantees should seek to recoup the duplicated benefit from the recipient.

If the grantee refuses or cannot recoup, then the granting federal agency has the authority to directly seek repayment –

- ✓ **The Federal Entity will notify the recipient** of the excess assistance, while **examining the debt at issue...**
 - ✓ If the Federal Entity determines there is a likelihood of collecting the debt **and** it is in the best interests of the government, then...
 - ✓ funding **recovery procedures would be triggered – including as necessary directly against the state or local grantee!**

Tactics for Mitigating the Risk of Not Identifying, Altering, or Recouping a DOB before the Feds Step-In: The Checklist!

Cover down (**document and execute!**) these steps for a comprehensive complete DOB avoidance process as part of every program disbursing federal aid to reduce risk of the need for recapture...

- ✓ **Define and describe possible DOB** in program rules (preferably within applications)
- ✓ Create a process for receiving sufficient information to **determine recipient's total need**
- ✓ **Tap into varied and reliable sources to identify prior sources** of assistance provided to recipient (for some sources, that was reasonably available)
 - Verify **charitable support** (*letter from applicant or provider*)
 - Verify any **short-term public funding** (e.g., FEMA) (*data from applicant or government issuer*)
 - Verify funding from **other government sources** given or used for same purpose
 - Verify right to use **insurance coverage** or actual use (*letter/data from insurer*)
 - Verify any use of **non-waived subsidized loans** (*letter/data from lender*)
- ✓ Determine if purpose of award can be altered or otherwise amend award amount
- ✓ Provide notice of recipient obligations and right to recoup and/or subrogate
- ✓ Create and **execute processes to investigate and recapture** DOB

Approaches to Realizing Your Comprehensive DOB Plan



Good Program Design!

Know applied rules; assess on recipient basis; apply necessary & reasonable principles; and maintain ability to adapt purpose or assistance amount, and recoup!



Communicate Consistently on Risk, Rights & Responsibilities

Coordinate with other entities providing assistance; educate recipients about DOB definitions through process; promote saving receipts; and require signed agreement to repay duplicative assistance



Stagger Application Periods

Stagger application periods (if possible) to better ascertain amounts of other DOB sources of assistance at time of applying



Collect Data

Create pre-program data sharing agreements as possible and obtain most reliable data from direct sources of potential DOB in lieu of applicant submittal or attestations

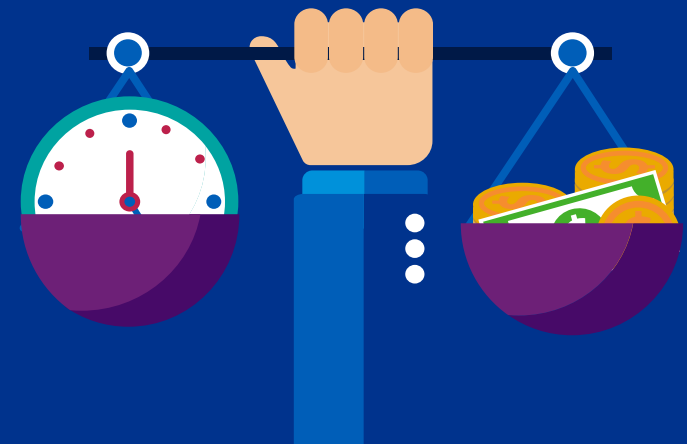


Provide Technical Assistance & Instill Mandates

Train staff, subrecipients, and contractors on DOB process; and require analysis performed as part of procurement or contract technical specifications



Constructing a Program-Level Process to Identify, Avoid, and Recoup Duplicating Benefits



Integrating DOB Analysis and Resolution into Program Funding Processes

Basic DOB process avoidance steps:

- 1. Determine total need** of the entity
(beneficiary or subrecipient)
- 2. Verify total available assistance** from other DOB sources
(actual and available for same purpose)
- 3. Exclude non-duplicative assistance** from total assistance
- 4. Reassess unmet need to avoid DOB** – alter purpose of funding or amount of assistance
- 5. Provide proper notice of recipient duties**
(Award terms and subrogation agreements)
- 6. Recoup as needed**
(Document DOB violations; activate enforcement measures)



DOB Avoidance Step #1: Determining Total Need

“Total need” is calculated without regard to the grantor’s program-specific caps on the amount of assistance but in line with the requirements or parameters of the grantor’s program or activity.

For example, for economic recovery related aid, total need could be guided by standard underwriting guidelines, particularly if part of a special economic development project.

Further, some federal agencies require that a grantor’s assessment of total need also **consider known in-kind donations of materials or services that a grantee (applicant) had in possession at time the grantor calculates need and makes the award**. In-kind donations are non-cash contributions, such as donations of professional services, use of construction equipment, or contributions of building materials.

*This latter consideration is not a DOB **but in the above context is used to reduce the total need calculation.***

DOB Avoidance Step #2: Determining Total Available Assistance

“Total available assistance” includes *“all reasonably identifiable financial assistance available to an applicant including aid already received or likely to be received “if acting reasonably to evaluate need and available resources.”*

The recommended approach to determining available assistance focuses on the elements comprising the above standard –

- ✓ Could have been **reasonably received** (but not requested or received);
or
- ✓ has been **received by the entity, which has legal control** over the funding; *or*
- ✓ has been formally awarded and accepted (**reasonably anticipated**) but not yet received (i.e., signed loan agreement but money not yet wired)

Federal agencies hold as available assistance aid that is awarded to an entity but paid directly to and administered by another party (e.g., aid paid direct to a subrecipient or contractor).

