St. Clair County, IL CDBG-DR
Duplication of Benefits Policies and Procedures

BACKGROUND

The St. Clair County Intergovernmental Grants Department (IGD) is in receipt of Community Development Block Grant Disaster Recovery (CDBG-DR) funds from the Department of Housing and Urban Development (HUD). IGD will use these funds to carry out activities to address the long-term recovery needs resulting from the flood in fall of 2022. These activities include projects and programs that may provide housing, infrastructure, economic development and planning resources to households, governments and businesses impacted by the disaster. These activities are carried out in partnership with other state/local agencies through the implementation of a number of CDBG-DR funded programs.

Sec. 312 of the Stafford Act (42 U.S.C. 5155) requires all Stafford Act funded programs to ensure that entities in receipt of federal disaster recovery dollars are not compensated for the same damages through multiple sources. HUD provides specific guidance for CDBG-DR funding through "Clarification of Duplication of Benefits Requirements" under the Stafford Act for CDBG-DR Grantees. This policy and procedure document reinforces those requirements and establishes applicability and responsibility in the implementation of St. Clair County's CDBG-DR grant.

Definition of Duplication of Benefits:

A Duplication of Benefits (DOB) occurs when a person, household, business, government, or other entity (such as a Subrecipient) 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. *A simple example of a DOB would be where the City provides assistance to a household for repairs to a roof, but then the applicant also submits an insurance claim for the same costs.*

DOB occurs when federal financial assistance is provided to a person or entity through a program to address losses that the person or entity has received (or would receive, by acting reasonably to obtain available assistance – i.e. the assisted household had homeowners insurance at the time of a disaster, but failed act to submit a claim) financial assistance for the same costs from any other source (Including, but not limited to: Insurance, Federal Emergency Management Agency (FEMA), Small Business Administration (SBA)), and the total amount received exceeds the total need for those costs.

A DOB occurs when assistance from multiple sources = **Total Assistance > Need for that Type Assistance**

Total assistance includes assistance that is available if an applicant: (1) took the practical steps toward funding recovery as would disaster survivors faced with the same situation (i.e. submit insurance claims, apply to widely publicized programs like FEMA/PPP Loans); or (2) has received the assistance and has legal control over it.

Available assistance also includes reasonably anticipated assistance that has been awarded and accepted but has not yet been received. For example, if a local government seeks CDBG–DR assistance to fund part of a project that also has been awarded FEMA Hazard Mitigation Grant Program (HMGP) assistance, the entire HMGP award must be included in the calculation of total assistance even if FEMA obligates the first award increment for the project, but subsequent increments remain unfunded until certain project milestones are met. Another example, if a non-profit organization such as the Red Cross provided funding for basement cleanup, then the City cannot use CDBG-DR to also pay for basement cleanup.

SCOPE OF IGD CDBG-DR POLICY

This policy is applicable to all State/federal/local Partner Agencies and organizations, Subgrantees and Subrecipients responsible for the implementation of programs and projects funded under St. Clair County's CDBG-DR grant. This policy clarifies St. Clair County's Certifications to HUD for CDBG-DR grant B-23-UN-17-001.

POLICY

All CDBG-DR funded programs and projects are required to ensure appropriate procedures are in place to prevent Duplication of Benefit (DOB). Subgrantees/Projects must ensure that DOB prevention is specifically addressed in their policies and procedures, and all agreements and/or contracts must pass that responsibility down to subrecipients. Subrecipients and Subgrantees providing direct benefits to beneficiaries must utilize procedures in accordance with HUD guidance as outlined below. As a HUD grantee, the County is required to develop and maintain adequate procedures to prevent a DOB that address (individually or collectively) each activity, project, or program. Policies and procedures must include, at a minimum: (1) a requirement that any person or entity receiving CDBG-DR assistance must agree to repay assistance that is determined by IGD or its program partners to be duplicative; and (2) a method of assessing whether the use of CDBG-DR funds will duplicate financial assistance that is already received or is likely to be received (i.e. insurance proceeds) by acting reasonably, evaluating need and the resources available to meet that need.

It is the IGD's policy to uphold, enforce and document conformance with the DOB requirements which cover use of its CDBG-DR funds. All grantees are bound by Section 312 of the Stafford Act, as amended by the Disaster Recovery Reform Act (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.

