

CDBG-DR and CDBG-MIT Grantee-Led Sessions

**2: Managing and Improving Performance of
Subrecipients/Subgrantees**

Tuesday, March 30, 2021

Olivia Healey: Thanks, Medora [ph]. And welcome back to everyone who's rejoined us for today's session. My name is Olivia Healey, and I will be moderating the session with my colleague Scott Ledford.

We wanted to just address a quick logistic question that we kept getting. And you will have a different length for each of the sessions throughout the series. So just make sure you follow that, the ones that are sent to your email that you've registered for the session with.

Just to remind you of the flow of today's session, we will go through our presentation, and then we will open it up for Q&A. Our Q&A questions will come from the ones you guys submit on the right hand of our screen that Medora described to you. So just add your questions throughout the presentation, and we will address them all at the end.

And then we will also be answering questions that really -- that we received from our questionnaire, and we'll prioritize those first. And we actually have some of those grantees that submitted questions here to present their questions to our speaker.

I would like to formally introduce our speaker for today. Heather Lagrone is a senior deputy director of community development and revitalization at the Texas General Land Office. She has a leadership role and -- she's had a leadership role in all of the state of Texas Community Development Block Grant Disaster Recovery Program since 2005, when the state was awarded funds for Rita.

The current \$13 billion portfolio of CDBG-DR funds covers recovery for Hurricanes Ike, Dolly, Harvey, Texas wildfires, and multiple major flooding events. Heather's been involved in all aspects of CDBG-DR programs, to include the creation of action plans, policy and program design, program implementation and housing, infrastructure, planning, and economic development.

The program has replaced over 22,000 housing units, thousands of miles of roads, drainage improvements, and water and sewer lines, and has created countless jobs in the disaster impacted areas of Texas.

With that said, it's my pleasure to pass the presentation over to Heather, and I can't wait to hear all of the wonderful advice that you have.

Heather Lagrone: Thanks, Olivia. Like Olivia said, I'm Heather Lagrone. I work for the Texas General Land Office here in the state of Texas. The state of Texas has had nine events that we have received CDBG-DR disaster recovery funding for. Seven of those events remain active today, and I would say at least twice as many awards for those events.

So what I mean by that is Hurricane Ike, as an example, came to us in two awards. Our wildfire allocation came to us in three awards. So you all know how that goes with the multiple allocations and Federal Registers and actual plan amendments.

This is the obligatory everything is bigger than Texas wide. This gives you an idea of our most recent CDBG mitigation action plan eligible area. So we put Texas in there. Honestly, that is as big as it is as compared to the rest of the country. And all of those shaded areas are eligible for our disaster recovery programs.

Okay. So today we're talking about subrecipients, subrecipient capacity, subrecipient benchmarks, determining if you want to use subrecipients at all. First and foremost, I would tell you that you need to start thinking about that at the very beginning of your recovery. You need to think about that as you're developing your action plan. You need to determine what the needs are for your state's recovery.

You're not going to get enough money to completely recover from any event that you get supplemental funding for. So you're going to have to go through an effort to figure out the best use of your funds. As you're identifying the best use of those funds, you're going to tailor programs to solve those needs.

Next, after you decided which programs you need, you need to decide who could accomplish those tasks. Who's going to be best suited to complete each of those activities? Is it going to be the state, you as the grantee with your own staff? Is it going to be a state run program with vendor support? Are you going to use subrecipients and allocate those funds out to the communities that are impacted directly? Or will you go with partners, such as agencies in the state with you or maybe councils of government or housing authorities?

So your action plan is going to define who will implement your programs, in addition to eligible participants, how you're going to choose those participants, what your eligible and ineligible activities will be, maximum-minimum amounts, national objective, and expected performance.

Considerations that you need to look into that -- are regulatory requirements. So looking at the regulations that govern the funds, plus any waivers that you got in the Federal Register.

State and local law, this one has come up for us a couple of times. There are certain aspects of our programs that are not required of us from HUD but are required from state and local law perspective. And so those become additions to our programs.

You also need to look at your funds availability. If you're getting a \$200 million allocation, it doesn't make sense to create programs that are \$10 million programs. You may want to look at doing two or three programs versus 20 programs.

