

Town of Jay

Duplication of Benefits (DOB) Policy

CDBG-DR

BACKGROUND

CDBG-DR/MIT funding intends to address the unmet needs of a community. The funds are supplemental to primary forms of assistance, including private insurance and FEMA funds. To avoid duplicative assistance and potential de-obligation of funding, the Town of Jay must utilize all possible funding sources before applying CDBG-DR/MIT dollars to a project.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (the “Stafford Act”), as amended, 42 U.S.C. §5121 et seq., established the requirements for Duplication of Benefits (DOB) analysis. The Stafford Act DOB requirements apply to all federal agencies, including HUD, administering a disaster recovery program in which financial assistance for emergency response and long-term recovery is provided. CDBG-DR/MIT grants are subject to these requirements.

Section 312(a) of the Stafford Act requires federal agencies to assure that no person, business concern, or other entity receiving federal financial assistance receives funds for any part of a loss already paid by insurance or any other source. Section 312(c) makes any person receiving duplicative assistance liable to the Federal Government for the duplicative amount and states that “the agency which provided the duplicative assistance shall collect [it] from the recipient when the head of such agency considers it to be in the best interest of the Federal Government” (42 USC 5155(c)). Additionally, Section 312(b) of the Act permits the payment of assistance to someone who is or may be entitled to future payments from insurance or another source “if such person agrees to repay all duplicative assistance to the agency providing the Federal assistance” (42 USC 5155(b)).

On June 20, 2019, HUD issued Federal Register guidance applicable to DOB, 84 FR 28836, entitled “Updates to Duplication of Benefits Requirements under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Grants,” outlining the DOB requirements consistent with the Disaster Recovery Reform Act of 2018 (DRRA) as provided in division D of Public Law 115-254. The 2019 DOB Notice, 84 FR 28836, is applicable to activities Florida Commerce submits to HUD on or after the applicability date of June 25, 2019, and (per 88 FR 32049) before October 5, 2023.

The 2019 DOB Notice—84 FR 28836—revised the DOB requirements that apply to CDBG–DR and CDBG-MIT grants for disasters declared between January 1, 2015, and December 31, 2021. However, section V.B.2(iii) of this notice specifies that for major disasters or emergencies declared between January 1, 2016, and December 31, 2021 (DRRA Qualifying Disasters), a statutory exception applies due to DRRA amendments to section 312 of the Stafford Act. Per 84 FR 28841, The full amount of a subsidized loan available to the applicant for the same purpose as CDBG–DR assistance must be included in the DOB calculation unless one of the exceptions in section V.B.2., including V.B.2(iii), applies.

For DRRA Qualifying Disasters, FEMA has advised that a loan is not a prohibited duplication of benefits under section 312(b)(4)(C) of the Stafford Act, as amended by section 1210 of the DRRA, provided that all Federal assistance is used toward a loss suffered as a result of a major disaster or emergency. These temporary changes to the treatment of subsidized loans made by the DRRA (division D of Pub. L. 115– 254) sunset on October 5, 2023 (as specified in section V.B.2, 84 FR 28841).

DOB OVERVIEW

Fundamentally, the state and its subrecipients, including the Town of Jay, must prove that funding for an applicant has been received and accounted for the same purpose as the CDBG-DR/MIT grant, prior to expenditure of CDBG-DR/MIT funds. The following are sources of funding assistance provided for structural damage and loss that are considered a duplication of benefits and under federal law must be deducted from the CDBG-DR/MIT assistance provided:

- FEMA Individual Assistance (IA) for Structure,
- FEMA (NFIP),
- Private Insurance,
- Increased Cost of Compliance (ICC),
- SBA,
- Any other funding source available for the same purpose as a CDBG-DR MIT grant that may duplicate assistance.

The Town of Jay will follow Florida Commerce’s established procedures for DOB verification included in the applicable Policy Manual and the Program Guidelines for each program to address the specific types of DOB and related analysis that is performed for each project. The Town of Jay will consider all possible disaster recovery funding sources when calculating DOB.

- The Stafford Act requires that recipients of federal disaster recovery funding make certain that no "person, business concern or other entity" will receive duplicative assistance. A DOB occurs when:
 - A beneficiary receives assistance, and
 - The assistance comes from multiple sources (private insurance, FEMA, NFIP, non-profits, etc.), and
 - The total assistance amount exceeds the need for a particular recovery purpose.

Eligible recipients of CDBG-DR/MIT assistance may have previously received assistance from other sources. Under the requirements of Stafford Act (42 U.S.C. 5121, et seq.), as interpreted and applied by HUD, the Town of Jay must take into account certain aid received by the Town in determining the amount of assistance which can be granted. In accordance with the Stafford Act, all projects must perform due diligence to identify potentially duplicative sources of funding, analyze whether the source is duplicative, and include duplicative sources in an assessment that is deducted from the project’s need-based award determination.

