

DUPLICATION OF BENEFITS

As part of the CARES Act and described in FR-6218-N-01 (CDBG-CV Federal Register Notice), HUD must ensure that there are adequate procedures in place to prevent any duplication of benefits as required by Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), as amended by section 1210 of the Disaster Recovery Reform Act (DRRA) of 2018. To ensure HUD complies with this requirement, this responsibility is passed on to all CDBG-CV grantees. This Quick Guide provides a brief explanation of the duplication of benefits requirement, how it applies to grantees and beneficiaries, and examples of how to calculate and evaluate the risk of duplication of benefits.

BACKGROUND

A duplication of benefits (DOB) occurs when a person, household, business, government, or other entity receives financial assistance from multiple sources for the same purpose, and the total assistance received for that purpose is more than the total need for assistance. Within the CDBG-CV program, all grantees are bound by Section 312 of the Stafford Act, as amended by the DRRA, and the OMB Cost Principles within 2 CFR § 200 that requires all costs to be “necessary and reasonable for the performance of the Federal award.”

To comply with DOB requirements, grantees are required by the CARES Act to establish and follow procedures to ensure that DOB does not occur. Establishing a process to effectively identify and prevent duplication of benefits is critical for CDBG-CV grantees to effectively manage the multiple active funding streams related to coronavirus response and efficiently target CDBG-CV resources to meet unmet needs within the community.

Note to grantees with experience administering CDBG-DR: Unlike other disaster funds, CDBG-CV grantees do not need to follow a statutory “Order of Assistance” for delivery of different federal and non-federal programs. This means that grantees do not need to validate whether other funding sources are available or will be available before allocating CDBG-CV assistance (as opposed to CDBG-DR, where the grantee generally must check to see whether FEMA assistance was provided before making an award). The grantee is solely responsible for ensuring that an actual duplication of benefits does not occur.

APPLICABILITY

Duplication of benefits requirements apply to all CDBG-CV allocations as well as to FY2019 and FY2020 formula CDBG allocations used to prevent, prepare for, and respond to coronavirus.

REQUIRED POLICIES AND PROCEDURES

To prevent the duplication of benefits, all grantees must establish policies and procedures that include the following components:

1. Requirement that any person or entity receiving CDBG-CV assistance (including subrecipients and direct beneficiaries) must agree to **repay assistance that is determined to be duplicative**. This may be documented through a **subrogation agreement** or similar clause included in the agreement with the person or entity. The grantee should establish a protocol to monitor compliance based on risk of duplication of benefits for each activity.
2. Method of assessing whether the use of these funds will duplicate financial assistance that is already received or is likely to be received (such as insurance proceeds) by **acting reasonably to evaluate the need and the resources available to meet that need**. Grantees should evaluate current programs available at the local, county, state, and federal level as well as current and anticipated non-governmental assistance from nonprofits or faith-based groups and establish lines of communication for preventing duplication of benefits. HUD has prepared a [list](#) of active Federal CARES Act and coronavirus response programs and funding sources to help grantees evaluate potential risk for duplication for each activity and applicant. HUD encourages grantees to target CDBG-CV activities to address unmet needs and gaps to reduce the risk of duplication of benefits.

To ensure that policies and procedures accurately reflect the specific components of each program, grantees should consider designing DOB policies and procedures that are specific to each CDBG-CV program and activity. Policies and procedures should be specific for each program supported with CARES Act funding and should be commensurate with risk of duplication of benefits.

DETERMINING DUPLICATION OF BENEFITS

To analyze duplication of benefits a grantee should complete the following steps:

1. Assess Need: Determine the amount of need (total cost)
2. Determine Assistance: Determine the amount of assistance that has or will be provided from all sources to pay for the cost
3. Calculate Unmet Need: Determine the amount of assistance already provided compared to the need to determine the maximum CDBG-CV award (unmet need)
4. Document analysis: Document calculation and maintain adequate documentation justifying determination of maximum award

DUPLICATION OF BENEFITS EXAMPLES

Rental Assistance

A family that has suffered job loss due to the economic impact of the coronavirus seeks rental assistance under a CDBG-CV Emergency Payment program for 3 months of arrears payments and 2 months of current/ future rent.

Step 1: Assess Need

Monthly Rent = \$1,000

Potential Total Need: $\$1,000 * 5 \text{ months} = \$5,000$

Step 2: Determine Assistance

In the application, the applicant was asked to report if they are receiving or expecting to receive any additional or similar assistance. The applicant reported that a local faith-based organization provided \$250/month for the past three months, but that aid is no longer available. The family certified that it has not applied for assistance from any other source.

Step 3: Calculate Unmet Need

Total Need = \$5,000

Other Assistance = \$750 (\$250/ month for three months)

Actual Unmet Need (Maximum Award) = \$4,250 (\$5,000- \$750)

Step 4: Document the Analysis

Maintain documentation of calculation and justification to confirm amount of unmet need.

Small Business Assistance

A small business requests a grant for working capital funds to retain employees that would otherwise be laid off due to the economic impact of the coronavirus. The small business requests three months of assistance.

Step 1: Assess Need

Capital funds needed via underwriting = \$10,000

Potential Total Need: \$10,000 * 3 months = \$30,000

Step 2: Determine Assistance

In the application, the applicant was asked to report if it was receiving any additional or similar assistance or had made any claims on existing business insurance. The business reported that it previously received a PPP forgivable loan under the CARES Act to cover payroll, but that the assistance has run out. The business certified that it made a claim on its business interruption insurance but was declined because the insurer said the economic impacts of the coronavirus are outside the scope of the policy.

Step 3: Calculate Unmet Need

Total Need = \$30,000

Other Assistance = \$0

Actual Unmet Need (Maximum Award) = \$30,000

Step 4: Document the Analysis

Maintain documentation of calculation and justification to confirm amount of unmet need.

SUBSIDIZED LOANS

In DOB calculations, private loans are not considered a form of assistance and should not be considered when calculating duplication of benefits. However, subsidized loans from SBA or FEMA should be included in the duplication of benefits analysis unless one of the three exceptions is met:

1. Short-term subsidized loans (e.g. bridge loans) for costs later reimbursed with CDBG-CV funds
2. Declined or cancelled subsidized loans
3. Loan assistance is used toward a loss suffered as a result of a major disaster or emergency

An example of a subsidized loan is the SBA Economic Injury Disaster Loans (EIDL). This type of loan is summarized in more detail in [FR-6169-N-01](#).

RESOURCES

1. [CDBG-CV Federal Register Notice \(FR-6218-N-01\)](#) (8/7/2020)
2. [Duplication of Benefits Memo](#) (7/13/2020)
3. [Federal Funding Priority Order for NCS](#) (6/23/2020)
4. [Summary of CDBG Activity Categories](#) (6/23/2020)
5. [CARES Act Programs](#) (7/10/2020)
6. [Federal Register Notice Webinar](#) (8/20/2020 and 9/1/2020)
7. CDBG CARES Act Launch Kit (*forthcoming*)
8. Duplication of Benefits Webinar (*forthcoming*)