Then you need to think about the capability and capacity of you yourself. Are you capable of running these programs? Are there sister agencies that could potentially participate with you? As an example, is there an agency that specializes in infrastructure or is that your agency?

And then subrecipients. There's definitely something to be said for local control. In our programs, we tend to try to allow our communities to steer their recovery efforts. Again, going back to the issue of you're never going to get enough money, they know their prioritization and they know what's most important for their recovery in rank order, if you will.

And then you also need to think about the timeline. These -- the more recent grants that we've been receiving have come to us with spending requirements. Back in the Hurricane Rita and Hurricane Ike days, those grants were what we called zero-year dollars, or they had no maturity date on them. Currently, we're looking at 6- and 12-year maturity dates without extensions. So think about all of those things as you're putting together your action plan language.

And then I'm going to tell you, one of the best things that you can do is be consistent and standardize everything that you possibly can. If you're going to do subrecipients and you're going to allow them to stand up their own housing programs, make sure that they stand up housing programs that mirror your requirements. Anything that they deviate or any nuance that they put into their program is yet another thing that you're going to have to monitor.

We did this early on in our programs, and we had instances where our staff had sticky notes and spreadsheets taped to their walls that they would pull down as they were reviewing files for certain subrecipients. So for this subrecipient I use this checklist. For another subrecipient I use a different checklist. As you can imagine, that adds complexity, and it's terribly inefficient as you're trying to recover as quickly as possible.

Okay. So once you start deciding that you are going to use subrecipients, you need to think about the capacity of that subrecipient. Are you going to do a direct allocation? Are you going to name an amount of money for a particular entity in your action plan? Are you going to create a competition? Is your competition going to prioritize types of entities, types of recovery, types of activities, or will you just simply sign an MOU with an agency in the state as well?

Thinking about it from a staffing perspective, what staffing is available? Do you have the staff? Do they have the staff to do this? We had a subrecipient who was allocated a large amount of money, and their current staffing was two. They had two employees to allocate and use more money than their annual budget many times over. So considering their staffing that's available.

You need to go a little deeper than the staff that will be working directly on the grant. You need to think about what controls do they have in place? Do they have an in-house audit team? Do they procure that? Do they bring that in from outside? What does their finance department look like? How up to date are their systems?

You're going to be dealing with a lot of private type information. So PII is going to be an issue. Do they have the controls in place to avoid the potential of a hack, should somebody decide to try to get to that private information that they will have in place?

Do they have CDBG-DR experience? If they don't have DR experience, do they at least have CDBG program experience? Are they an entitlement community, or have they participated in your state's non-entitlement program? That will help. In a lot of cases, though, the CDBG-DR program is definitely not identical to the CDBG program, as you know.

How have they performed on previous grants? So if you're the state of Texas and you've had an opportunity to work in a lot of the same areas over and over again since 2005 when you first

started getting these awards and in some cases for all nine of those events that I just mentioned to you, you had the same clients in some degree.

How have they done on those grants? Is there a reason to not give them an award based on their previous performance? And then you need to look at who's -- who will they use to manage the grant. Some subrecipients will use their existing staff. In Texas, luxury, if you want to call it that, is that we get enough events that our subrecipients are able to keep their staff from event to event.

In other instances, you'll have a change in leadership, you'll have a change in direction, and the staff may not be there again. So you need to find out from your subrecipient if they will be working directly with their own staff or if they will use vendors. If they use vendors, that adds a layer of complexity to how you're going to manage them, because they also have to have oversight of a vendor themselves and you're managing them, managing a vendor. So there's that piece too.

One thing that we have found helpful is we use the HUD financial management and grant compliance certification checklist. This is the checklist that you actually had to respond to as a part of your action plan development.

As you were developing your action plan, you had to prove to HUD that you had the capacity as a grantee to HUD to implement the programs that you were proposing to put forward. This checklist is the checklist that HUD used to grade you, and there are definite advantages to looking at this checklist to consider your subrecipients.

One thing that I will tell you to definitely remember, these dollars are your dollars. You are the grantee. So as the grantee, you are responsible for the use of these funds. HUD is not going to go to your subrecipient and ask them for repayment. HUD will monitor your subrecipient to ensure that they're doing exactly as they should be doing according to your action plan, your policies and procedures, their policies and procedures, and, of course, the Federal Register.