The applicant is required to complete a DOB analysis for CDBG-DR assisted activities to demonstrate that no other financial assistance has been received or is available to pay costs charged to a CDBG-DR grant. To comply with this requirement, the applicant and each person assisted, or entity assisted with these funds will demonstrate that no other funds are available for an activity by maintaining records of compliance with mandatory duplication of benefits requirements. Third party verification of assistance is required, and every attempt to obtain verifications should be undertaken. When verifications are not obtainable and self-declaration can be used as a last resort; but should be the exception.

PROCEDURES

Applicants must sign Duplication of Benefits Affidavit.

The procedures provided below are consistent with St. Clair County's Certifications to HUD and FR Vol 88 No. 96, May 18, 2023. In addition to the procedures below, all grant agreements must contain language indicating that any duplication of benefit received post-award will require repayment. Procedures are as follows:

1. Prior to assistance
    a. Identify total need
        i. Determine the specific purpose for the CDBG-DR request
        ii. Total need will be determined by project type (e.g. homeowner rehabilitation cost estimate, infrastructure reconstruction cost estimate). The total need must be documented.
        iii. All costs included in total need must be reasonable and necessary.
    b. Identify all sources of funding received and reasonably anticipated
        i. For families and individuals as well as entities, the application for assistance will require documentation for all sources of funding received or reasonably anticipated, and certification that all assistance is reported.
        ii. 3rd party verify all sources of assistance when possible (FEMA, SBA, Private Insurance, NFIP, EWP, etc.) When 3rd party verification is not available, document in the file the reason it was not available.
    c. Recording the information in the DOB Calculation Worksheet, determine which funding sources to include in or exclude from the unmet need calculation and deduct assistance determined to be duplicative
    d. Apply program cap, if applicable
    e. Arrive at maximum DR assistance award amount
    f. Execute grant/loan agreement with recipient/beneficiary, including provision that all additional funds received will be reported to IGD within 15 calendar days. If the additional funds are determined to be duplicative, the award will be reduced and/or the recipient/beneficiary will be required to repay any disbursed duplicative benefit.
2. Upon completion of activity for which funds were awarded:
    Require recipient/beneficiary to report and certify whether additional funds were received for disaster-related expenses, the amount, and when funds were received. If additional funds were received that are determined to be duplicative, require repayment.

DOCUMENTATION

Each beneficiary or project file must contain the following:

a) Duplication of Benefit calculation worksheet form to include:
   a. Identification of unmet need
   b. Identification of all sources of assistance provided to applicant
   c. Identification of those sources that are duplicative (with comments as needed)
   d. Final award calculation
b) Any required 3rd party verifications of assistance and/or certifications as follows:
   a. FEMA programs: letter/s from FEMA and/or data provided by FEMA
   b. Insurance: letter from insurance company and/or data if available
   c. SBA: letter/s from SBA and/or data provided by SBA
   d. Other program documentation
c) Certification that no additional benefits have been received. This can be a signed affidavit from the beneficiary or other form as created by the program.
d) A signed subrogation agreement from the recipient Note: Items (c) and (d) can be on the same form.

Additionally, at the program level each implementing agency must have the following:

a) A description/definition of Duplication of Benefit and likely sources within their program guidelines or in their application and
b) Recapture policies and procedures

REQUIRED VERIFICATION BY PROGRAM AREA

Source	Housing	Infra-structure	Ec. Dev	Planning
Insurance	X	X	X	
NFIP	X		X	
SBA	X	X*	X	
FEMA IA	X			
FEMA PA		X		
FSA (USDA)				
FHA/CDOT		X		
EWP/CWCB				X
Other**	X	X	X	X

*Applies to private households or businesses (i.e. acquisitions and buyouts)

**Includes charitable resources, local government programs donations of easements or land, other federal funds (CDBG/HOME), or State programs such as Impact grants or Disaster Emergency Fund, etc.

Basic DOB Verification

The total DOB is calculated by subtracting non-duplicative exclusions from total assistance. Therefore, to calculate the total maximum amount of the CDBG–DR award, the applicant must:

1) Identify total need;
2) Identify total assistance;
3) Subtract exclusions from total assistance to determine the amount of the DOB; and
4) Subtract the amount of the DOB from the amount of the total need to determine the maximum amount of the CDBG–DR award.

The following example represents the basic framework for DOB verification in all CDBG-DR programs.

