

Emergency Solutions Grant – CARES Act (ESG-CV): Duplication of Benefits Quick Guide

Emergency Solutions Grants (ESG) Program recipients must avoid any duplication of benefits (DOB) of their ESG CARES Act (ESG-CV) funds.

A DOB **exists when an applicant has received (or would receive, by acting reasonably to obtain available assistance) financial assistance from multiple sources for the same expense and the total assistance received exceeds the total need.** This requirement, while long-standing, might be unfamiliar to ESG recipients, subrecipients and program participants, so this Quick Guide:

- Provides a brief explanation of the DOB requirements applicable to the recipients and subrecipients of ESG-CV funds and the program participants they serve.
- Gives examples for determining DOB compliance for various ESG-CV-funded activities.
- Explains methods to evaluate the risk of DOB.

While the term “duplication of benefits” might be intimidating, the basic concepts (e.g., assessing need; determining other resources available; figuring out the resource gap; and deciding the resources to allocate) are the same ones you are already taking as grant administrators and case managers. Put simply, DOB ensures that the payment of program expenditures is not duplicative.

Background

As described in Notice: [CPD-21-08](#) (ESG-CV Notice), HUD must ensure that there are adequate procedures in place to prevent any DOB as required by Section 312 (42 U.S.C. 5155) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended (42 U.S.C 5121 et seq.) (Stafford Act). To ensure HUD complies with this requirement, this responsibility is passed on to all ESG recipients and subrecipients, who must comply with both the Stafford Act and OMB Cost Principles at 2 CFR Part 200, which requires that all costs be “necessary and reasonable for the performance of the Federal award.”

To comply with DOB requirements, ESG-CV recipients are required to establish and follow procedures to ensure that DOB does not occur. Establishing a process to effectively identify and prevent duplication of benefits is critical for ESG-CV recipients to effectively manage the multiple active funding streams related to coronavirus response and efficiently target ESG-CV resources to meet unmet needs within the community. HUD will hold the ESG recipient ultimately responsible for any duplication of benefits.

Note to recipients with experience administering CDBG-DR: *Unlike other disaster funds, ESG-CV recipients do not need to follow a statutory “Order of Assistance” for delivery of different federal and non-federal programs. This means that a person or entity receiving ESG-CV funds is not required to apply to FEMA or any other specific source of assistance to qualify for ESG-CV assistance. However, recipients are still required to prevent duplication of assistance when other funding sources are available or will be available before allocating ESG-CV assistance.*

An example of this may be when an Emergency Shelter temporarily moves a portion of the existing beds to a different physical space to create greater distance between sheltered residents. In HMIS, continue to use the emergency shelter set up as it is in HMIS, recording people moved to the temporary location as if they were in the regular shelter. Continue the same intake/exit data collection.

Evaluation of Risk

The ESG recipient should evaluate each ESG-CV-funded activity for potential risk of DOB based on the following parameters:

- General program design;
- Similar activities in the area or jurisdiction;
- Ease of a program participant requesting and receiving assistance from multiple sources (e.g., rental assistance, utility assistance);

- Existing systems in place to evaluate for risk of duplication (e.g., data sharing with other housing assistance programs).

Consider the nature of the ESG activity (e.g., emergency shelter operations, homelessness prevention rental assistance) when determining the appropriate scope of the DOB analysis. For example, it may be appropriate for a recipient to consider multiple emergency shelter activities together in the same DOB evaluation, whereas individual evaluations may be necessary for each program participant receiving homeless prevention assistance.

ESG recipients, especially those with numerous subrecipients, may choose to establish standard forms for their subrecipients to complete that has them identify the key information identified in the bullets above.

Determining Duplication of Benefits

DOB assessment happens at two levels: activity level and program participant level. A sample template to evaluate an activity or program participant for DOB is provided as an attachment to this quick guide.

- Activity Level:** ESG recipient evaluates DOB for all ESG-CV-funded activities, whether administered directly or by a subrecipient. If a recipient passes funding decisions to a subrecipient, the subrecipient must complete the activity-level analysis for DOB.
- Program Participant Level:** ESG recipients or their subrecipients perform a DOB analysis of ESG-CV-funded assistance provided to individual program participants.

The following chart summarizes the recommended level of DOB analysis by ESG activity:

Activity Type	Level of DOB Analysis
Emergency Shelter and Temporary Emergency Shelter	Activity Level
Street Outreach	Activity Level
Rapid Re-Housing & Homelessness Prevention (when program participants receive financial assistance and rental assistance)	Activity Level & Program Participant Level
HMIS	Activity Level
Administration	Activity Level

Duplication of Benefit Analysis Steps – Activity Level

- Assess Need for the Activity:
 - Determine the total amount of need for the activity (e.g., Emergency Shelter, Temporary Emergency Shelter, Street Outreach, Rapid Re-housing, Homelessness Prevention, HMIS, Administration).
 - Need can be assessed for the entire jurisdiction (e.g. the City of Exampleville projects its Emergency Shelter costs at \$XX over the next (insert term)) or for each activity (e.g. ABC Emergency Shelter projects its costs at \$XX over the next (insert term)).
- Determine Assistance:
 - Determine the amount of funding that has or will be provided from all non-ESG-CV funding sources to pay for the cost.
- Calculate Maximum Level of Award:
 - Compare the amount of assistance (Step 2) to the total need (Step 1) to determine the maximum possible ESG-CV award.
- Document DOB analysis:
 - Document steps 1-3 and ESG-CV award amount to verify that the amount of ESG-CV award is equal to or lower than maximum level of award.