So know that if your subrecipient fails to spend their money appropriately and there is a disallowed cost, then HUD is going to look to you as the guarantee to repay those funds. They will not pursue your community for that or your subrecipient.

I don't know about how all of your programs are working, but our program is 100 percent federally funded. So if we were to have a disallowed cost, we would have to, quite literally, go to our legislature and ask for funds to cover that expense. So, as you can imagine, that's quite a public process that we avoid at all cost.

Another thing that I would mention in looking at capacity that I should have put on here but I didn't is you need to remember that you have a prescribed timeline for how long you have to use these dollars within. Remember that timeline. Remember the capacity of your communities, because those subrecipients have to hit within that same schedule less probably about a year for closeout.

We've had many subrecipients who wanted to do one activity at a time. If they can't do all of the activities at once, then you need to ensure that they have enough time to complete that within the grant term, and that within that same grant term, you have time to close out.

So when I got invited to talk about subrecipient monitoring, this was my immediate response to this. Having been involved with subrecipients for quite some time now, we have definitely learned quite a few lessons. You need to understand that your subrecipient agreement, your contract, your grantee agreement, whatever you ultimately call that MOU or interlocal agreement that you have in place to enforce the requirements of the funds is tight. Just because you think that's how it's supposed to be done, if it isn't written down, you likely can't enforce it.

We have been in front of our state legislature. We have been to court. We have been to the Texas Supreme Court talking about our contract language and enforcing our requirements on the programs that we have issued through subrecipients.

So I gave you a couple of little tidbits or language from our contracts that we use. Incorporate everything by reference, your Federal Registers, your action plans, your guidelines, your manuals, anything applicable, and anything that may become pertinent.

So anywhere that you can reference all of those requirements, number one, you then don't have to repeat it all in your agreements. Number two, that gets it into the agreement so that, if you get to a place where you and your subrecipient aren't seeing things the same way, you can point back to your contract and say, it was in the Federal Register. The Federal Register was referenced.

And then we add a little statement to ours that includes that we assume that they have read and understood and will abide by those things. I really like that statement. I don't know what all of your backgrounds are, but I cringe every time I go to a closing or something like that and I see so many immediately flip to the back and just sign the back of the document.

Our subrecipients tend to do that, particularly our subrecipients who aren't as savvy or aren't as involved. You'll see an elected official sign a document because you put it in front of them. This here basically says that you read it, or we assume you did anyway.

Always give yourself an out or five. There's a story behind that, but, nonetheless, here's the language that we put. "All obligations of the GLO hereunder our subject to the availability of funds."

So that's a good one. If for some reason the Texas General Land Office were to be told by HUD that something happened and we're not going to be receiving the rest of our grant, this would allow us to end our subrecipient relationships without having to pay that out of our general revenue funds at the state.

We may terminate this contract. That's language that we have in our contracts, and we can do it with written notice specifying the date in 30 days' notice. So be sure that you include things like that in your contract.

Again, looking at contracting, you need to have expenditure and performance benchmarks. You're going to give them an allocation, but you're going to give them time to complete that work. Ideally, they're completing that work over a period of time, and you can start seeing progress throughout that relationship.

I would not want to sign a contract with a community that was a one-time-and-done type relationship. We do a lot of our quality control and a lot of our monitoring along the way. So as they're submitting their draw requests to us that we require be submitted on a regular basis, we're doing quality control to make sure that all of their documentation is in place and that they're following the regulations.

Similarly, we have performance benchmarks. In part, we're, of course, watching to make sure that the performance that we need done, the actual recovery, is beginning and working. But the other part of that is we're looking to make sure that their expenditures are staying in line with that performance.

Ideally, that expenditure and performance lines up pretty closely because you obviously don't want them to run out of project delivery -- activity delivery, I believe, is how HUD terms it -- or admin costs, if they're spending admin dollars, and not be able to complete their programs.

This is a fairly new one that we've recently put into place. Some of our communities cannot afford to not be paid for their grants. Other communities are more wealthy or more capable of floating their expenses.

So like I was just mentioning a while ago, if a community is not submitting their expenses to you and review of expenditures is one of the ways that you use for quality control, then you may miss an opportunity to steer them in the right direction before they get to a disallowed activity, as opposed to them submitting it all six months after the fact, eight months after the fact, or even at the end of the grant when it's too late and already complete.

