

At the Tuesday, October 13, 2015 City Council meeting, Council members proposed setting a maximum grant amount of \$10,000 for the 2016 CDBG Public Service grants. Before taking action, Council requested information from City staff regarding the history of the minimum grant award and the possible impacts of setting maximum grant amounts.

City staff reviewed CDBG federal regulations, previously funded programs, and consulted with Commissioners of the Human Resources Commission (HRC).

History of Minimum Grant Award for CDBG Applications

At the August 20, 2012 HRC meeting, the Commission discussed establishing a minimum grant award for the 2013 applications. In a review of the meeting minutes, the minimum grant award was suggested by Staff not only as a result of personnel reductions within City Hall and the consolidated of work assignments, but also to provide reasonable grant amounts that yield concrete results for the agencies.

At that time the Commission suggested establishing a minimum grant request and funding threshold of \$15,000; however Commission action made the minimum grant request \$15,000 and minimum grant award \$10,000. The policy went into effect for the 2013 applications, remained for the 2014/2015 applications and was recommended by the HRC to continue for the current application process.

Possible Impacts of Maximum Grant Amount

Below are the potential impacts on staff, agencies/programs and Commission by setting maximum grant amounts of \$10,000.

Impacts on City Staff:

It is probable that by setting maximum grant amounts, in addition to expanded funding priorities, that more applications will be submitted and funded. More funded agencies/programs will result in additional subgrantee monitoring by City Grant Administration staff to ensure accurate reporting, eligible costs and continued performance.

Furthermore, other City departments (Legal and Finance) will have additional requirements of drafting and reviewing more subgrantee agreements and accounting for additional grant awards.

HUD regulations require the City to following underwriting procedures when awarding subgrants to organizations. Specific to Public Service grants, at a minimum HUD expects City staff, through the HRC, to (1) have an objective scoring and ranking system, (2) review program budgets to ensure leveraging of other resources [CDBG funds are not the sole funder], (3) equate cost per service to anticipated performance/people served and (4) appropriate funds based on reasonable program goals and performance outcomes. By setting a grant award cap, it poses a challenge to ensure accurate underwriting procedures are followed and not all applicants receive the same amount of funds regardless of program components and services.

Impacts on Agencies receiving funds:

Agencies that are awarded CDBG public service funds at a minimum must comply with the following, regardless of the amount of awarded funds:

- Complete two separate reports on a quarterly basis: accounting and performance
- No comingling of funds – accounting standards in place for separate CDBG deposit within organization
- Complete time allocation studies for staff charged to program
- Grants are on a reimbursement basis – agencies must have financial capacity to start program, await reimbursement and provide all supporting documentation for payment
- Retain program records for five years, after program completion, including:
 - Accounting of grant funds and eligible costs
 - CDBG public Service Form – document income and Peoria residency
 - Individual performance tracking (for example – youth tutoring number of days of class attendance as well as improved school performance)
 - Organizational system to track unduplicated persons served during the program year
- Cooperate with City staff monitoring and HUD representative monitoring
- Demonstrate measureable program results within a 12 month period
- Written policies and procedures regarding discrimination, faith-based organizations, equal opportunity, anti-lobbying and client intake/wait list management.

Although an agency may not need a substantial amount of Public Service funds to support its program, the listed due diligence is required of all awarded agencies. Agencies would need to determine their “cost vs benefit” ratio – does the amount of awarded funds justify the required overhead to be a CDBG subgrantee?

Impacts on the HRC:

Maximum grant caps could limit the ability of the Commission to appropriate grants based on program application score, funding need and projected performance. Depending on number of submitted applications and the results of the Commission’s review and scoring, there may not be enough programs to appropriate all Public Service funds available. Any remaining Public Service funds would need to be reallocated to another CDBG activity – carry over of Public Service funds for subsequent grant years is not allowed.

Below is a summary of the comments City staff received from individual Commissioners:

- Overall, responding Commissioners supported the HRC’s past action of establishing a minimum grant award of \$10,000. The Commissioners cited effective grant management of subrecipients and providing reasonable resources that yield concrete performance for the agencies as justification for maintaining the minimum grant award.

- One Commissioner cited a concern that awarding smaller grant requests may adversely affect the grant administration for both City staff and awarded agencies.
- One Commissioner cited that many times agencies use CDBG funds as match for other grants. If CDBG grants are awarded at a smaller amount, agencies may not be able to use CDBG funds as an eligible source of match, thus limiting the amount funding leverage for the CDBG program.
- One Commissioner noted that the anticipated maximum creates the question of the annual need for CDBG funds for programs. The Commission must review the applications and analyze the need for funds. With more applicants, the amount of CDBG funds could naturally reduce per organization.
- One Commissioner questioned the role of the HRC in this year's process as well as its future responsibilities.