1. Identify Applicant's Total Need	$ 100,000
2. Identify All Potentially Duplicative Assistance	$ 35,000
3. Deduct Assistance Determined to be Duplicative	$ 30,000
4. Unmet Need (Item 1 less Item 3)	$ 70,000
5. Program Cap (if applicable)	$ 50,000
6. Calculate Final Award (lesser of Items 4 and 5)	$ 50,000

All application documents, including the Affidavit and Subrogation Agreement, shall be retained in compliance with HUD's record retention requirements.

Example: Mr. Jones is applying to receive CDBG-DR funding to repair his roof that was damaged during a storm. Mr. Jones reported that he submitted a claim to his insurance company for the damage and received $12,000. The City requested additional information from Mr. Jones and identified that the $12,000 received was for the roof damage ($10,000) and a few broken windows ($2,000). The City has inspected Mr. Jones roof and has identified the total need as $50,000. After further review, the City has identified that Mr. Jones received $10,000 of duplicative assistance (assistance for the same scope of work he is requesting from the City), and that his final CDBG-DR award will need to be reduced in order to avoid a DOB.

1. Identify Applicant's Total Need	*$ 50,000*
2. Identify All Potentially Duplicative Assistance	*$ 12,000*
3. Deduct Assistance Determined to be Duplicative	*$ 10,000*
4. Unmet Need (Item 1 less Item 3)	*$ 40,000*
5. Program Cap (if applicable)	*$ 50,000*
6. Calculate Final Award (lesser of Items 4 and 5)	*$ 40,000*

Based on the DOB review, Mr. Jones will only receive $40,000 in CDBG-DR assistance. The City would require Mr. Jones to provide the difference between the total need and the amount of assistance prior to commencement of work.

Statutory Order of Assistance (CDBG-DR ONLY)

CDBG–DR appropriations acts generally include a statutory order of assistance for Federal agencies. Although the language may vary among appropriations, the statutory order of assistance typically provides that CDBG–DR funds may not be used for activities reimbursable by or for which funds are made available by FEMA or the Army Corps. This means that grantees must verify whether FEMA or Army Corps funds are available for an activity (i.e. the application period is open) or the costs are reimbursable by FEMA or Army Corps (i.e., the grantee will receive FEMA or Army Corps assistance to reimburse the costs of the activity) before awarding CDBG–DR assistance for costs of carrying out the same activity. If FEMA or Army Corps are accepting applications for the activity, the applicant must seek assistance from those sources before receiving CDBG–DR assistance. If the applicant's costs for the activity will be reimbursed by FEMA or the Army Corps, the grantee cannot provide the CDBG–DR assistance for those costs.

In the event that FEMA or Army Corps assistance is awarded after the CDBG– DR to pay the same costs, it is the CDBG–DR grantee's responsibility to recapture CDBG–DR assistance that duplicates assistance from FEMA or the Army Corps. Under the Stafford Act, a federal agency that provides duplicative assistance must collect that assistance. For CDBG–DR grants, the CDBG–DR grantee must collect duplicative assistance it provides. FEMA regulations at 44 CFR 206.191 set forth a delivery sequence that establishes which source of assistance is duplicative for certain programs. CDBG– DR assistance is not listed in FEMA's sequence, but as a practical matter, CDBG–DR assistance duplicates other sources received before the CDBG–DR for the same purpose and portion of need. Any amount received from other sources before the CDBG–DR assistance that is determined to be duplicative must be collected by the grantee. The mandatory agreement to repay can be used to prevent duplication by assistance that is available, but not yet received. If the duplicative assistance is received after CDBG–DR, the grantee must collect the DOB or contact HUD if it has questions about whether another Federal agency is responsible for collecting the duplication.

ADMINISTRATION AND RESPONSIBILITY

The St. Clair County IGD CDBG-DR Director or his/her designee is responsible for ensuring that duplication policies and procedures are available for all CDBG-DR funded programs.

Subgrantees and Subrecipients directly serving beneficiaries are responsible for ensuring that DOB procedures are followed and DOB calculations and certifications are available on file for all beneficiaries. All subgrantees and subrecipients must have recapture procedures in place and in writing within all grant agreements in accordance with 31 U.S.C. Chapter 37 for the return of any identified Duplication of Benefit.

The St. Clair County IGD CDBG-DR Director is responsible for the administration, revision, interpretation, and application of this policy. This policy will be reviewed annually and revised as needed to address State and Federal requirements.