Regularly scheduled reporting is also a must. You definitely need to know from your community what you're not seeing in those expenditures and performance benchmarks. So a regularly scheduled report is ideal, something that is consistent, and something that is in place that you both understand.

Understand your contract terms. This is a good one, and it seems to -- it should go without saying, but it's not the case. Be sure that your contract managers, your grant managers, the person who is responsible for implementing that contract with that subrecipient understands what the terminology in that contract means and what they can do with it.

Okay. Once you get into the actual implementation itself, number one and most important, of course, is to hire an amazing staff. We have a group of folks who are extremely dedicated to our communities.

They are extremely passionate about our recovery. They work themselves far beyond the normal state employee, from my impression. They definitely are in this for the right reason, and they

bend over backwards to get our communities across the finish line. So having that type of a support network behind your subrecipient is going to make a huge difference in their success and ultimately your success.

Be sure that you're setting expectations with your subrecipients. If you have requirements for expenditures or performance measures or if you have language in your contract and you're not enforcing them, then the expectation is that you will not enforce them over time.

And if you should end up in an instance where you're not agreeing with your subrecipient on something, they may be able to point back to that as an indication that they didn't think it was necessary to comply with their contract terms because you allowed them not to in a previous instance.

You need to communicate often and frequently with your subrecipients. Depending on the project, depending on the activity that they're doing, this could be multiple times a day. It could be once a week. It just kind of depends on the pace of the activity that they're doing for you. It also depends on where they are in the process or the lifecycle of that project.

Provide technical assistance when it's needed. This is specific to the subrecipient themselves, but also think about your entire portfolio. Immediately after you issue awards or an allocation is not the time to be doing closeout training.

That sounds pretty simplistic, but it may not be the time to be doing your environmental training or Davis Bacon training. It is probably the time to be doing your procurement training or your file setup training or details about initiating the relationships that they may have to initiate as they move forward with hiring anybody that's going to do work for them.

Simplify anything that you can. I mentioned earlier that we have a couple of instances where the state of Texas is more restrictive than HUD, and we do have to be more restrictive as a result of that. Generally, that's not the case.

If you're doing something over and above what's required in the regulations that HUD gave you for these allocations, you really need to think about if you really need to have that requirement in your program. The more simple these programs are, the quicker the recovery will be, the easier it will be for you to enforce the program requirements, to deal with any potential appeals that may come in related to beneficiary selection, and it will most definitely help in the long run in getting your recovery done quickly.

I can't say this enough, and, obviously, I meant it because I put it here again. Be consistent. Enforce your program and contract terms. Always be consistent, and be sure that you are using the tools that you have in place in your contract.

Everything is not an emergency. We are disaster recovery at the GLO, and we often say that we are not response. We are not disaster response. We don't have all of the waivers that happen in response. We don't get to ride in the super fancy boats and pull people off of their roofs.

We do have enough time to be a little bit methodical and think through how we want to implement our programs, because documenting those decisions up front is far worth it in the long run. If you don't and you have to recreate or go back and repeat, for goodness sakes, anything in your program, this will be time well spent.

And then be flexible. I say this all the time. You cannot make this stuff up. If you're dealing with our programs, the CDBG-DR programs, recoveries, there is something that is going to happen tomorrow that you've never considered, that you never imagined would be possible. And you're going to have to figure out how to force it into your program or decide not to move forward, though you hadn't even intended that as a possibility.

And then, overall, I have a few broad tips for you. If you're like Texas and you end up doing multiple grants on a regular basis, if you do get five supplemental allocations for five years running, it makes a whole lot of sense to preposition any vendor staff that you think you will ultimately use.

This is something that we do on a regular basis. We have a short list, if you will, of grant administrative support, of environmental support, of engineering support providers. We do, basically, what turns into an RFQ and we qualify them and we put them on a list. And once that list is created, that list is good for a couple of years. And should we have an event, we do the pricing and performance piece of it in an abbreviated fashion and bring them on board more quickly than going through a full-fledged whole procurement as an event is happening.