Determining Total Available Assistance: Evaluating Upstream Sources

Duplication typically occurs when entities provide assistance that is the primary or similar responsibility of another entity “downstream” in the flow of assistance for common purposes. Accordingly, entities providing aid should **be situationally aware of any upstream assistance** for similar purposes and amount relative to intended recipients.

The following sequence is a typical flow of assistance types among providers responding to policy needs with common purpose – and is a **recommended structure for assessing total available assistance, DOB possibilities, and remaining unmet needs.**

- 1) Nonprofit/Charitable Assistance
- 2) Insurance
- 3) Interim public aid (i.e., FEMA, etc.)
- 4) Short- and longer-term subsidized loans (e.g., SBA Economic Injury/ Disaster Loans)
- 5) Other prior and current federal, state, and/or local aid responding to current needs
- 6) Other public funding related to different initiatives but with common areas of assistance
- 7) Volunteer agencies' “additional assistance” programs

An agency's position in the aid sequence should determine the aid to be provided and what other resources it must consider before it does so. Assistance should be offered without regard to duplication with a program **later in the sequence.**

Determining Total Available Assistance: Process Tips for Reducing Risk and Administrative Burden

- 1) Research potential DOB sources as program is being developed and develop processes to receive data from those sources to pre-populate total need and total assistance assessment for potential recipients
- 2) Create application formats that prompt the applicant to identify **all sources** of funds received for the same stated purpose as the program being administered with supporting information...

Grants from other governmental entities – Amount and purpose documented by letter from awarding entity and/or data provided by the entity

Insurance - Documented by copy of policy (with exclusions) and letter from insurance company and/or data if available

Subsidized Loans – Amount and terms documented by letter from loaning entity and/or data provided by the SBA

Philanthropic and Other Sources – Purpose of support and actual use of funding



Determining Total Available Assistance: Process Tips for Reducing Risk and Administrative Burden (cont)

- 3) **Require sufficient supporting information** in efficient formats to expeditiously identify the purpose(s) of other assistance received and determine how it is being used (e.g., inspections, receipts or bank statements).
- 4) **Immediately exclude funds** for a **different purpose**.
- 5) **Advise the public/potential applicants** ASAP to retain all receipts that document expenditures for recovery needs.
- 6) **Maintain documentation** and/or policies regarding specific DOB calculations that are clear.



DOB Avoidance Step #3: Excluding Non-Duplicative Assistance

Once total need and total available assistance have been determined, DOB avoidance turns to analyzing what prior assistance is non-duplicative.

Eliminate from DOB consideration, assistance that is either -

- 1) **Provided for a different policy purpose** as your intended (documented) program aims; or
- 2) **Provided for the same purpose but for a different use that was permissible** by the prior source (e.g., grant terms, insurance coverage, loan conditions).



DOB or No DOB?: What Constitutes “Assistance for a Different Purpose”?

Assistance **provided for a purpose different from the purpose of the sought-after aid** *or*

Assistance that is **provided for a general, non-specific purpose and not used for the same purpose** *should be excluded from total assistance* when calculating DOB.

Example:

Aid to redress pandemic related business losses is non-duplicative to aid provided to that same business for the purpose of investing in ventilation systems to improve airflow as a pandemic related precaution.

DOB or No DOB?: When Aid Exceeds Need or is Used for Purposes Other than the Grantor (Program) Intent

A DOB occurs if an individual, business, or government entity receives assistance for a specific purpose from multiple sources that exceeds the need for that particular purpose.

For example, if a business needs \$50,000 for pandemic related losses and they receive \$25,000 from business interruption insurance and \$5,000 from charitable organizations, the maximum amount of money they can receive from a federally funded aid program is \$20,000.

Funds also must be spent on the purpose for which they were intended.

*If the business spent the \$5,000 from charity on the purchase of new equipment, it must still be counted as a DOB against the amount of total aid possible **unless it was an allowable separate purpose.***

DOB or No DOB?: Funds for the Same Purpose but Different Allowable Uses

Prior assistance provided for the same purpose as sought-after aid is not a DOB if entity *can document* that the actual use of the other assistance was an allowable use that is different than what the new aid would be used towards.

Examples:

(1) An applicant receiving rental aid, which could also be used for utility costs, used the funding only for rent. The prior awarded amount should not be counted against any subsequent aid for the same utility costs through another program.

(2) Interim emergency funding to prevent layoffs is not a DOB relative to subsequent aid that is provided for operating costs even if the latter aid is used to hire additional personnel. In such instances the specific policy purposes were different and the uses were both related to personnel capacity there is no DOB given the separate policy focuses (retention versus recruitment).



Excluding Non-DOB Assistance: Process Tips for Reducing Risk and Administrative Burden

- 1) **Establish program-specific policies and procedures defining “allowable” costs** (e.g., other assistance deemed acceptable to be blended with intended assistance and that can be documented separately via receipts).
- 2) **Incorporate grant-specific types of assistance determined by the applicable federal agency to be non-duplicative** as published in the Federal Register or other formal regulatory publication.
- 3) **Review receipts, inspections, bank statements, or other reasonable sources** of documentation that are verified and determined acceptable based on program rules.
- 4) Use **self-certifications with additional back-up documentation** to verify how the assistance was used.
- 5) **Document in every applicant file** that non-DOB has been verified.

