CDFA Circular 2016-04

Related to: Community Development Block Grant Program
Economic Development Business Technical Assistance Grant

Subject: Eligibility, Matching Funds and Use of Funds Documentation and Submission of Claim Requests

Contact: Katy Easterly Martey, Director of Economic Development, keasterly@nhcdfa.org

Issuance date: October 6, 2016

Summary

This CDFA Circular provides required standards for proper documentation of expenses, matching expenses and the eligible activities of the CDBG Business Technical Assistance Program.

Background

As a result of recent monitoring performed by HUD on the CDBG-funded Capacity Grant program, it was determined that the activity is required to be reclassified and the requirements of the activity needed to be redefined into a new program. The new program, the Economic Development Business Technical Assistance grant program will start with the FY15 program year and award.

The purpose of this circular is to help ensure that grant recipient will (1) use CDBG funding that is eligible under categories authorized by the Housing and Community Development Act of 1974 (HCDA); and (2) provide adequate documentation for each activity as required by the regulations.

Eligible Activities

Eligible state CDBG activities are defined in federal regulations 24 CFR 570.482 in Appendix B and Section 105(a) of the HCDA. Economic development business technical assistance is eligible under Section 105 (a) (17) of the HCDA. The activity is eligible as business assistance, Economic Development: Direct Financial Assistance to For-Profits.

Business Technical Assistance Program

Specifically, technical assistance to a business needs to be for one of the following eligible activities, and must also meet a CDBG national objective and public benefit standards by resulting in the creation of at least one job benefiting LMI person(s) per $20,000 awarded, in the aggregate (LMJ), or be offered to businesses in a HUD designated low to moderate area (LMA) that provides goods or services to the LMI residents:

- Establishing and managing a budget for the business;
- Helping the business to prepare a loan request
- Marketing or development of a marketing plan
- Developing signage, marketing materials or a logo
- Creating a plan to provide, or partner to provide, workforce training and development

<u>Documentation</u>

If the business is a retail or service business that is located within a low-and-moderate income area, as defined by HUD, it serves the residents of that LMI area and meet the public benefit standard defined in §570.482(f) of $350 per LMI person served in the aggregate, or $1,000 per LMI person for individual activities, then the required documentation is: the name, address and DUNS number of the business, and the boundaries of the area served by the business.

If the business is not located within a low-and-moderate income area or does not provide goods and services to the residents of an LMI service area, the business must agree to create a job that is filled by a person from a low-or-moderate income family and provide the following documentation:

- Initial payroll and final payroll
- Family income of the person offered the created job, prior to the person being hired
- Business Employment Commitment Agreement (BECA)
- Contract for services (including a scope of services specifically mentioning one or more services from the eligible list and an estimate of hours to be spent) to the business

The public benefit standard is in the aggregate, so If the technical assistance is being provided for a business/es in addition to the business who creates and documents the job/s then the documentation requirement is, a Contract for services (including a scope of services specifically mentioning one or more services from the eligible list and an estimate of hours to be spent) to the business.

The activity will be documented by CDFA as IDIS Matrix Code 18A.

All documentation must meet 2 CFR Part 200, Subpart E, section 200.430(i) which requires non-Federal entities to maintain records that “accurately reflect the work performed.”

These records must:

- Be supported by a system of internal control which provides reasonable assurance that the time being charged is accurate, allowable, and properly allocated.
- Are incorporated in the official records, such as payroll and accounting software
- Reasonably reflect the employee’s total activity

- Provide a time breakdown on all activities, both Federally funded and non-Federally funded, for the employee
- Comply with the non-Federal entity's pre-established accounting practices and procedures
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; or a Federal award and non-Federal award

Matching funds required documentation with claim:

- Eligible expenses: payroll, rent, insurance, office expenses, etc. between Jan. 1, 2016-Dec. 31, 2016
- Documentation must include evidence that match has been incurred and paid.
- Match documentation should be submitted to the administrator as a single PDF document for each claim.

Use of Funds required documentation with claim:

- Documentation must include evidence that use of funds has been incurred and paid.
- Claim must include timesheets (Attachment B), payroll reports, Family income survey, BECA, and the attached record of services (including, but not limited to, Attachment's A and B).
- Documentation of use of funds should be submitted to the administrator as a single PDF document for each claim for each sub recipient.

Submission of claim

- Claims will be submitted Quarterly. For 2015 program year, claims will be submitted Oct 15 and Dec 15,2016
- Reimbursement for "use of funds" with a claim cannot exceed amount documented for match (until full match is documented)
- Each claim for use of funds must be accompanied by an invoice for the amount requested in that quarterly claim (please make this a separate PDF)
- Note: Match documentation and Use of Funds documentation (2 separate PDFs) can be submitted at any time to the administrator.

Effective Date Immediately

Waiver authority? No