

Duplication of Benefit Policy

Section 1: Purpose

The City of Minot policy is to ensure no duplicate benefits are paid by local, state, or Federal agencies on behalf of its citizens. In accordance with the Stafford Act, disaster recovery funds may not be used for costs where other assistance was already provided for the same purpose if no unmet need remains. This policy shall help ensure CDBG-DR awards are necessary and reasonable, monitored for compliance, and funds recaptured if duplication is discovered.

Section 2: Introduction

1. Duplication of benefits (DOB) occur when a beneficiary receives assistance from multiple sources such as Federal Emergency Management Agency (FEMA), the National Flood Insurance Program (NFIP), the Small Business Administration (SBA), private insurance companies, non-profits, city, state, etc., for a cumulative amount exceeding the total need for a specific recovery purpose. The duplication amount is the excess assistance provided above the need. City policy is derived from the Federal Register.
2. Although this is over-arching City policy, there are DOB procedures incorporated into specific operational program elements of Disaster Recovery Action Plans. Each contains tailored procedures with provisions for identifying required applicant documents, and process for verification. Funds recapture plans are addressed in a separate policy.

Section 3: Responsibilities

1. The City of Minot, as award recipient, is responsible for ensuring all CDBG-DR requirements are met. The City Finance Director, is ultimately responsible for ensuring compliance with requirements.
2. The City has contracted CDM Smith to provide Disaster Recovery Community Development Block Grant (CDBG-DR) program management services and activities. CDM Smith will act as Program Administrator for the Minot Disaster Recovery Services (MDRS) Program. This program encompasses the following projects: Homeowner Reimbursement Program, Homeowner Incentive Program, Housing Rehabilitation and/or Reconstruction Program, Housing Acquisition/Buy-Out Program, Infrastructure Program, Small Rental Program, and Economic Development Program as authorized by the Department of Housing and Urban Development (HUD).
3. CDM Smith, as Program Administrator, will perform required analyses and determine any DOB as noted below and detailed in each program's policies and procedures.
4. City of Minot internal auditors will monitor DOB compliance during audit activities.

Section 4: DOB Determination

1. Regardless of program, the first step in DOB calculation is to determine the amount of funds previously received or made available to assist with disaster needs.

2. During the intake/application process, persons, business concerns, and other entities receiving financial assistance will be required to disclose all sources of disaster recovery assistance received. The City will verify amount(s) received. Prior to any award of assistance and for each program established in the Action Plan, the City will provide forms and procedures addressing DOB. Each procedure will:
 - a. Identify the total need of assistance.
 - b. Identify the total of all available assistance.
 - c. Identify the assistance deemed unavailable for the activity (same purpose)
 - i. Provided for a different purpose
 - ii. Funds used for a different, eligible purpose
 - iii. Funds not available to the applicant, e.g., forced mortgage payoff, contractor fraud, etc.
 - iv. Private loan funds not secured by SBA, forgivable loans are duplicative
 - v. Any other asset or line of credit available to the applicant, e.g., checking or savings accounts, stocks, etc.
 - d. Determine total funds available from other sources for activity (same purpose) by subtracting unavailable assistance from total assistance received.
 - e. Calculate unmet need by subtracting available funds from other sources, from the total need for assistance.
3. Require applicants to sign a subrogation agreement to repay any assistance later received for the same purpose as the CDBG disaster recovery funds.
 - a. The City will monitor compliance with agreements by verifying amounts with support agencies listed in original calculation, and recalculating DOB if required.
 - b. Monitor for one year or follow agency-specific requirements, whichever is longer.
4. Recapture funds if necessary. (See City of Minot Recapture Plan for more information)
 - a. If additional need is established, subsequent funds would not be considered a duplication (76 FR 221, 71062).
 - b. If additional need is not demonstrated, funds must be recaptured that are in excess of need and duplicate other assistance received by the beneficiary for the same purpose. Time frames will include an annual review of DOB as noted above, and the City's normal collection policies.

Section 4.1. Basic DOB Verification

The following 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. Final Award (lesser of Items 4 and 5)	\$ 50,000

In addition to this framework the City will use HUD's "Duplication of Benefit Review Worksheet" to ensure compliance with DOB requirements.

Section 4.2. Specific Assistance

All NFIP payments and FEMA Housing Needs Program for repairs payments (for real property only) must be deducted from any CDBG-DR assistance available to the applicant. Other insurance, SBA loans, repair grants, compensation in compliance with court order, or other assessments available to address structure damages must be deducted. At North Dakota Department of Emergency Services or FEMA's direction, other assistance may be deducted.

On July 25, 2013, HUD provided additional guidance on duplication of benefit requirements and provision of CDBG-DR assistance. The guidance is limited to declined SBA loans. The City of Minot as grantee, may assist households and businesses that have declined SBA loans, but will analyze the circumstances under which the assistance was declined and demonstrate why providing CDBG-DR funds is necessary and reasonable. To establish awarding CDBG-DR funds as necessary and reasonable, the City/and or the Program Administrator will at minimum:

1. Identify the circumstances under which the applicant declined the SBA assistance.
2. Establish why CDBG-DR assistance is appropriate for the applicant.
3. Determine amount of assistance necessary and reasonable to assist applicant in recovery.

Section 4.3. Determining CDBG-DR Assistance

1. Case managers will work with State, Federal, and private agencies, to obtain information about any assistance received from those agencies and their programs for each applicant.
2. Case managers will determine assistance for applicants by subtracting any DOB applicable as per the City of Minot's DOB policy and HUD requirements.
3. For Homeowner Assistance, any funds homeowners received or had available to repair the damaged property structure (including but not limited to private insurance, FEMA, and/or SBA), must be accounted for when determining the housing assistance award amount. If the homeowner spent funds intended for home repair on anything other than their designated purpose or temporary housing, the homeowner will have a DOB and must escrow the money prior to contract signing.
4. For the City's Public Infrastructure Program, a CDM Smith case manager will work with the FEMA Region VIII, North Dakota Emergency Services Agency, HUD, NFIP, the SBA, private insurance carriers, and any other applicable organizations in order to assist in determining any duplication of benefits. Some sources of recovery/development funding include, but are not limited to:
 - a. FEMA benefits (Public Assistance, Individual Assistance, HMGP, etc.
 - b. Army Corps of Engineers Assistance
 - c. HUD Community Development Programs
 - d. Other State or charitable assistance
5. All documentation of DOB will be stored in a hard file at the Disaster Recovery Center and in the electronic data base for the applicable program. CDM Smith's quality assurance personnel and City internal auditors will monitor the DOB process. Monitoring results will be reviewed by the Finance Director and filed accordingly.