Duplication of Benefit Analysis Steps – Program Participant Level (Only needed for Rapid Re-housing and Homelessness Prevention Financial Assistance and Rental Assistance)

1. Assess Need:
 - For each ESG-CV funded cost type (e.g., rental application fees, security deposits, last month's rent, utility deposits, utility payments, moving costs, rental assistance) determine the total amount of financial assistance needed. Remember, the assessment only needs to be done for the same cost types as the ESG-funded activity. For example, if a participant received case management from a non-ESG funding source and also applied for ESG-CV-funded rental assistance, the rental cost is the only need that should be assessed for duplication of benefits.
2. Determine Assistance:
 - Determine the amount of funding that has or will be provided from all non-ESG-CV funding sources to pay for the cost.
3. Calculate Maximum Level of Award:
 - Compare the amount of assistance (Step 2) to the total need (Step 1) to determine the maximum possible ESG-CV award.
4. Document DOB analysis:
 - Document steps 1-3 and ESG-CV award amount to verify that the amount of ESG-CV award is equal to or lower than maximum level of award.

ESG-CV Duplication of Benefits Examples

Example 1: Emergency Shelter or Temporary Emergency Shelter (Activity Level DOB Analysis)

An emergency shelter requests ESG-CV funding to operate and provide essential services for the next 12 months.

Step 1: Assess Need (total activity cost)

OPERATING COSTS

Monthly operating costs: \$12,000

Potential Total Need for operating costs: $\$12,000 * 12 \text{ months} = \$144,000$

ESSENTIAL SERVICES COSTS

Monthly costs for essential service costs = \$8,000

Potential Total Need for essential services costs: $\$8,000 * 12 \text{ months} = \$96,000$

Step 2: Determine Assistance

In the application, the shelter was asked to report if it was receiving any additional or similar assistance. The applicant reported that it also received **\$50,000** in CDBG-CV public facilities funds to operate the shelter and **\$25,000** from a local foundation to provide case management services.

Step 3: Calculate Maximum Level of Award

OPERATING COSTS

Total Need (Operating Costs) = \$144,000

Other Assistance (Operating Costs) = \$50,000

Actual Unmet Need (Maximum Award) for Operating Costs = \$94,000

ESSENTIAL SERVICES COSTS

Total Need (Essential Services Costs) = \$96,000

Other Assistance (Essential Services) = \$25,000

Actual Unmet Need (Maximum Award) for Essential Services = \$71,000

Step 4: Document DOB Analysis

Document steps 1-3 and ESG-CV award amount to verify that the amount of ESG-CV award is equal to or lower than the unmet need.

OPERATING COSTS

Unmet Need: \$94,000

ESG-CV Funded amount: \$94,000

Is the ESG-CV award equal to or lower than unmet need: Yes

ESSENTIAL SERVICES COSTS

Unmet Need: \$71,000

ESG-CV Funded amount: \$71,000

Is the ESG-CV award equal to or lower than unmet need: Yes

Example 2: Street Outreach (Activity Level DOB Analysis)

An organization needs funding to conduct street outreach.

Step 1: Assess Need (total activity cost)

Monthly costs to conduct street outreach case management = \$15,000

Potential Total Need: \$15,000 * 12 months = \$180,000

Step 2: Determine Assistance

In the application, the applicant was asked to report if it was receiving any additional or similar assistance. The applicant reported that it had also received **\$50,000** in funding from PATH to conduct street outreach case management.

Step 3: Calculate Maximum Level of Award

Total Need = \$180,000

Other Assistance = \$50,000

Actual Unmet Need (Maximum Award) = \$130,000

Step 4: Document DOB Analysis

Document steps 1-3 and ESG-CV award amount to verify that the amount of ESG-CV award is equal to or lower than the unmet need.

Unmet Need: \$130,000

ESG-CV Funded amount: \$125,000

Is the ESG-CV award equal to or lower than unmet need: Yes

Example 3: Rapid Rehousing (Activity Level and Program Participant Level DOB Analysis)

Activity Level – Complete duplication of benefit analysis like in #1 or #2 above.

Program Participant Level – A family living in an emergency shelter seeks rental assistance under an ESG-CV Rapid Re-housing program for a security deposit and 12 months of current/future rent.