Resources

CDBG-DR Policy Bulletin – Guidance on Duplication of Benefits

APPENDIX A: Duplication of Benefits Project Affidavit

APPENDIX B: Duplication of Benefits and Additional Certification Sample Form for Beneficiary's

APPENDIX C: Duplication of Benefits Certification Sample for Subrecipient Contracts

APPENDIX A

Duplication of Benefits Project Affidavit ("Affidavit")

I/We, (*person or entity* acting as the applicant) _____

_____

affirm and attest the following:

1. I/We is/are executing this Affidavit in connection with assistance that we are receiving to help us prevent duplication of benefits for the purpose of addressing conditions caused directly or indirectly by the flooding of 2022 in the amount of $_____ from the County of St. Clair or its designated agent **("Organization")** through a CDBG-DR program administered by the County of St. Clair with funding from the U.S. Department of Housing and Urban Development.

2. The **Organization** and I/We believe the **Amount of Assistance/Total Need** is_____.

3. In addition, I/We have received or will receive the following amounts and types of assistance from the sources listed below ("Duplicative Assistance"):

(a) Source of Funds #1

Lender/Grant Provider Name		
Purpose		
Amount		
☐ Government Loan	☐ Government Grant	☐ Government Forgivable Loan
☐ Nonprofit Grant	☐ Nonprofit Loan	☐ Nonprofit Forgivable Loan
☐ Private Loan	☐ Other:_____	

(b) Source of Funds #2

Lender/Grant Provider Name		
Purpose		
Amount		
☐ Government Loan	☐ Government Grant	☐ Government Forgivable Loan
☐ Nonprofit Grant	☐ Nonprofit Loan	☐ Nonprofit Forgivable Loan
☐ Private Loan	☐ Other:_____	

(c) Source of Funds #3

Lender/Grant Provider Name		
Purpose		
Amount		
☐ Government Loan	☐ Government Grant	☐ Government Forgivable Loan
☐ Nonprofit Grant	☐ Nonprofit Loan	☐ Nonprofit Forgivable Loan
☐ Private Loan	☐ Other:_____	

(d) Source of Funds #4

Lender/Grant Provider Name		
Purpose		
Amount		
☐ Government Loan	☐ Government Grant	☐ Government Forgivable Loan
☐ Nonprofit Grant	☐ Nonprofit Loan	☐ Nonprofit Forgivable Loan
☐ Private Loan	☐ Other:_____	

(e) Source of Funds #5

Lender/Grant Provider Name		
Purpose		
Amount		
☐ Government Loan	☐ Government Grant	☐ Government Forgivable Loan
☐ Nonprofit Grant	☐ Nonprofit Loan	☐ Nonprofit Forgivable Loan
☐ Private Loan	☐ Other:_____	

4. Total Unmet Need $_____.

5. I/We have received no other assistance funds for the **Need** listed in Paragraph 1 other than that set forth above in paragraph 3.

6. Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5155), as amended by section 1210 of the Disaster Recovery Reform Act of 2018 (division D of Public Law 115–2 254; 132 Stat. 3442). prohibits federal agencies from providing assistance to any person for "any part of such loss" as to which he has received financial assistance under any other program or from insurance or any other source (such as, FEMA, SBA, the Red Cross, the County, State or owner's Insurance, etc.).

7. I/We understand that the amount of assistance received by I/We from the **Organization** must be reduced by the amount of Duplicative Assistance received or that will be received for the Need, from other sources (such as, FEMA, SBA, the Red Cross, the City, the State or owner's insurance, etc.) for the same purpose.

8. Therefore, I/We understand that if I/We receive assistance from a source other than the **Organization** (such as, FEMA, SBA, the Red Cross, the City, homeowner's insurance, etc.) for the Need for the same purpose, I/We must repay the assistance received from the **Organization.**

9. I/We certify under State and Federal penalties for perjury and fraud that the information provided above is true and accurate and acknowledge that repayment of all assistance received from the **Organization**, payment of fines and/or imprisonment may be required in the event that I/We provide false, incomplete or misleading information in this Affidavit or during the rest of this process.