Do not reinvent the wheel. Looking at the participant list right now, we've got 441 people who are on this training with us right now. That is 440 people outside of you who have some expertise in doing what we do in disaster recovery. That means that it's very likely that someone has hit up against something similar, has a form or a checklist or a policy, a procedure that you could benefit from and could utilize instead of reinventing the wheel and starting from scratch. So take advantage of your colleagues.

In the state of Texas, like I said, we've done this a few times. If there's ever anything that we can help with, if there's ever any document or any SOP that we can help, please reach out. We're glad to share anything with you. We have no ownership rights on it. We definitely would be pleased for you to do a quick find and replace and make that document yours.

Remember, you are the grantee. So you are responsible on behalf of your state, your community for this allocation. So as the grantee, whether you choose to use subrecipients or not, the buck stops with you. You're the one who will respond to the audits. You are the one who will ultimately repay any funds. You are the one who will be in the hot seat when programs don't go well. So remember that you are the grantee.

And then be sure that your team has all of the tools that they need. Make sure that they have the systems that they need to work. And systems don't necessarily have to be electronic. If you're a smaller grantee and you are running a \$50 million program or if you're running four \$50 million programs in a \$200 million allocation, a paper system may be adequate. So it may not be necessary to stand up a database for every size program. Obviously, when you're our size and

you've done thousands and thousands of houses, that electronic database is something that you can't do without.

Be sure that you make sure that you make sure that your staff have the appropriate training. Let them come to events like this one. This is a great event. We participate every year. Our grant managers at HUD will tell you that I am begging for any empty chairs in the conference. I hate that I'm not getting to see you in person, but I love that so many of my staff get to participate in it as a result.

And this one I say a little tongue in cheek. Get them coworkers. Be sure that your team is large enough that you have enough people on your team, and then back up your team. Those folks are between you and that subrecipient. That subrecipient is going to do exactly what they think is in the best interest of their constituents. They are fighting for the recovery that they believe is best for their communities.

These programs do not necessarily follow common sense, and they defy logic in some instances with the level of bureaucracy that's involved. Be sure that you're backing up your team when they're trying to enforce those things with the subrecipients that you're managing.

And then, lastly, one thing that we all seem to forget to do is celebrate your accomplishments. Go back to your subrecipient and ask them, when are you doing a groundbreaking? When are you doing a ribbon cutting? Go to those key handoffs when homeowners are moving back home. Participate in those multifamily programs, when they open up a building and allow all of the tenants to move in.

Go to the businesses that stayed in operation as a result of your economic development programs, and share that with the world. Share that with each of your subrecipients. Do postings and details like -- we do a kind of promotional marketing kinds of things that we share with our legislature. Just have that information available so that you can brag a bit about what's going on.

Those things are great for websites. Those things are really nice when HUD comes to see you. That gives them an idea of what's happening in the field. So celebrate your accomplishments, and be sure that your communities know that you're interested in those celebrations.

And the last thing that I will talk about but won't say much is remember that politics always plays into everything that we do. The subrecipients that we work with may or may not always be our choice. The community -- I'm sorry. The agencies that we're paired with had full-time jobs before they started working on our disaster recovery programs with us. It's very likely that they don't do things the way you do them at either the subrecipient or the sister agency that you may be working with.

There are folks who will be particularly interested in particular programs or particular activities who will reach out, who will call your boss, who will go over your head. Remember that as you design your programs and that consistency is always going to be to your benefit. If you always use the same programs, if you always use the same contract language, and if you always enforce

them, you will have a little bit more ability to deal with the political aspects of the jobs that we have to do.

Olivia, I think at that point I am ready for questions.

Olivia Healey: Thanks, Heather. Yeah. So we're going to pivot to our Q&A session now. And so we will start with our questions that we received through our questionnaire, as I mentioned earlier, and then start answering all the questions you guys submit into the box.

I'm going to open our first question up to John where he will be able to ask you himself. Thanks, Heather.

John Zakian: Thank you, Olivia, and thank you, Heather. You hit clearly all the critically important pros and cons in terms of subrecipients. My question, I need to characterize it before I ask it, just acknowledge two things.

First, this question is coming from the city of Minot, North Dakota. The city of Minot is one of the very rare CDBG-DR grant recipients -- direct recipient that is not an entitlement city. So it is an understatement to say that all of its potential nonprofit partners have zero -- little to zero experience with HUD rules, regulations, and requirements.