Step 1: Assess Need

Monthly Rent for 12 months = \$1,000

Security Deposit = 2 months of rent

Potential Total Need: \$1,000 * 14 months = \$14,000

Step 2: Determine Assistance

The family reported that a local faith-based organization provided \$500 for security deposits, but that was a one-time resource. The family certified that it has not received for assistance from any other source and agreed to report any future funding received for the same cost.

Step 3: Calculate Maximum Level of Assistance

Total Need = \$14,000

Other Assistance = \$500

Actual Unmet Need (Maximum Award) = \$13,500

Step 4: Document DOB Analysis

Document steps 1-3 and ESG-CV award amount to verify that the amount of ESG-CV award is equal to or lower than the unmet need.

Unmet Need: \$13,500

ESG-CV assistance amount: \$13,500

Is the ESG-CV award equal to or lower than unmet need: Yes

Example 4: Homelessness Prevention (Activity Level and Program Participant Level DOB Analysis)

Activity Level – Complete duplication of benefit analysis like in #1 or #2 above.

Program Participant-Level – A family that meets the eligibility criteria for homelessness prevention seeks rental assistance under an ESG-CV Emergency Payment program for 3 months of arrears payments and 2 months of current/ future rent.

Step 1: Assess Need

Monthly Rent = \$1,000

Potential Total Need: \$1,000 * 5 months = \$5,000 (3 months of arrears and 2 months of current/ future rental assistance)

Step 2: Determine Assistance

In the application, the family was asked to report if they are receiving or expecting to receive any additional or similar assistance. The family reported that it received \$1,000 for one month of arrears from CDBG-CV, but that aid is no longer available. The family certified that it has not applied for assistance from any other source. The family also agreed to report any future funding received for the same cost.

Step 3: Calculate Maximum Level of Assistance

Total Need = \$5,000

Other Assistance = \$1,000 (CDBG-CV arrears assistance)

Actual Unmet Need (Maximum Award) = \$4,000 (\$2,000 in rental assistance plus \$2,000 in rental arrears)

Step 4: Document DOB Analysis

Document steps 1-3 and ESG-CV award amount to verify that the amount of ESG-CV award is equal to or lower than the unmet need.

Unmet Need: \$4,000

ESG-CV assistance amount: \$4,000

Is the ESG-CV award equal to or lower than unmet need: Yes

Required Policies and Procedures

All recipients must establish adequate procedures to prevent any DOB with ESG-CV funds. HUD strongly recommends that recipients develop policies and procedures that include the following components:

1. Method of assessing whether the use of ESG-CV funds will duplicate assistance that is already received or would receive (such as rental assistance) by **acting reasonably to evaluate the need and the resources available to meet that need**. Recipients should evaluate current programs available at the local, county, state, and federal level as well as current and anticipated non-governmental assistance from nonprofits or faith-based groups and establish lines of communication for preventing duplication of benefits. HUD has prepared a [list](#) of active Federal CARES Act and coronavirus response programs and funding sources to help recipients evaluate potential risk for duplication for each activity and applicant. HUD encourages recipients to target ESG-CV activities to address unmet needs and gaps to reduce the risk of duplication of benefits.
2. Establishing a requirement that any person or entity receiving ESG-CV assistance (including subrecipients and third parties issued payment behalf of the program participant (e.g., landlords receiving rental assistance payments)) must agree to **repay assistance that is determined to be duplicative**. This may be documented through a **subrogation agreement**¹ or similar clause included in the rental assistance agreement, policies or elsewhere as determined fit by the recipient. The recipient should establish a protocol to monitor compliance based on risk of duplication of benefits for each activity. Ultimately, the ESG recipient is responsible if a DOB is identified and must repay its grant for any amounts determined to be a DOB. Without a requirement to repay, the recipient may not have a source of assistance to repay the amounts determined to be duplicative.
3. As necessary, actively evaluating if DOB occurs during the delivery of activities and establishing a protocol to monitor compliance based on risk of DOB for each activity. For emergency shelter, shelter outreach and the ESG-CV additional eligible activities, this could be done with regular verifications by the ESG-CV subrecipient. For rapid re-housing and homelessness prevention financial assistance activities, this could be done as part of the case manager's interaction with the program participant, asked during re-evaluations, or requiring the program participant to disclose any additional forms of assistance as a component of the initial assistance.

To ensure that policies and procedures accurately reflect the specific components of each program, recipients should consider designing DOB policies and procedures that are specific to each ESG-CV program and activity. Policies and procedures should be specific for each program supported with CARES Act funding and should be commensurate with risk of duplication of benefits.

Resources

1. [Notice CPD-21-08](#) (7/19/2021)
2. [Duplication of Benefits Memo](#) (7/13/2020)
3. [Federal Funding Priority Order for NCS](#) (6/23/2020)
4. [CDBG-CV Resources for DOB](#) (11/1/2020)
5. Sample ESG-CV Duplication of Benefits Policies and Procedures
6. Sample Duplication of Benefits Certification Form

HUD recommends that ESG recipients require a Subrogation Agreement to be executed for all short- and medium-term rental assistance activities