Excluding Non-DOB Assistance: Applying Revised Reasonable and Necessary Cost Principles

To reduce administrative burdens, new rules from HUD signal how a grantee of federal funding should apply the necessary and reasonable cost principles when conducting a DOB analysis absent specific rules from another federal entity...

Reducing Red Tape for Cost Principles

▪ **Simplified Documentation**

Grantees are no longer required to identify and document if and how an applicant has spent DOB type assistance received for a different purpose.

▪ **Easier Assessment**

Grantees can assess whether a cost is necessary and reasonable without determining exactly how an applicant spent their other DOB type financial assistance for a different purpose.

Simplifying the DOB Analysis

▪ **Easier Calculation**

Grantees conducting a DOB analysis are no longer required to calculate the amount of unspent or misspent DOB type assistance provided for a different purpose.

▪ **Simplified Unmet Need Funding Analysis**

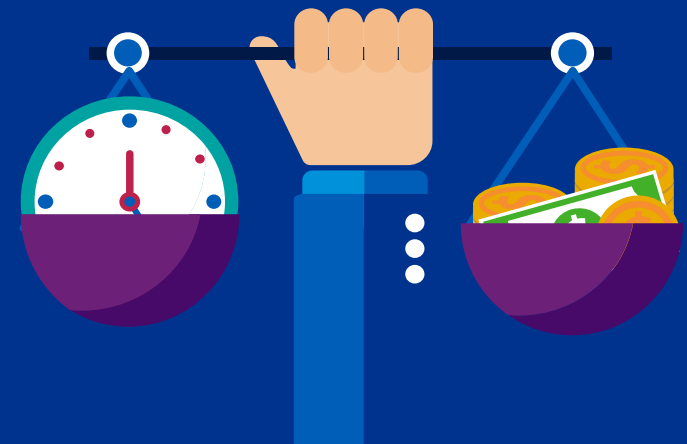
Grantees can provide assistance to applicants to cover their entire unmet need by focusing only on the financial assistance that is provided for the same purpose as the award.

DOB Avoidance Process Step #4: Reassessing Unmet Need to Avoid DOB

After accounting for prior non-duplicative assistance if there remains potential DOB among prior received (or reasonably available) assistance, DOB avoidance requires one or more of the below actions –

- 1. Evaluate options to maintain assistance levels for a different policy purpose** or a different use in furtherance of a common prior purpose
- 2. Evaluate whether there are additional unmet needs** not previously addressed by prior DOB sources
- 3. Maintain award amount with written agreement that recipient would repay future duplicative assistance** (unless prohibited by law/regulation)
 - 4. For example, the Stafford Act permits an applicant who is or may be entitled to receive assistance to receive duplicative aid: (1) The applicant has not received the other assistance at the time a grantee makes its award; and (2) the applicant agrees to repay the grantee for any duplicative assistance once it is received.*
- 5. Subtract value of duplicative assistance from intended award** based on total need or other program assistance determinations

Knowledge Check Poll Questions – Round 3



Knowledge Check Question #7

Which of these elements are not applicable in determining a potential DOB?

- A. Applicant's Total Need
- B. Potential Duplicative Assistance
- C. In-Kind Donations
- D. Assistance Determined to be Duplicative



Knowledge Check Answer #7

Which of these elements are not applicable in determining a potential DOB?

- A. Applicant's Total Need
- B. Potential Duplicative Assistance
- C. In-Kind Donations
- D. Assistance Determined to be Duplicative



Duplication of Benefits Scenarios:

- *Sally Shoemaker and Repair Shop*
- Reassessing Unmet Need to Avoid DOB



Reassessing Unmet Need to Avoid DOB Scenarios: Sally's

Scenario:

Sally Shoemaker and Repair Shop (Sally's), a for-profit business, shut down because of economic losses to her business exacerbated by the COVID-19 pandemic and other overall economic disinvestment in the neighborhood.

Sally's business accepted a \$30,000 grant from a local economic development authority towards working capital costs as part of reinvestment program for targeted communities demonstrating need and negative economic impacts. The grant was based on demonstrated current assets minus current liabilities.

However, Sally is still struggling and it may have to layoff some employees.

Knowledge Check Question #8

How can a grantee assist Sally without a DOB (check all that apply)?

- A. Provide assistance for costs for purposes (activities, investments, etc.) that are not one of the eligible uses of the economic development authority grant.
- B. Provide assistance for a different allowable use for the same purpose
- C. Grantee cannot assist Sally for the same purpose as the ED grant

Knowledge Check Answer #8

How can a grantee assist Sally without a DOB (check all that apply)?

A. Provide assistance for costs for purposes (activities, investments, etc.) that are not one of the eligible uses of the economic development authority grant.

B. Provide assistance for a different allowable use for the same purpose

C. Grantee cannot assist Sally for the same purpose as the ED grant



Reassessing Unmet Need to Avoid DOB Scenarios: Sally's (cont. 1)

How can another grantee assist Sally without a DOB?

- ✓ The grantee can provide assistance for costs for **purposes (i.e., activities, investments) that are not one of the eligible uses** of the economic development authority grant;
Sally's uses the ED grant for working capital needs such as payroll and insurance; while the newest grant is used for mortgage or rent, utilities, capital investments, interest on debt obligations, etc.
- ✓ Sally's Shoemaker **has not received financial assistance for that same cost** from another potential DOB source; *AND*
- ✓ the **need to be addressed still remains** (in other words, Sally's Shoemaker did not misuse economic development authority funds to meet the other need).