And then the other understanding, although there are a lot of similarities, there's a difference between a city and its subrecipients and a state and its subrecipients in that, obviously, a city can only do subrecipient agreements with nonprofits. State can do subawards and subrecipient agreements with other levels of government as well as nonprofits.

With that kind of setting the table for my question, when you are dealing with your subrecipients, in your experience or knowledge, what are telltale signs or measures drawing a line between offering support to improve performance of a subrecipient that's clearly not meeting expectations or reaching a point of deciding to -- it's time for you as the grantee to end the agreement and take over the program and run it directly?

Side note, as an example of living this experience. Very recently, a statewide nonprofit in North Dakota that had more than 280 employees suddenly without advance notice shut their doors and went into receivership, and they were a subrecipient of the city of Minot.

Heather Lagrone: Wow. Oh, my. That's a big one. So I would tell you that, once you decide on a path forward, subrecipient versus state run, you need to do everything that -you can to stick to that. If you're going to work with the subrecipient, then you are committing to be that backstop for them, to provide them that technical assistance, to provide them that training.

We have done things, increasing the number of visits, going to see them more frequently. We've even put staff in their offices with them on a short-term basis, providing them additional training, technical assistance, all of those handholding kind of things that you can do.

You should always do that to the degree that you can most. And the reason I'm going to tell you that is because the transition from that subrecipient-run program to becoming that state-run program is going to cause huge delays in your recovery. There will be a lag time. There will be a lull where beneficiaries are not being served as you're decommissioning their activities and bringing yours up to speed. So that is definitely something you should always do.

One thing that we do with our subrecipients, as I mentioned, we have repeat customers in our portfolio. We assign the same grant manager in our team to work on everything for that subrecipient so relationships get built. During those relationships being built, that trust starts to happen, and our communities or our subrecipients learn to lean on our grant coordinators or our grant managers for that type of support.

So it's a very open relationship. In a lot of cases, our great managers, to a certain degree, become the advocate for their subrecipient. So that relationship is just critical and key, John. I think that's the best approach is to bring in the training that you see that they need along the way.

A good indicator that there's issues is them being delinquent on reports, them being delinquent on payments. Those types of issues start to show up. You provide them with instruction or detail for improvement, and you don't see those improvements happening. So when you start seeing those little things starting to happen, that's when you jump in with that additional technical assistance.

John Zakian: Thank you. That's a good answer.

Scott Ledford: Great. Well, thank you.

We have another question from the questionnaire that was sent out in advance, and I'd like to have Yolanda go ahead and present that question to you, Heather. Yolanda, you'll need to unmute yourself.

Yolanda Robertson: Okay. Can you all hear me?

Scott Ledford: Yes.

Yolanda Robertson: Okay. My question for Heather is, being that we have so many grants that's running concurrently with each other, do you have any suggestions on process and procedures that can be put in place or to be implemented to minimize errors such as duplication of benefit, being that all these programs are running concurrently, especially like a year like 2020? Is there any suggestion on things that we can utilize to minimize errors on it? And that was my question.

Heather Lagrone: Sure. Wherever possible, make sure that your programs are consistent from year to year. So if you are -- if you do flip from our reconstruction to a -- I'm sorry -- from a rehabilitation on a house to a reconstruction on a house at \$65,000, make sure that you always do it at \$65,000 until you receive information that doesn't -- leads you to think otherwise. So that consistency is something that I would definitely look at as you're considering it.

We have created databases particularly related to duplication of benefit. That database includes the FEMA information from all the disasters that we have suffered. It includes information on SBA, FEMA data, and our previous programs.

So, potentially, someone was impacted by Hurricane Rita, and we built them a new house. When it came time for Hurricane Ike to come along, we needed to know that we had built that house for them and that, if they were in a flood plain and didn't maintain insurance, we couldn't help them again. So having that historical information in place and readily available would be something that I would suggest that you would want to do.

And if there are considerations for duplication of benefit across multiple programs that you're operating in a single grant, as an example, our homeowner reimbursement program and our homeowner rehab reconstruction program, be sure that those programs are working closely together. Put them under the same leadership. Put them within the same systems so that when you pull up a particular household, you see that they're already in the system for a different benefit.

Those would be a couple of suggestions that I can think of off the top of my head.

Yolanda Robertson: Thank you.

