



# Texas General Land Office

## Community Development and Revitalization

**“The GLO stands ready to help our state maximize the use of this disaster recovery funding to build back stronger and more resilient communities.”**

**~ Commissioner George P. Bush**

# Duplication of Benefits (DOB) 101



## Agenda

- Key Resources
- What is DOB?
- Sources of DOB
- Determining DOB
- Data Feeds & Tools
- Recapture & Follow-up
- Questions?

## Presenter

Matt Betz, ICF



## Icons



Future Training

# Learning Objectives



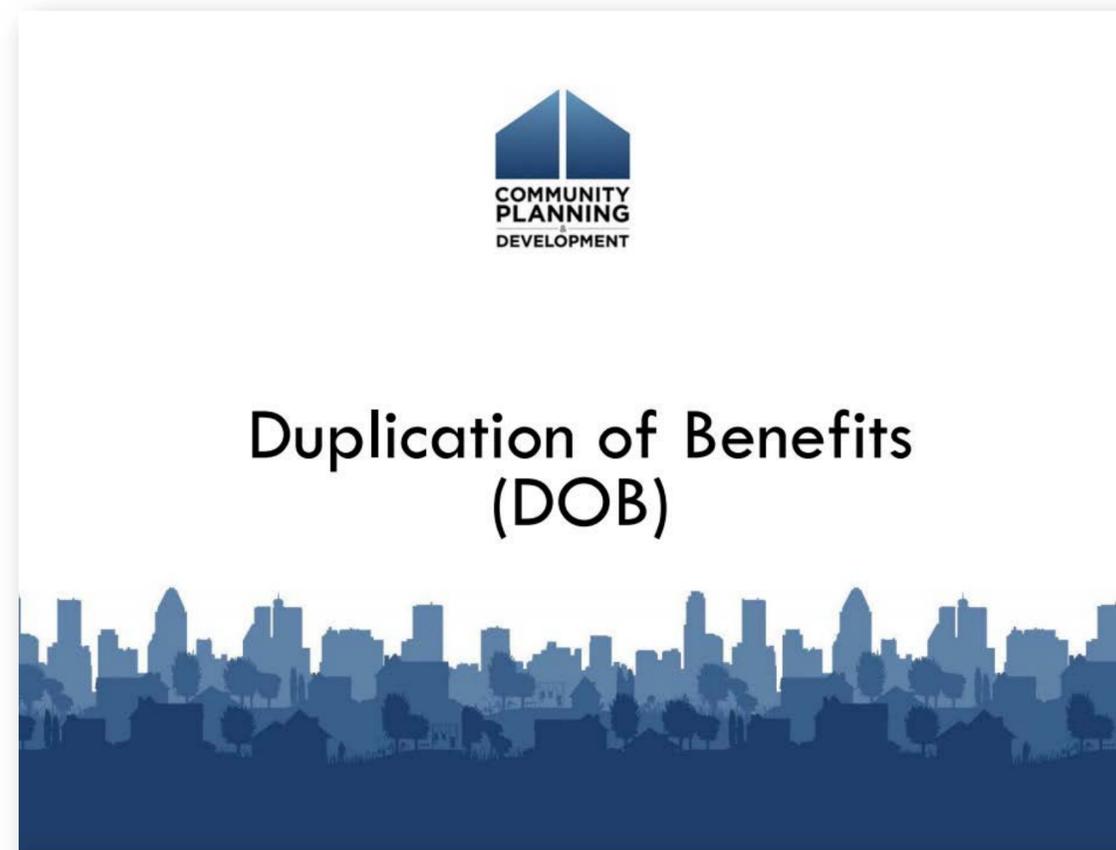
***After the training, DOB 101 participants will:***

1. Understand DOB and what constitutes a duplicative benefit
2. Understand how to calculate duplication of benefits

# Key HUD Exchange Resources



If you want to learn more...



Watch the webinar recording on the [HUD Exchange](#) or visit GLO's [recovery website](#).