Reassessing Unmet Need to Avoid DOB Scenarios: Sally's (cont. 2)

Scenario:

Prior to receiving its \$30,000 grant from the local economic development authority, Sally's received subsidized loan assistance from the local city government, a separate entity from the authority.

The loan was awarded as part of a program intended to provide businesses that experienced negative economic impacts from the COVID-19 pandemic with more immediate assistance to meet operating and some capital needs.

The amount of the loan approved was \$15,000, which Sally's accepted through a signed loan agreement.

Knowledge Check Question #9

How can City government structure the loan to Sally's to be later reimbursed by the ED Authority without causing a DOB (check all that apply)?

- A. Coordinate with the ED to assure compatible but not overlapping purposes before program execution
- B. Convert the loan to a grant that matches the ED Authority's grant purpose
- C. Draft the loan to be short-term assistance but with underwriting and enforceable terms

Knowledge Check Answer #9

How can City government structure the loan to Sally's to be later reimbursed by the ED Authority without causing a DOB (check all that apply)?

- A. Coordinate with the ED to assure compatible but not overlapping purposes before program execution**
- B. Convert the loan to a grant that matches the ED Authority's grant purpose
- C. Draft the loan to be short-term assistance but with underwriting and enforceable terms**



Reassessing Unmet Need to Avoid DOB Scenarios: Sally's (cont. 3)

How can City government structure the loan to Sally's to be later reimbursed by the ED Authority without causing DOB?

- ✓ **Coordinate with the ED Authority** as both entities design their respective programs to assure compatible but not overlapping purposes, as well as to allow subsequent grants to satisfy prior loan assistance
- ✓ **Draft loan documents with short terms of assistance** (e.g., repaid within 1 year or when long-term financing is available)
- ✓ Indicate in applications and loan terms that **assistance is provided only for short term until other funds are available;**
- ✓ If forgivable, still **maintain enforceable terms if conditions not met** (not a de facto grant)
- ✓ **Complete underwriting** for economic development assistance

DOB Avoidance Process Step #5: Provide Proper Recipient Notice and Subrogation Agreement

Regardless of whether DOB are identified, applicants and recipients of federal funding assistance should have clear notice as to their obligations under statute and regulation regarding the avoidance and repayment of DOB:

- 1) **In applications, include listing of known DOB types and purpose of potential assistance** so applicant understands what should be declared
- 2) **In applications, include “*disclosure requirements and penalties*” provision** requiring applicants to disclose received funds and certify accuracy

Attestations, applications, and agreements should include: “*Warning: Any person who knowingly makes a false claim or statement to [] may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729.*”

- 3) **Require recipients to sign agreement to declare undisclosed DOB or repay subsequent duplicative assistance** for the same purpose
- 4) **Require a subrogation agreement prior to the receipt of assistance** that assigns to grantee future rights to reimbursement or payments to satisfy any later determined DOB

Noticing Applicant/Recipient DOB Obligations: Disclosure Requirements and Penalties Provision Example

Use of Benefits - continued	
<u>DISCLOSURE REQUIREMENTS AND PENALTIES</u>	
<p>APPLICANTS/CO-APPLICANTS MUST DISCLOSE ALL OTHER SOURCES OF FINANCIAL OR HOUSING ASSISTANCE RECEIVED (LOCAL, STATE, FEDERAL, AND PRIVATE SOURCES) AS A RESULT OF HOUSING DAMAGE (I.E. STRUCTURAL DAMAGE, ANY RELATED DOWN PAYMENT ASSISTANCE, AND ANY RELATED HOUSING CONSTRUCTION, REPAIR OR REHABILITATION) CAUSED BY HURRICANE KATRINA. HORNE IS REQUIRED TO VERIFY APPLICABLE AMOUNTS RECEIVED BY APPLICANTS/CO-APPLICANTS.</p>	
<p>INFORMATION SUPPLIED BY AND ON BEHALF OF APPLICANT(S) FOR THE PURPOSE OF DOB CHECKS SHOULD BE ACCURATE AND COMPLETE. SUCH INFORMATION IS RELIED UPON BY THOSE PERFORMING THE CHECKS AND BY THOSE MAKING DECISIONS RELATED TO AWARDS OF LTWH BENEFITS.</p>	
<p>TITLE 18, SECTION 1001 OF THE U.S. CODE PROVIDES THAT A PERSON IS GUILTY OF A FELONY FOR KNOWINGLY AND WILLINGLY MAKING MATERIALLY FALSE OR FRAUDULENT STATEMENTS OR REPRESENTATIONS IN ANY MATTER WITHIN THE JURISDICTION OF ANY BRANCH OF THE UNITED STATES GOVERNMENT.</p>	
<u>APPLICANT CERTIFICATION</u>	
<p>By signing below, I certify that I have answered the questions regarding "Other Assistance Received" accurately and completely. I understand that if I have not answered all the questions accurately and completely, my application may be denied.</p>	
<p>_____</p>	
Date	
<p>_____</p>	
Applicant Signature	Co-Applicant(s) Signature



Noticing Applicant/Recipient DOB Obligations: Subrogation Agreement Example

Excerpt:

“...In consideration of Borrower’s receipt of funds or the commitment by Subrecipient to evaluate Borrower’s application for the receipt of funds under the CDBG Disaster Recovery Program (CDBG-DR) administered by Subrecipient; **Borrower hereby assigns to Subrecipient all of Borrower’s future rights to reimbursement and all payments received under any policy of casualty or property damage insurance or under any reimbursement or relief program** related to or administered by the Federal Emergency Management Agency or the Small Business Administration (“SBA”) for physical damage to the Structure...”

