

ENGAGING AND MANAGING CDBG-CV SUBRECIPIENTS:

Working with subrecipients to expand programs

Session One



CDBG
CARES Act



Speakers

Opening Remarks

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Learning Objectives

Improve participants' understanding of how tools and processes can be used to effectively engage and manage CDBG-CV subrecipients to meet program objectives.

Session One

- Benefits of collaborating with subrecipients to prevent, prepare for, and respond to the coronavirus.
- Ways to strategically identify, select, and contract with subrecipients.
- Use of the subrecipient agreement as a management tool.

Learning Objectives

Improve participants' understanding of how tools and processes can be used to effectively engage and manage CDBG-CV subrecipients to meet program objectives.

Session Two

Use of the subrecipient agreement as a management tool to:

- Comply with Coronavirus Aid, Relief, and Economic Security (CARES) Act requirements and waivers.
- Reduce risks for common but lesser known CDBG-CV activities and national objectives.
- Improve program results and timely expenditures of funds.

Engaging and Managing CDBG-CV Subrecipients

Session One:

Working with Subrecipients to Expand Programs

Agenda

- Addressing Changing Community Needs
- Identifying and Partnering with Subrecipients
- Subrecipient Agreements as a Management Tool
- Basic Elements of a Subrecipient Agreement
- Resources
- Questions and Answers

Session Two:

The Subrecipient Agreement as a Management Tool

Agenda

- Subrecipient Agreement CDBG and CDBG-CV Contract Provisions
- Selection of a National Objective
- Incorporation of Specific CDBG-CV Provisions
- Monitoring and Risk Assessment
- Resources
- Questions and Answers

CHANGING COMMUNITY NEEDS DURING THE PANDEMIC

Impact of Coronavirus on Communities

- Loss of income
- Housing instability
- Catastrophic physical and mental health costs
- Educational attainment gaps
- Growing food insecurity
- Increased need for reliable broadband access
- Disproportionate impact on vulnerable communities



Impact of the Pandemic on Entitlement Grantees and States

- Challenging preventative public health measures
- Evolving demand for new and expanded services
- Greater need to improve community resilience
- Record influx of local, state, and federal funding
- New and evolving waivers and HUD guidance
- Increased and changing program responsibilities
- Staff turnover and reduced capacity to provide programming

How Entitlement Grantees and States are Responding to the Pandemic

- Shifting focus of CDBG programming
- Partnering with subrecipients to increase reach of CDBG-CV funding
 - Using subrecipients for the first time
 - Expanding programming offered by an existing subrecipient
 - Identifying new subrecipients to offer activities and programming
- States acting directly and using subrecipients

Increased CDBG Funding

Increased funding for programs designed to prevent, prepare for, and/or respond to the impacts of the coronavirus.