# Key Resources



## DIGITAL RESOURCE MANUAL: DOB 101

### DUPLICATION OF BENEFITS AND NECESSARY AND REASONABLENESS OF CDBG-DR ASSISTANCE

Community Development Block Grant Disaster Recovery (CDBG-DR) assistance is typically the last federal assistance available for the long term recovery, after a series of other funding sources have been made available for different levels and stages of repair or recovery. The order in which CDBG-DR funds are available is important, as subrecipients are responsible for ensuring that all funding previously awarded to program applicants is accounted for and there is no “double dipping” in public assistance.

 **Key Point**  
When administering CDBG-DR funds, the State of Texas requires that subrecipients apply DOB procedures per 76 FR 71060.

Although the Robert T. Stafford Disaster Relief and Emergency Assistance Act (16 U.S.C. 5121–5207), as amended (the Stafford Act) establishes the authority and requirements for duplication of benefits (DOB), another document, [76 FR 71060](#), is responsible for clarifying the compliance details. The basic language to guard against ineligible uses of taxpayers’ funds in 71060 expanded on that language by outlining specific roles of the federal government and its grantees, subgrantees, and subrecipients in administering CDBG-DR. Additional detail was added from 24 CFR 570 and OMB Cost Circulars. Specifically, 24 CFR 570 was written specifically for administrative requirements for Community Development Block Grants while the OMB Cost Circulars, codified in the Code of Federal Regulations (2 CFR Part 200), apply generally to

## CDBG-DR DOB 101 BRIEF



Identifying all applicable duplication of benefits (DOB) is one of the core components of calculating an eligible CDBG-DR award. In one sense, the DOB requirements ensure CDBG-DR funds are used as intended – as funds of last resort. In another sense, compliance with DOB regulations protects subrecipients from making unnecessary and unreasonable expenditures and providing a person or entity with more than the cost to repair from their damages.

The post-disaster landscape makes it easy to calculate awards hastily and without due diligence. However, subrecipients that do not develop adequate DOB policies and procedures risk audit findings and recapture of funds for DOB including recapturing funds from confused and unhappy beneficiaries. Subrecipients should adopt DOB policies and procedures prior to issuing any awards. The application of DOB requirements is generally consistent across jurisdictions, so materials can be shared and adapted to fit each local context. DOB requirements apply to state, local, and Indian tribal governments as well as any public funding sources provided by those entities for the same purposes.

### ✓ Application of Federal Regulations

TX GLO requires subrecipients to apply the principles of [76 FR 71060](#) (sometimes referred to as “FR 5582”): for avoiding DOB:

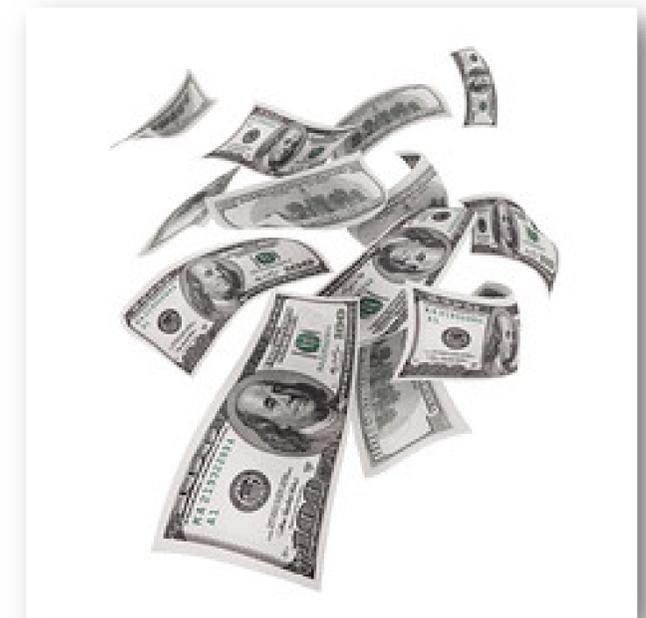
- Update policies and procedures to reflect federal requirements;
- Follow a consistent documentation and award calculation process for each award determination;
- Perform a duplication of benefits analysis before awarding and at award closeout;
- Document every award with proof of verified expenditures.