CDBG-DR Duplication of Benefits Case Studies. 2013. [Slide 50]. Retrieved from <https://files.hudexchange.info/resources/documents/CDBG-DR-Duplication-of-Benefits-Slides.pdf>

Noticing Applicant/Recipient DOB Obligations: Suggestions for Structure Attestation Statements

Applicant/Recipient attestations do not preclude the federal government from exercising its right to seek repayment of DOB nor other negative consequences (e.g., negative audits, clawback, sanctions). Accordingly, signed attestations should include the following elements -

- 1) Require **applicants declare prior DOB type assistance (type, amount, purpose, use)** or that they have not received nor anticipate receiving other DOB assistance for the same purpose that is the subject of the attestation
- 2) For need based awards, attestations/applications should **compel applicants to provide supporting narratives and documentation** for eligibility criteria
- 3) Require **applicant signature and certification of understanding that information provided in the application is true and correct** in all material respects and further acknowledges that knowingly making a false statement to obtain aid is punishable under the law
- 4) Acknowledge to **subsequently declare, subrogate future payments, or otherwise repay** amount of DOB

DOB Avoidance Process Step #6: Recoup as Needed!

- 1) Grantees should **seek to recapture DOB per the grantee's established policies and procedures**. These should address:
 - ✓ Policy to address recapture
 - ✓ Process to enforce recapture
 - ✓ Risk of potential DOB should be a factor grantees consider
- 2) Work with other grantees and the involved federal agency to **determine the method and timeframes of recapture**
- 3) Inform recipient in writing of need to repay value of DOB
- 4) If DOB cannot be recaptured in compliance with the grantee's policies and procedures, **the federal agency must still be repaid – and grantee should activate collection enforcement actions** to be recouped from recipient



Noticing Applicant/Recipient DOB Obligations: Recapture Policy and Procedure Example

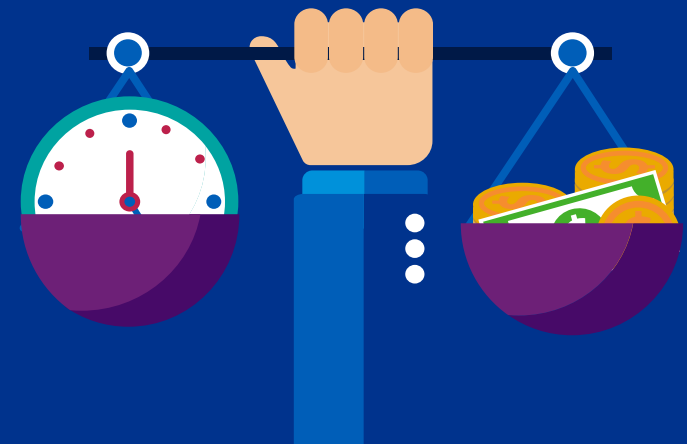
If the Subrecipient determines the applicant did not meet contract or program eligibility requirements, the Subrecipient must recapture the funds using their established policy/procedures. The Subrecipient's recapture policy/procedures must contain at a minimum the following:

1. Documentation of reason(s) for recapture
2. 30-day notice requiring repayment with repayment options and opportunity to cure:
 - a. Full repayment
 - b. Partial repayment request for repayment plan (installments) –request is sent to state for approval (including financials supporting repayment plan). If approved the subrecipient will request assignment of enforceable contract to IEDA.
 - c. Appeal process, contesting repayment. Subrecipient may allow the applicant to appeal based on the subrecipients appeal process. Subrecipient gathers additional information regarding the appeal and makes a determination. Subrecipient forwards appealed determination to the IEDA.
3. If a notice is returned the Subrecipient will take reasonable actions to locate the applicant.
4. 15-day notice & demand for repayment with opportunity to cure, if no response from 30-day notice.
5. If fraud is suspected, the file is turned over to the state immediately.

If Subrecipient has not recaptured funds by locating applicants and sending notices, Subrecipient may make a formal request to the state to initiate collection and/or legal actions for specific applicants.

CDBG-DR Duplication of Benefits Case Studies. 2013. [Slide 51]. Retrieved from <https://files.hudexchange.info/resources/documents/CDBG-DR-Duplication-of-Benefits-Slides.pdf>

DOB Determination Worksheet Demonstration



Duplication of Benefits Scenarios:

- *Charlie's Post Wildfire Home Rebuilding*
- *Applying the DOB Determination*



DOB Determination Example: Total Need and Assistance

- Charlie's home was destroyed in a 2023 wildfire.
- He applied for and received several sources of assistance to recover.
- He is now applying to state program funded with CDBG-DR to finish rehabbing his home.
- The state determines that Charlie's unmet need is \$300,000.
- Charlie has received to date \$255,000 in total assistance for various needs related to the disaster.