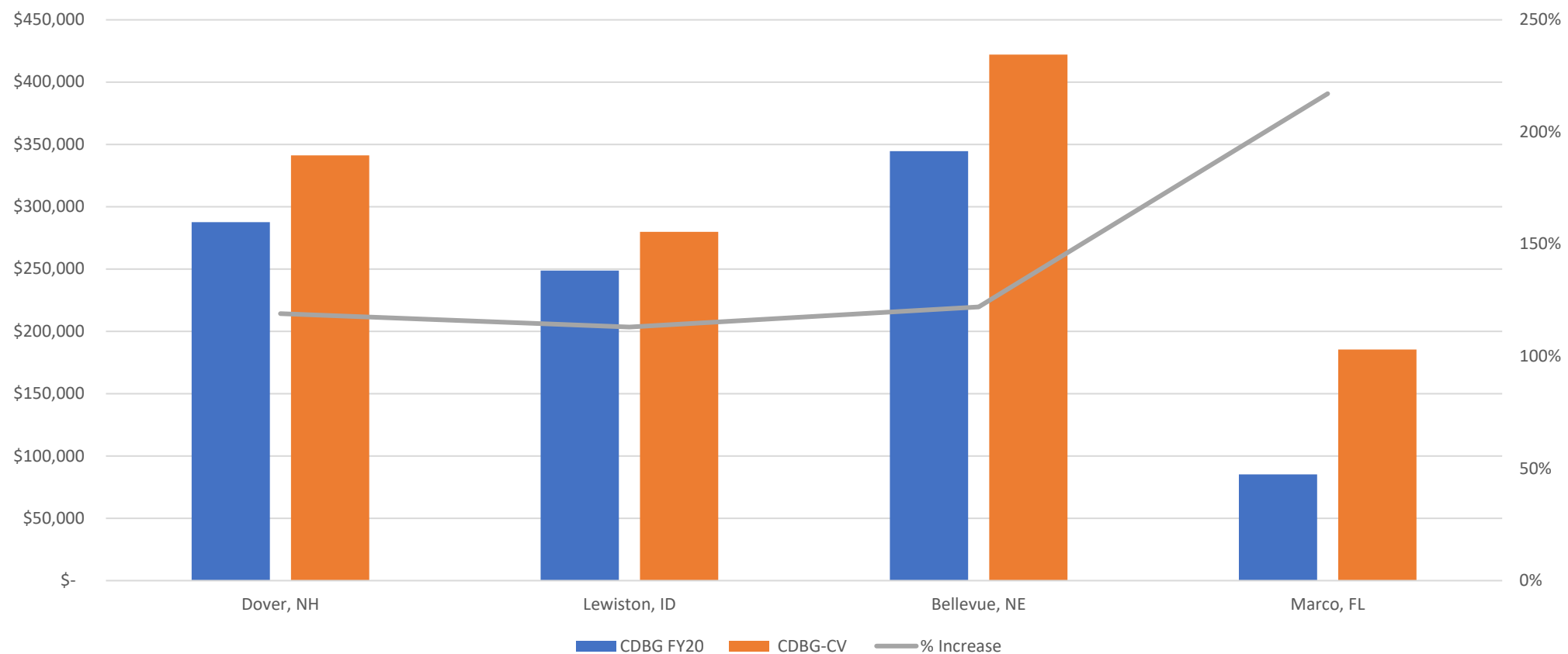
- FY20 CDBG Allocations \$3.4 Billion
- CARES Act Funding (CDBG-CV) \$5.0 Billion
- Increase in overall CDBG Funding 147%

Funds were distributed to grantees in three tranches with different allocation formulas based on a variety of factors.

Source: [CPD Appropriations Budget/Allocations](#) (April 6, 2021)



Increased Funding for Entitlement Grantees



Source: [CPD Appropriations Budget/Allocations](#) (April 6, 2021)

Restructuring Programs

Entitlement grantees and states continue to adjust CDBG-CV programs as they assess community needs and alternative resources with growing consideration given to enhancing public facility and infrastructure projects to mitigate the impacts of future coronavirus outbreaks.



PARTNERING WITH SUBRECIPIENTS TO ADDRESS THE IMPACTS OF CORONAVIRUS

Subrecipients have become increasingly important partners during the pandemic, working with entitlement grantees and States to address the social and economic impacts of the coronavirus and improve the long-term resiliency of their communities.

Subrecipients:

- Are generally nonprofits.
- Assist with the implementation and administration of CDBG programs.
- Must adhere to CDBG rules and uniform administrative requirements.
- Are reimbursed for direct activity delivery costs.

Citations: [24 CFR 570.500\(c\)](#) and [24 CFR 570.206](#)

Resource: [Basically CDBG \(Chapters 1 and 2\)](#)

Use of CDBG-CV Subrecipients by States

The CARES Act allows States to directly administer CDBG-CV activities on a statewide basis using additional State agencies and subrecipients.

- States and their subrecipients may set up statewide programs covering entitlement, non-entitlement, and tribal area communities.
- States may use both state-wide and local-level subrecipients.
- The use of subrecipients by States for CDBG-CV activities mirrors the process used by entitlement grantees.

Resource: [State CDBG-CV Implementation Quick Guide](#)

Strategic Use of Subrecipients

The advantages of partnering with subrecipients early in the planning process to develop programming to prevent, prepare for, and respond to the coronavirus are many:

- Identifying unmet community needs
- Prioritizing the use of resources
- Increased capacity of entitlement grantee and State
- Access to technical expertise
- Expertise in the specific service area
- Greater connection to targeted populations

Engaging Existing Subrecipients

- Escalating existing programming levels
- Expanding the scope of services
- Introducing new and innovative programs
- Increasing organizational capacity and resiliency



Identifying New Subrecipients

- Solicit referrals from local officials, grantee staff, community groups, and neighboring jurisdictions.
- Engage educational institutions, economic development entities, health providers, and the faith community.
- Direct outreach to organizations addressing needs of vulnerable populations.
- Connect with interagency departments.