# What is DOB?



## DOB includes:

- Assistance from more than one source being used for the same purpose or activity. The purpose may apply to the whole project or only part of it
- The amount of assistance provided to a beneficiary (from multiple sources) that exceeds the unmet need for a particular recovery purpose



# What is DOB?



## **DOB does not include:**

- Funds provided for a different purpose *or* funds provided for a general, non-specific purpose

## **DOB is not:**

- *Time-restrictive*: CDBG-DR beneficiaries sign a subrogation agreement promising to repay any duplicative assistance
- *Income*: Federal disaster and emergency assistance is not counted as household income

# Common Findings or Concerns



## Reimbursement for:

- Unnecessary or unreasonable costs
- Ineligible expenses
- Poorly documented expenses

## Payment for:

- Construction materials that were recovered
- Unverified costs

## Miscalculation of:

- Homeowner requested SBA loan modifications



# Test Your Knowledge



## True or False

Subrecipients can exclude all documented pre-award expenditures from DOB calculations

**X False**

Subrecipients could receive an audit finding for excluding costs from a DOB calculation that are not demonstrably necessary and reasonable

# Sources of DOB Requirements



- **OMB Cost Principles:** All costs must be necessary and reasonable
- **Stafford Act:** Section 312 Duplication of Benefits (42 U.S.C. 5155)
- **Federal Register Notice:** [76 FR 71060](#) (Nov. 16, 2011)
- HUD issued guidance on the Bipartisan Budget Act of 2018 and Section 1210 of the Disaster Recovery Reform Act (DRRA). GLO is reviewing this guidance and may issue policy updates in the future.





# Importance of DOB

- Protects public resources from “double dipping”
- Ensures that limited CDBG-DR funds are used as a last resort

## Caution

- Failure to meet DOB requirements can result in audit findings and HUD recapture of funds
- Grantees, Subrecipients, and Beneficiaries are responsible for accounting for, verifying, and reporting any potentially duplicative assistance

# Cost Principles



## ***All CDBG-DR costs must be necessary and reasonable***

- Determine whether a cost is necessary and reasonable
- Conduct an individualized review of each applicant and the purpose for which CDBG-DR funds are provided
- If a cost has been paid (or will be paid) from another source, it is presumed to violate the necessary and reasonable standard

# Sources of DOB



## **FEMA:**

- Individual Assistance
- Public Assistance
- Community Disaster Loans

## **FIDA Disaster Recovery Reform Act (DRRA)**

## **Small Business Administration (SBA) Loans**

- ## **National Flood Insurance Program (NFIP):**
- Building
  - Increased Cost of Compliance

## **Homeowner's Insurance**

## **Wind Damage Insurance**

## **Non-profit Assistance**

## **Direct Assistance for Limited Home Repair (DAHLR)**

## **Partial Repair & Essential Power for Sheltering (PREPS)**

# Test Your Knowledge



## True or False

If a subrecipient receives assistance from volunteer organizations for specific repair activities (e.g. a new roof) and is also funding that activity using CDBG-DR funds, there could be a duplication of benefit



# Proof of Loss Statements



## Types of Coverage

- *Included in Calculation:* Funds for repair/replacement of the primary structure, elevation, debris removal, and mitigation. Funds for tree removal included in some cases
- *Not Included in Calculation:* Funds for detached garages, carports, sheds, fences, luxury items (e.g. pools and hot tubs), or other secondary structures

## Recoverable Depreciation

- Included when calculating insurance funds unless the applicant provides documentation from the insurance company

# Process for DOB Determination



# Assess Unmet Need



Steps in DOB Determination	Description of Current Step
1. Assess Unmet Need	Determine necessary and reasonable costs for the repair, reconstruction, replacement, relocation, etc. to meet program goals  Consider independent estimates when determining costs  Note that estimates for the CDBG-DR funded activity may differ from estimates from other agencies (e.g. FEMA)
2. Identify Available Assistance	
3. Exclude Non-Duplicative Funds	
4. Calculate Award	
5. Use of Funds	
6. Recapture & Follow-up	