Insurance: \$150,000

\$50,000 for loss of contents
\$50,000 for debris removal
\$50,000 for rehabilitation

FEMA: \$50,000

\$25,000 for temporary housing
\$25,000 for repairs

SBA: \$30,000

\$30,000 loan for repairs

State Grant: \$25,000

\$25,000 for disaster recovery

Total Assistance: \$255,000

DOB Determination Example: Assessing Duplicative and Non-Duplicative Sources

Insurance: \$150,000

\$50,000 for loss of contents
\$50,000 for debris removal
\$50,000 for rehabilitation – potential DOB

FEMA: \$50,000

\$25,000 for temporary housing
\$25,000 for repairs – potential DOB

SBA: \$30,000

\$30,000 loan for repairs – potential DOB

State Grant: \$25,000

\$25,000 for disaster recovery

Total Assistance: \$255,000

\$105,000 Potential DOB

- ✓ What additional information do you need to complete the applicant's DOB calculation?
- ✓ What documentation should you collect and include in your files?

Source: Carpenter, J., Whitehead, C., & Catani, M. (2023, April 27). *Understanding DOB and Resources to Assist Grantees* [Presentation at 2023 CDBG-DR Problem Solving Clinic, Chicago, IL]. U.S. Department of Housing and Urban Development.

Applying the Worksheet: Documenting Need and Assistance

Step 1: Assessing the Applicant's Need	
What is the applicant's <u>unmet recovery need</u> ? Note, unmet need is determined at a point in time.	\$300,000
Step 2: Identifying Total Assistance Available	
1. Did the applicant receive insurance proceeds? If yes, answer the sub-questions below:	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
a. How much assistance is provided?	\$150,000
b. What was the <u>purpose(s)</u> of the assistance? List the purpose(s) of the assistance to the right.	Loss of contents, debris removal, and repairs
2. Did the applicant receive <u>FEMA funds</u> ? If yes, answer the sub-questions below:	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
a. How much assistance is provided?	\$50,000
b. What was the <u>purpose(s)</u> of the assistance to the right.	
4. Did the applicant receive other cash awards or major forms of assistance (e.g., funds from a state program, local program, non-profits)? If yes, answer the sub-questions below:	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
a. How much assistance is provided?	\$25,000
b. What was the <u>purpose(s)</u> of the assistance? List the purpose(s) of the assistance to the right.	General; disaster recovery
3. Did the applicant receive an SBA loan? sub-questions below:	
a. How much is the loan for?	
b. What was the <u>purpose(s)</u> of the loan?	
Total Assistance:	
<i>This value should be the sum of all assistance provided.</i>	
	\$255,000

Source: Carpenter, J., Whitehead, C., & Catani, M. (2023, April 27). *Understanding DOB and Resources to Assist Grantees* [Presentation at 2023 CDBG-DR Problem Solving Clinic, Chicago, IL]. U.S. Department of Housing and Urban Development.

Applying the Worksheet: Excluding Non-Duplicative Assistance

Step 3: Excluding Non-Duplicative Assistance	Response
1. For any insurance proceeds, FEMA assistance, or other major forms of assistance:	<input type="checkbox"/> N/A
a. Did the applicant use all the assistance provided? Note, the grantee must verify the applicant's response and may need to apply the necessary and reasonable cost principles to reduce the CDBG-DR award if any of the assistance is <u>unused</u> .	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Yes No N/A
i. If applicable, list the portion of <u>unused insurance proceeds</u> to the right.	\$0
ii. If applicable, list the portion of <u>unused FEMA assistance</u> to the right.	\$5,000 for repairs
iii. If applicable, list the portion of the other <u>unused assistance</u> to the right.	\$0
Total	\$5,000 unused
b. Did the applicant use the assistance for its <u>intended purpose</u> ? Note, the grantee must verify the applicant's response. If the applicant did NOT use the assistance for its intended purpose this amount is a DOB.	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Yes No N/A
i. List the amount of the insurance proceeds used to the right.	\$0
ii. List the amount of the FEMA assistance used to the right	\$8,000 to purchase a new vehicle
iii. List the amount of the other major assistance used to the right.	\$0
Total	\$8,000 not used for its intended purpose (purchase of a vehicle)

Source: Carpenter, J., Whitehead, C., & Catani, M. (2023, April 27). *Understanding DOB and Resources to Assist Grantees* [Presentation at 2023 CDBG-DR Problem Solving Clinic, Chicago, IL]. U.S. Department of Housing and Urban Development.

Applying the Worksheet: Excluding Non-Duplicative Assistance (cont)

<p>c. Was the assistance provided for a <u>different purpose</u> than the CDBG-DR funds?</p>	<p><input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>i. If the insurance proceeds were provided for a different purpose, list the total amount that can be excluded to the right. If the answer is no, continue to the next question to determine if this amount is a DOB.</p>	<p><u>\$100,000 for loss of contents and debris removal</u></p>
<p>ii. If the FEMA assistance was provided for a different purpose, list the total amount that can be excluded to the right. If the answer is no, continue to the next question to determine if this amount is a DOB.</p>	<p><u>\$25,000 for temporary housing</u></p>
<p>iii. If the other assistance was provided for a different purpose, list the total amount that can be excluded to the right. If the answer is no, continue to the next question to determine if this amount is a DOB.</p>	<p><u>\$25,000 State Grant for general "disaster recovery"</u></p>
<p>Total</p>	<p><u>\$150,000 provided for a different purpose than the CDBG-DR funds</u></p>
<p>d. Was the assistance provided for the <u>same purpose</u> as the CDBG-DR funds but used for a different allowable use?</p>	<p><input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>i. If the insurance proceeds were provided for a different allowable use, list the total amount that can be excluded to the right. If the answer to this question and the question before is no, this amount is a DOB.</p>	<p><u>\$50,000 – can document repairs to the foundation</u></p>
<p>ii. If the FEMA assistance was provided for a different allowable use, list the total amount that can be excluded to the right. If the answer to this question and the question before is no, this amount is a DOB.</p>	<p><u>Charlie can only document \$12,000 used to repair the exterior</u></p>
<p>iii. If <u>the other</u> assistance was provided for a different allowable use, list the total amount that can be excluded to the right. If the answer to this question and the question before is no, this amount is a DOB.</p>	<p><u>N/A</u></p>
<p>Total</p>	<p><u>\$62,000 costs for a different allowable use</u></p>