Potential Challenges of Working with Subrecipients

- Limited understanding of all program requirements, particularly cross-cutting requirements
- Stresses associated with undertaking new or expanded program activities
- Past performance concerns
- Reduced organizational capacity due to the pandemic

Options for Soliciting Prospective Subrecipients

- Assessment of current subrecipients
- Request for applications
- Simplified or limited application
- Direct solicitation of qualified organizations

Choosing the Best Approach for Soliciting Subrecipients

The approach you use to solicit proposals will depend upon:

- The impact of the coronavirus on your community.
- The priority needs of your community.
- The capacity of your current subrecipients.
- The depth of your qualified subrecipient pool.
- Your capacity to oversee the solicitation and pre-award assessment process.

ASSESSMENT AND SELECTION OF CDBG-CV SUBRECIPIENTS AND PROPOSED ACTIVITIES

A careful assessment and evaluation of subrecipients—and their proposed activities—will help you select and manage your subrecipients, reduce risks, and ensure the success of your CDBG-CV program. Developed at the beginning of the solicitation process, your selection criteria should be explicit and tied to CDBG and CDBG-CV requirements while reflecting your specific goals and expected outcomes.

Clearly Identified and Explicit Selection Criteria Will:

- Limit questions about the objectivity and fairness of your assessments.
- Educate prospective subrecipients, the community, and elected officials about CDBG and CDBG-CV regulatory and statutory program requirements and cross-cutting requirements.
- Help focus your selection of your subrecipients.
- Reduce political pressure to select a specific organization or assist a targeted constituency.

When Assessing a Proposed CDBG-CV Activity, Ask Yourself:

- Does the proposal address a high-priority need?
- Is the proposed activity eligible?
- Does it prevent, prepare for, or respond to current and future impacts of the coronavirus?
- Does it meet a national objective?
- Is the plan for carrying out the activity realistic?
- Does the budget realistically reflect the cost of requested resources?
- Is this a strategic use of funds?

Before Selecting a CDBG-CV Subrecipient, Consider:

- Do they qualify as a subrecipient?
- Have they undertaken similar programs or activities?
- How successful were they in meeting established program goals?
- Do they understand the CDBG and CDBG-CV regulatory, statutory, and cross-cutting requirements they must follow?
- Are there adequate administrative and financial processes and systems in place?

Before Selecting a CDBG-CV Subrecipient, Consider (continued):

- Do they have the staff needed to take on a new or expanded program?
- Does their staff have the skills and experience needed to administer the program?
- Do they have the capacity to complete the project in a timely manner?



A Thoughtful Assessment of a Potential CDBG-CV Subrecipient Can Help You:

- Identify their strengths and weaknesses.
- Decide who to select for a specific CDBG-CV activity.
- Anticipate their training and technical assistance needs.
- Reduce the risk of compliance problems.
- Establish monitoring procedures.
- Tailor your agreement to effectively oversee your subrecipient.

To Ensure the Success of Your CDBG-CV Subrecipient, Consider:

- Offering more training and technical assistance.
- Developing a thorough subrecipient agreement.
- Breaking down the activity to a manageable component.
- Engaging additional subrecipients to help with the program.
- Developing checklists for self-assessment by subrecipient.
- Conducting more frequent reviews of project paperwork.
- Increasing the frequency of site visits.

USE OF THE SUBRECIPIENT AGREEMENT AS A MANAGEMENT TOOL

A well-crafted subrecipient agreement is an effective means of managing your subrecipients, verifying CDBG regulatory and CARES Act compliance requirements, monitoring program performance, and ensuring the timely expenditure of CDBG-CV funds.

Managing Your CDBG-CV Subrecipient

Your subrecipient agreement can be an effective tool for managing your subrecipient by:

- Setting clear expectations and performance goals.
- Specifying all program requirements.
- Defining roles.
- Clarifying responsibilities.
- Establishing performance deadlines.
- Providing a framework for monitoring.

The agreement can also serve as a valuable staff and subrecipient training tool.

CDBG Regulations and CDBG-CV Waivers

The requirements that apply to the CDBG program also apply to the use of CDBG-CV funds and must be addressed in your agreement unless specifically waived or an alternative requirement has been issued by HUD.