Funds received from any source will reduce the amount of disaster assistance if the evidence of expenditures at least equals the amount of assistance provided from the source(s). Documentation must be provided demonstrating the cost and type of assistance.

Not all types of assistance would constitute a DOB. Florida Commerce allows for reductions of DOB totals if the Town of Jay can prove that the use or control of the funds meet certain criteria. For DOB calculations, the Town of Jay must exclude amounts that are:

- Provided for a different purpose; or
- Provided for the same purpose (eligible activity), but for a different, allowable use (cost);
- Funds not legally available to the applicant;
- A private loan; or
- Declined or cancelled subsidized loans (only the amount of a subsidized loan that is declined or cancelled is not a DOB. To exclude declined or cancelled loan amounts from the DOB calculation, the grantee must document that all or a portion of the subsidized loan is cancelled or declined.) The full amount of a subsidized loan available for the same purpose as CDBG-DR assistance is assistance that must be included in the DOB calculation unless one of the exceptions in section V.B.2. of 84 FR 28836 applies.
- Any other asset or line of credit available to the applicant.

If the Town of Jay chooses to leverage the CDBG-DR/MIT funds with funding provided by other sources, leveraged funds must be in accordance with the Stafford Act to ensure that the Town of Jay does not receive a DOB for the same purpose and/or effect to recover from the specified disaster.

The Town of Jay's CDBG-DR/MIT program is subject to the DOB requirements of the 2019 DOB Federal Register guidance (84 FR 28836) and the applicable requirements. The policy outlined in these guidelines follows the duplication of benefits guidance included in Federal Register Vol. 84, No. 119 (June 20, 2019), 84 FR 28836.

DOB POLICY AND PROCEDURES

The Town of Jay is responsible for calculating and reporting to Florida Commerce any DOB the Town of Jay may have incurred. Florida Commerce will provide oversight and monitoring to ensure DOB calculations have been completed and are accurate. Best practice related to DOB analysis is for the Town of Jay to coordinate with the Federal Emergency Management Agency (FEMA), the FEMA National Flood Insurance Program (NFIP), and the Small Business Administration (SBA) via a Memorandum of Understanding (MOU) to establish a process to obtain data related to the assistance these agencies have provided.

Below is the DOB process followed by the Town of Jay which has been based upon Florida Commerce's process.

Step 1

At application, the Town of Jay was required to declare the existence of any leveraged funds. With its application, the Town of Jay provided, as applicable, documentation for the source of leveraged funds (local funds, FEMA, insurance, etc.).

Step 2

Following execution of the Subrecipient Agreement and prior to expenditure of any funds, a comprehensive DOB analysis was conducted by Florida Commerce for the Town of Jay's CDBG-DR/MIT project. As part of this comprehensive DOB analysis, the Town of Jay was required to provide Florida Commerce with a completed optional DOB analysis worksheet from HUD's latest version.

As the Town of Jay leveraged funds from other sources, the Town of Jay was also required to provide documentation from leveraged funding source(s) and Attachment B of the Subrecipient Agreement (Project Budget) outlining where leveraged funds will be expended.

Step 3

Following project design, Florida Commerce conducts an additional DOB verification. As part of this additional DOB verification, the Town of Jay provided Florida Commerce with a comprehensive budget outlining which funding source will pay for each element of the project to ensure that all activities are eligible under the applicable funding source. This comprehensive budget will account for every component outlined in the design.

ONGOING DOB PROCEDURES

If a duplicative benefit is discovered after the disaster recovery award is provided, the Town of Jay will recapture the amount of the duplicative award.

If a DOB issue is identified while the Town of Jay's agreement with Florida Commerce is still active, the citizen applicant will refund the duplicative amount to the Town of Jay's disaster recovery program.

If a DOB issue is identified after the Town of Jay's agreement with Florida Commerce is closed, the citizen applicant will refund the duplicative amount to Florida Commerce:

Cashier
Florida Department of Commerce
Disaster Recovery Programs
107 East Madison Street, MSC 420
The Caldwell Building
Tallahassee, Florida 32399

The Town of Jay will maintain documentation for all corresponding financial transactions related to the refund(s) in the subrecipient agreement and/or beneficiary files. The Town of Jay will submit a copy of the completed documents and supporting documentation to the Florida Commerce Grant Manager assigned to the agreement.

This policy has been adopted by the Town of Jay Town Council by a vote of four (4) yeas and zero (0) nays on October 6, 2025.



Donna Bullock, Town Clerk



Shon Owens, Mayor