Olivia Healey: Database for DOB sounds like a really effective tool. So thanks for sharing that with us.

Yolanda Robertson: Yes. One quick question, Ms. Heather. Is that -- is database for everyone or you have to put in a request to get this database? Is there a name or --

Heather Lagrone: So the database that we use, we use for our state-run programs and we provide it to all of our subrecipients. So it's available for their use. Actually, it's not. It's required for their use. It's not available for their use.

Yolanda Robertson: Thank you.

Olivia Healey: Thanks, Yolanda.

Okay. So pivoting to questions that we're receiving in our chat box here at our Q&A box on the side, we have a question that says, "You mentioned not awarding funds to subrecipients because they had past findings or they didn't have adequate staff to manage the award. How are you ensuring that your funds are distributed accordingly to need and not going to municipalities or counties that have heavily been staffed over and over again?"

Heather Lagrone: Okay. Sure. So one thing that we have decided at the state is that we will do all of our homeowner assistance programs. So we offer that activity, if you will, on behalf of all of our eligible areas. So we're providing the homeowner rehab reconstruction program.

What that does is that frees up our subrecipients to work on other activities and maybe helps with that bandwidth issue. It allows for all those consistencies that I talked about as well in the programs, but it ensures that those homeowners, capacity or not, are being equally served in our beneficiary areas.

Now, as it relates to the infrastructure side of things, and that's generally where our dollars split to infrastructure and then to single family and multifamily housing, similar to the single-family housing, we do multifamily at the state level, with the exception of two of our subrecipients who are quite large and have the capability to do that.

Our infrastructure programs, though, are quite different. We work directly with our communities to do those programs. And like I said, we do everything that we can to provide the technical assistance that they need for us to -- or excuse me -- that they need to complete their project.

So we may not quite take over those activities but put in enough staffing and capability of our own to get them across the finish line and finish their projects. I wouldn't say that we don't distribute funds in any area that we didn't intend to because we aren't seeing the capacity or capability of our communities.

Scott Ledford: Great. Thank you. So I'm going to shift a little bit here to, "What kind of feedback do you see when celebrating accomplishments?"

Heather Lagrone: Obviously, locally, they're very proud of their accomplishments. The mayor, the judge, the county commissioner is right at the front with the big scissors to cut the ribbon. It's a great opportunity to celebrate. You definitely see people coming out and being excited because their sewer is not going to go down next time or there's not going to be flooding in their neighborhoods anymore.

Obviously, the celebration -- and on a personal basis, when you're giving somebody a brand-new house and handing those keys off to that family, is absolutely amazing.

As it relates to the press actually picking up and running with these things, the local papers do tend to pick these things up. The larger scale papers may not pick up the same type of information, but we definitely see a lot of interest from our local press in coming out and doing those.

We also have used that with our state elected officials. We've used it with our state reps and senators and even some of our congressional delegation. So it's really nice to have a congressional member who you're doing an improvement in his district or her district, inviting them to come to that meeting and be able to see that happening so that they recognize that you are moving those dollars forward. And they do see the benefit of these allocations and maybe remember that the next time an allocation comes up for them to consider.

Olivia Healey: "Do you have any suggestions for helping a subrecipient deal with a prime vendor that's not meeting standards beyond terminating the vendor agreement?"

Heather Lagrone: Sure. So one thing that we definitely work with our subrecipients on is the contract itself. We can't advise them legally, of course. We can't write it for them, but we absolutely encourage them and provide technical assistance, just like I mentioned to you all earlier that there needs to be performance and deliverables and milestones built into those contracts so when and if that relationship is not going as well as they had initially hoped, they have an opportunity to use those contract tools to pursue that vendor or enforce their relationship with the vendor.

Scott Ledford: All right. So another question from the Q&A box is, "How do you ensure quality and accountability on federal regulations when using the word assume in contracts?"

Heather Lagrone: Wow. That's a tough one. I think that the assume that we used in our contract says that we assume that you have looked at the materials that were referenced by incorporation. There's not much else in our contract language that is assumptive. I wouldn't say there's too much else that we don't have absolute black and white. You will. You shall. There's not a lot of "may" to our contract language. There used to be, but we have learned our lesson on that piece.