Resources: [CARES Act](#)
[Federal Notice FR-6218-N-01](#)

The CARES Act included a number of special CDBG program regulations that must be incorporated into your subrecipient agreement and considered during monitoring:

- ✓ Coronavirus PPR tieback
- ✓ Emergency subsistence payments
- ✓ Economic development activities
- ✓ Duplication of benefits
- ✓ Expenditure of funds
- ✓ Reporting requirements

Primary Elements of an Effective CDBG-CV Subrecipient Agreement



Eligible CDBG and CDBG-CV Activity



Coronavirus “PPR Tieback”



CDBG National Objective



HUD Rules and Regulations

CDBG-CV Eligible Activities

- Clearly define the description of the activity in the Statement of Work
- Identify individual tasks
- Include quantitative measures to track progress
- Establish deadlines
- Incorporate as an element of the monitoring process
- Reflect CDBG regulations and CARES Act waivers

Citation: [24 CFR 570, Subpart C](#)

Coronavirus “PPR” Tieback

- Identify how the activity prevents, prepares for, and/or responds to the coronavirus
- Address current and/or future coronavirus impacts
- Reflect CARES Act guidance
- Incorporate as an element of the monitoring process

When funding an economic development activity, the PPR tie-back does not mean that each assisted business or low- and moderate-income (LMI) person must have been negatively affected by the pandemic. The grantee may choose to design its activity to drive economic recovery as a response to the coronavirus recession in many sectors of the economy.

Resource: [CARES Act Notice \(FR-6218-N-01\)](#)



Coronavirus “PPR” Tieback

Subrecipient Agreement

The Scope & Description of Services should clearly indicate that the funds are for activities that prevent, prepare for, and/or respond to coronavirus. This is especially important if using the same subrecipient for other non-CDBG-CV services.

Monitoring Checklist Documentation

Require and review activity-specific documentation to show how the activity prevents, prepares for, and/or responds to coronavirus.

Resource: [CDBG-CV PPR Tieback Flexibilities Quick Guide](#)

National Objective

- Specifically identify the national objective
- Identify how the activity relates to the CDBG national objective
- State how it will be documented
- Include requirements for meeting the national objective
- Reflect CDBG regulations and CARES Act waivers
- Incorporate as an element of the monitoring process

Resource: [CDBG CARES Act—National Objectives Webinar \(November 16, 2020\)](#)



The Subrecipient Agreement as a Monitoring Tool

- Early assessment of procedures and documentation compliance
- Interim assessments of progress and drawdown rates
- Pre-monitoring assessment
- Project close-out

Early Assessment of Procedures and Documentation Compliance

Subrecipient Agreement	Monitoring Checklist Documentation
<p>Include provisions for the review of documents related to the activity.</p>	<p>Identify documents that are to be submitted for early monitoring:</p> <ul style="list-style-type: none">• Intake application for review and approval• DOB calculation for review and approval• Self-certification of income or other income documentation for review and approval

Interim Assessments of Progress and Drawdown Rates

Subrecipient Agreement

Tie performance measurements to payment requirements to ensure timely expenditure of funds:

- By date: Choose dates in the calendar year for certain milestones to be achieved.
- By activity: Choose milestones based on activity progression.
- By metric: Choose quantitative milestones.

Link the reimbursement of eligible expenses to the submission of documented expense reports.

Monitoring Checklist Documentation

Verification of the milestone documentation in the project file. Even if documentation was submitted prior to claiming payment, make sure they have a copy of the document and that it is organized within the project file.

In Summary

Engaging subrecipients is a great opportunity for entitlement grantees and States to:

- Identify the challenges of the coronavirus.
- Address overwhelming community needs.
- Maximize the impact of their CDBG-CV programs.

More specific information on how to manage your CDBG-CV subrecipients using your subrecipient agreement will be discussed during the second of this two-part webinar.

Resources

- [Basically CDBG Online](#)
- [Managing CDBG: Guidebook for CDBG Grantees on Subrecipient Oversight](#)
- [State Community Development Block Grant Program](#)
- [CPD COVID-19 Grantee Guidance](#)
- [CDBG-CV Toolkit](#)
- [State CDBG-CV Implementation Quick Guide](#)

Questions and Answers



Upcoming Webinar

Session Two: The Subrecipient Agreement as a Management Tool

- Subrecipient Agreement and CDBG-CV Contract Provisions
- Selection of a National Objective
- Application of CDBG Regulations and CDBG-CV Waivers
- Monitoring and Risk Assessment
- Incorporation of Specific CDBG-CV Provisions

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