By executing this Affidavit, Applicant(s) acknowledge and understand that Title 18 United States Code Section 1001: (1) makes it a violation of federal law for a person to knowingly and willfully (a) falsify, conceal, or cover up a material fact; (b) make any materially false, fictitious, or fraudulent statement or representation; OR (c) make or use any false writing or document knowing it contains a materially false, fictitious, or fraudulent statement or representation, to any branch of the United States Government; and (2) requires a fine, imprisonment for not more than five (5) years, or both, which may be ruled a felony, for any violation of such Section. " Warning" Any person who knowingly makes a false claim or statement to HUD or causes another to do so may be subject to civil or criminal penalties under 18 U.S.C. 2, 287,1001 and 31 U.S.C. 3729.

Person or Entity (Applicant) _____

Signature of Applicant_____ Date _____

ORGANIZATION Representative _____

Signature of Representative_____ Date _____

APPENDIX B

CDBG-DR (Disaster Recovery) Duplication of
Benefits Certification Form

The County of St. Clair shall ensure 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 1 Act (42 U.S.C. 5155).

Duplication of Benefits occurs when a beneficiary receives assistance from multiple sources for a cumulative amount that exceeds the total need for a particular recovery purpose. The amount of the duplication is the amount of assistance provided in excess of need. The Stafford Act requires a fact- specific inquiry into assistance received by each person, household, or entity.

☐ I/We,_____, affirm (insert applicant name) DID NOT receive benefit from any other federal disaster relief/recovery programs (i.e. FEMA, SBA, Insurance). (NO FURTHER ACTION)

☐ I/We,_____, affirm (co-applicant name) DID NOT receive benefit from any other federal disaster relief/recovery programs (i.e. FEMA, SBA, Insurance) for the exact SAME expenses being requested from the County of St. Clair or its Subrecipients.

By executing this Certification, Applicant(s) acknowledge and understand that Title 18 United States Code Section 1001: (1) makes it a violation of federal law for a person to knowingly and willfully (a) falsify, conceal, or cover up a material fact; (b) make any materially false, fictitious, or fraudulent statement or representation; OR (c) make or use any false writing or document knowing it contains a materially false, fictitious, or fraudulent statement or representation, to any branch of the United States Government; and (2) requires a fine, imprisonment for not more than five (5) years, or both, which may be ruled a felony, for any violation of such Section.

_____ _____

Applicant Signature Date

_____ _____

Co-Applicant Signature Date

APPENDIX C

Instructions for Completing the Duplication of Benefits Certification Form

The CDBG-DR funds which are being used to assist eligible applicants are subject to a Federal law which requires that the Program confirm that applicants have not already received financial assistance from other sources for the same activities for which the Program is providing assistance. The purpose of this form is to verify the amounts paid by insurance, government entities, and other funding sources to assure that assistance disbursed in this Program is not a Duplication of Benefits (DOB) the applicant received from other sources.

1. Column 1 List the Sources of Funding received by type (Federal Emergency Management Agency (FEMA), Paycheck Protection Program (PPP), Economic Injury Disaster Loan (EIDL), Small Business Association (SBA), Insurance, etc.). For insurance, list the name of each company and policy number.
2. Column 2 Indicate the amount of funding specified from each program received on the appropriate line in the second column. You may add as many additional lines as required.
3. Column 3 Indicate what the funds for each awarded program (mentioned in Column 1) and where Funds were expended.
4. Column 4 Indicate by checkmark (X) that you have attached a copy of the corresponding documentation of the funds received (letter from funding source, copy of check, etc.)
5. Column 5 Indicate by checkmark (X) that you have attached documentation of how the received funding was used (receipts)
6. Column 6 List the amount expended from each source.

Total all funding received (column 2). Subtract the total of all receipts for services or products directly related to those funds (Column 5). Any remaining funds will be considered Duplication of Benefits and will be subtracted from the program amount for which the applicant is eligible. The applicant(s) must sign and date the form at the bottom of the page.

I/We,_____, affirm the following dated this the_____day of_____, 20_____:

List amount and source for ALL Federal and/or State financial assistance received for disaster recovery or resiliency planning projects

I/We have received the following disaster recovery assistance funds from (List program(s)):

1 Source of Funding	2 Amount Awarded ($)	3 Use of Funds	4 Verification of Award (✓) or (X)	5 Documentation of Expenditure (✓) or (X)	6 Amount Expended
a. FEMA					
b. Small Business Administration (SBA) Loan					
b. Insurance					
c. Private Funds					
d. _____					
Total					
Duplication of Benefits Total From Column 2 $_____: NOTES:					
Signature:				**Date:**	