Olivia Healey: Great. Another question that came in was, "Can you talk a little bit about what happens when you discover a subrecipient doesn't have capacity but has need? How do you balance their lack of capacity with the need that exists within their community?"

Heather Lagrone: So, generally, what that means is you may need a more experienced grant manager. You may need additional resources provided to that subrecipient. So, like I mentioned earlier, practically, if not actually moving in with them and participating alongside them and helping them implement those particular phases of the program that they're stuck on or they're having a hard time with.

So, as an example, if they are struggling with Davis Bacon compliance, we have a subject matter expert who does Davis Bacon compliance on behalf of our team. Have that person actually go and spend a week with the community and review those payrolls alongside them and help them see exactly what they are looking at, exactly what's necessary in that particular task of the grant lifecycle. And just teach them and train them specifically on the issue that they need a little help with or a boost on.

Scott Ledford: Great. Your mention of a DOB database, I think has inspired some interest.

Heather Lagrone: Okay.

Scott Ledford: So the question that's in the box is, "What is the name of the DOB database?" You might want to talk about how you created that DOB database and who it might be available to.

Heather Lagrone: Sure. So it is just a database that we created in Access. It is something that was built in-house, and it utilizes, like I said, the various datasets from our previous grants, as well as the pertinent information from FEMA on the disaster events that are covered for the activities that we're working on right now.

We have allocations from 2015 through 2019 right now that are in the works. And so having all of that information about who the SBA gave funding to, who FEMA gave funding to, and, to a certain degree, who we have already funded is extremely critical in considering noncompliance for floodplain certification issues, so the one bite at the apple, Stafford Act stuff, as well as potential for duplication of benefit as it relates to the recovery of households who have suffered multiple times.

But yeah. We can probably get folks more details. If you all want to email, we can get you some more details on it, but it's a pretty simplistic Access database that we utilize.

Scott Ledford: And what's the geographic coverage of that database?

Heather Lagrone: It covers our events. So --

Scott Ledford: Texas?

Heather Lagrone: Yeah. So I showed you all -- well, and not even just -- not even Texas but the disaster declarations that are pertinent to our events. So, potentially, you wouldn't see a fire event in the panhandle, for example, in our database, because we're not funding housing there.

Olivia Healey: Great. And kind of the same line, because that did spark a lot of interest, would be, "What kind of systems do you use to monitor your subrecipient contracts?"

Heather Lagrone: Sure. So we are a very strong Microsoft-driven programs operation. We use a Microsoft Dynamics customer service tool. It is a grant management software, but we have tailored it. And I know that's not the appropriate terminology. We have made it our own as we have seen the need there. We use a lot of SharePoint where we have document storage and tracking systems that we've built out in SharePoint. But generally, that's where you'll see us most is in our Microsoft Dynamic system.

Scott Ledford: Great. And I'm just watching the clock here a little bit. So one good question that's just recently popped up in here is, "What is the number one tool that has had the biggest impact on your subrecipient management, and can you share it with the group?"

Heather Lagrone: So the number one tool that for us is going to be our success is our ability to track everything in a single system of record. Like I said, the volume of work that we deal with makes it impossible to manage in a spreadsheet, to manage on paper files.

And so our ability to be completely paperless and utilize our database with so many people interested in that information has definitely saved us. Our database is somewhat interactive in that our subrecipients bring information to us through our database, and we have process flows in place for certain aspects of that grant relationship built into the database.

So, for sure, for consistency and managing all of the moving parts that are associated with the billions of dollars that we're working with, that database is extremely critical.

Olivia Healey: Sorry. Chasing the mute button.

So what Scott's saying, we do have about three minutes left. So I'll transition us through the resources that we provided. Heather, thank you so much for everything that you've taught us and all your expertise and your examples. They're very helpful.

These are the resources that we'll provide. We also can provide a link to the GLO's website and some of those manuals and scripts that you've provided through your presentation.

And then pivoting, Heather's gratefully and very graciously provided her email for you guys. So if you need to reach out, that contact information is located there.

This will be the end of this session, and then you guys can log on to our next session in 30 minutes. Thank you for your time, and thanks again, Heather. You did great.

Heather Lagrone: Absolutely. Thank you for including us.

Olivia Healey: Bye, guys.

Scott Ledford: Thank you. Bye-bye.

(END)