Source: Carpenter, J., Whitehead, C., & Catani, M. (2023, April 27). *Understanding DOB and Resources to Assist Grantees* [Presentation at 2023 CDBG-DR Problem Solving Clinic, Chicago, IL]. U.S. Department of Housing and Urban Development.

Applying the Worksheet: Calculating DOB

2. For any SBA loan or other subsidized loan:	<input type="checkbox"/> N/A
a. Was the loan declined ?	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Yes No N/A
i. If yes, list the total amount of the loan that can be excluded to the right. Note, the grantee may need to collect documentation for the applicant's file. If the answer is no, continue to the next question.	N/A
b. Was the loan cancelled ?	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Yes No N/A
i. If yes, list the total undisbursed portion of the loan to the right because this amount can be excluded. To determine if the disbursed portion is a DOB, continue to the next question. If the answer is no, continue to the next question. Note, the grantee may need to collect documentation for the applicant's file.	N/A
c. Is the loan for a DRRA-covered disaster (2016-2021 disasters)? If the answer is no, the disbursed portion of the loan is a DOB.	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
d. If the loan is for a DRRA-covered disaster , did the loan documents get signed before the DRRA loan exception sunset (October 5, 2023)?	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
i. If the answer is yes, did the applicant use the loan for a disaster-related purpose? If the applicant used the loan for a disaster related purpose, the disbursed portion of the loan can be excluded. If not, the disbursed loan amount is a DOB.	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
ii. List the disbursed loan amount to the right.	<u>\$30,000</u>
Total Exclusions (non-duplicative funds): <i>This value should be the sum of all the assistance with the answer "yes" in Step 3.</i>	<u>\$242,000</u>

Step 4: Identifying the DOB	
List the applicant's total assistance from Step 2 to the right.	<u>\$255,000</u>
List the applicant's total non-duplicative funds from Step 3 to the right.	<u>\$242,000</u>
Total DOB (Subtract the non-duplicative funds from the total assistance):	<u>\$13,000</u>
Step 5: Calculating the total CDBG-DR Award	
List the applicant's total need from Step 1 to the right.	<u>\$300,000</u>
List the total DOB amount from Step 4 to the right.	<u>\$13,000</u>
Subtract the DOB from the applicant's total need to identify the maximum CDBG-DR award.	<u>\$287,000</u>
<ul style="list-style-type: none"> Apply the program cap, if applicable, to the maximum CDBG-DR award. 	<u>\$300,000</u>
<ul style="list-style-type: none"> Reduce the maximum CDBG-DR award based on necessary and reasonable cost principles, if applicable. 	<u>N/A</u>
Final CDBG-DR Award	<u>\$287,000</u>

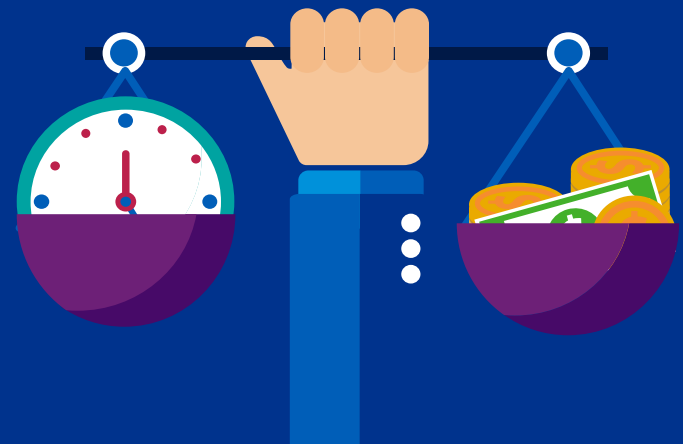
If Charlie had not yet used his insurance and FEMA funding for allowable other uses; then that amount would also be added as DOB.

Non-DOB = \$242,000

(\$150,000 (different purpose) + \$62,000 (different allowable use) + \$30,000 (waived loans))

Source: Carpenter, J., Whitehead, C., & Catani, M. (2023, April 27). *Understanding DOB and Resources to Assist Grantees* [Presentation at 2023 CDBG-DR Problem Solving Clinic, Chicago, IL]. U.S. Department of Housing and Urban Development.

Knowledge Check Poll Questions – Round 4



Knowledge Check Question #10

Which of these is not a suggested step in the recoupment process?

- A. Grantees should seek to recapture DOB per grantee's established policies and procedures.
- B. Grantees should seek a waiver for the DOB.
- C. Work with other grantees and the involved federal agency to determine the method and timeframes of recapture.
- D. Inform recipient in writing of the need to repay the value of the DOB.