# Identify Available Assistance



Steps in DOB Determination	Description of Current Step
1. Assess Unmet Need	Calculate assistance received and reasonably anticipated to cover the damage
<b>2. Identify Available Assistance</b>	
3. Exclude Non-Duplicative Funds	Include all available funds to cover the activity, whether or not they are specific to disaster recovery
4. Calculate Award	Verify and document all information with third parties wherever feasible
5. Use of Funds	
6. Recapture & Follow-up	

# Exclude Non-Duplicative Funds



Steps in DOB Determination	Description of Current Step
1. Assess Unmet Need	<p>Excluded funds from <a href="#">76 FR 71060</a>:</p> <ul style="list-style-type: none"><li>• Funds for a different purpose</li><li>• Funds for same purpose, but a different eligible use</li><li>• Funds that are not available to the applicant</li><li>• Private Loans</li><li>• Other private assets or lines of credit</li></ul> <p>Include available funds if applicant acts/would have acted in a “commercially reasonable manner”</p>
2. Identify Available Assistance	
<b>3. Exclude Non-Duplicative Funds</b>	
4. Calculate Award	
5. Use of Funds	
6. Recapture & Follow-up	

# Calculate Award



Steps in DOB Determination	Description of Current Step
1. Assess Unmet Need	Identify value of unmet need
2. Identify Available Assistance	Identify potentially duplicative assistance and determine which assistance is duplicative
3. Exclude Non-Duplicative Funds	
4. Calculate Award	Subtract duplicative assistance
5. Use of Funds	Determine maximum eligible award
6. Recapture & Follow-up	Reduce award to meet program cap, if applicable

# Sample Award Calculation



Steps in DOB Determination	Dollar Value
Identify Applicant's Total Need Prior to Any Assistance	\$100,000
Identify All Potentially Duplicative Assistance	\$35,000
Deduct Assistance Determined to be Duplicative	\$30,000
Maximum Eligible Award (Item 1 less Item 3)	\$70,000
Program Cap (if applicable)	\$50,000
Final Award (lesser of Items 4 and 5)	\$50,000

# Use of Funds



Steps in DOB Determination	Description of Current Step
1. Assess Unmet Need	DOB contributions for eligible work should be collected by subrecipients <u>prior to</u> award
2. Identify Available Assistance	
3. Exclude Non-Duplicative Funds	DOB funds must be used only for their awarded program and eligible purpose
4. Calculate Award	Subrecipients must document uses of CDBG-DR funds
5. Use of Funds	
6. Recapture & Follow-up	CDBG-DR funds cannot be used to pay SBA loans

# Recapture & Follow-up



Steps in DOB Determination	Description of Current Step
1. Assess Unmet Need	Require all recipients to sign a subrogation agreement
2. Identify Available Assistance	Recapture duplicative funds
3. Exclude Non-Duplicative Funds	De-obligate returned or undrawn award funds
4. Calculate Award	Follow-up with beneficiary to ensure no DOB (and compliance with any eligibility requirements)
5. Use of Funds	
<b>6. Recapture &amp; Follow-up</b>	

# Calculating Unmet Need



**In some cases, subrecipients will need to account for additional unmet need:**

- Vandalism
- Contractor Issues (fraud, bankruptcy, insufficient work product, etc.)
- Faulty materials
- Unforeseen complications in design/build process
- Interim housing expenses
- Labor/material shortage and increased costs

**NOTE:** Subrecipients determine the method of assessing unmet need, which should be consistent with methods used to assess initial award

# Test Your Knowledge



## True or False

If a municipality plans a project that *is* eligible for FEMA Public Assistance, but chose not to apply for the FEMA assistance, that project *is not* eligible for CDBG-DR assistance