Knowledge Check Answer #10

Which of these is not a suggested step in the recoupment process?

A. Grantees should seek to recapture DOB per grantee's established policies and procedures.

✓ **B. Grantees should seek a waiver for the DOB.**

C. Work with other grantees and the involved federal agency to determine the method and timeframes of recapture.

D. Inform recipient in writing of the need to repay the value of the DOB.

Knowledge Check Question #11

What is one DOB leading practice that your department currently has in place?

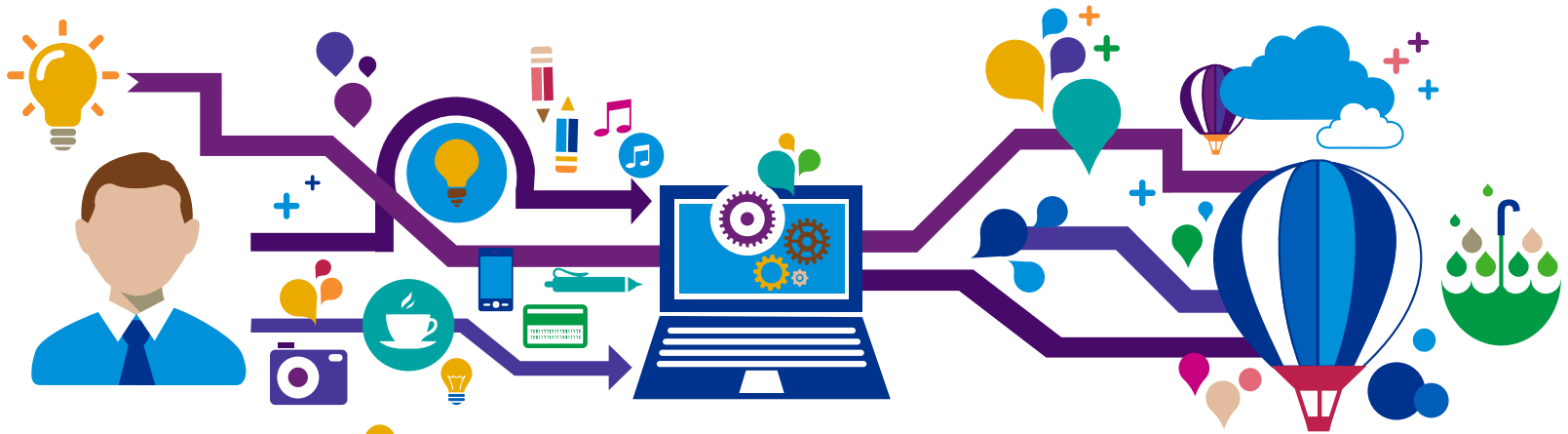
Knowledge Check Question #12

What is one barrier that your department faces in implementing a DOB process?



Additional Resources and References

Additional guidance that should be of use in monitoring for DOB:



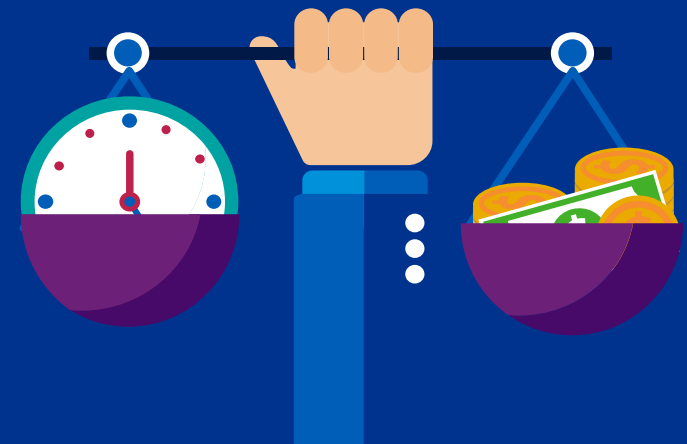
Section 312, Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) (42 U.S.C. § 5155)(44 CFR § 206.191)

Federal Uniform Administrative Requirements, Cost Principles & Audit Requirements for Federal Awards, 2 Code of Federal Regulations (CFR) § 200.400-405 (*underlies all federal awards*)

<https://www.federalregister.gov/documents/2019/06/20/2019-13147/updates-to-duplication-of-benefits-requirements-under-the-stafford-act-for-community-development>

<https://www.hudexchange.info/resources/disaster-recovery-library/duplication-benefits/#all-resources>

Questions & Answers



Poll Everywhere Checkout

In Poll Everywhere please complete the Check Out.



Complete all three fields and then click Submit.

 <https://pollev.com/workshopdob>

The screenshot shows a web interface for a poll. At the top, there are navigation links: Home, History, Registration, and Profile. Below this, it says '3 questions'. The first question is '1. First Name' with the instruction 'You can respond once' and an input field labeled 'Enter a response'. Below the input field, it says 'No responses submitted yet.'. The second question is '2. Last Name' with the instruction 'You have not responded' and an input field labeled 'Enter a response'. Below the input field, it says 'No responses submitted yet.'. The third question is '3. KPMG Email Address' with the instruction 'You can respond once' and an input field labeled 'Enter a response'. Below the input field, it says 'No responses submitted yet.'. At the bottom of the form, there is a blue button labeled 'Submit survey'.

If you are having any trouble joining or submitting answers, communicate your issue via teams chat.

Still have questions?

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Thank you!