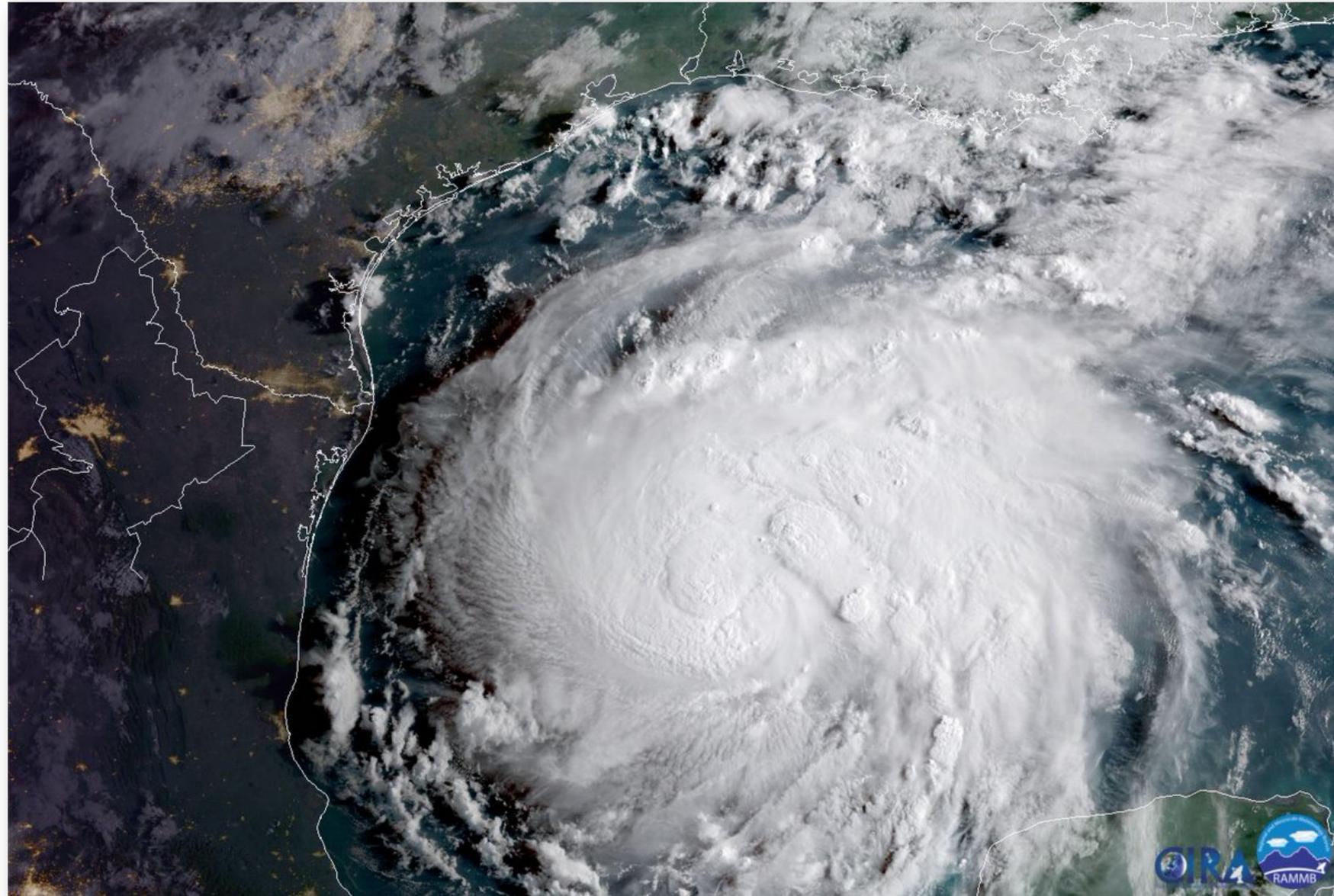


# Understanding Data Feeds



- Confirm potential amounts of DOB
- Information found on the data feeds are the most current and should be used for calculations unless the applicant provides more recent documentation
- Check the date of loss column, especially on the NFIP feed, as some entries go back 25+ years

# Questions?



# Survey



[DOB 101 Survey](#)