

Duplication of Benefits

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Background

Federal funds generally cannot be used to pay for the exact same cost or activity already paid for from another source of funding. This is sometimes referred to as a prohibition on duplication of benefits (DOB), or “double-dipping.” Entities using multiple federal funding sources should be aware of the different authorities and program requirements for each funding source, being careful to avoid DOB in instances where they are paying for similar costs or activities from multiple sources.

Frequently Asked Questions

1. What is a duplication of benefits (DOB)?

A DOB occurs when an entity *receives* (i.e., draws down/takes possession of) multiple sources of federal funding assistance, or outside funding (e.g., insurance), for a specific eligible cost or activity where funding has already been used for the entirety of that particular cost or activity, or in excess of the amount needed for that specific eligible cost or activity.

Example 1.1: Town of Random needs 100 widgets for its fire department. Each widget costs \$1.00, for a total need of \$100. Town of Random draws down \$100 from Grant 1 to purchase these widgets for the fire department. Town of Random is also awarded \$50 from Grant 2 to purchase these widgets for the fire department. Since the combined total funds available from Grant 1 and Grant 2 are in excess of the total need for this cost (100 widgets for \$100 for the fire department), the excess \$50 represents a potential DOB if drawn down.

Example 1.2: Town of Chance needs to repair a building damaged by a storm, and the cost will be \$1 million. Insurance coverage for the building is \$800,000, and the town also applies for \$1 million in Public Assistance funding for this damage. Since insurance already covers \$800,000 of the damage, FEMA would only pay the remaining amount of \$200,000 because it would be a DOB if FEMA were to provide the full \$1 million.

2. If one federal funding source does not provide enough funding for the entire amount of a cost or activity, can another federal funding source be used to fill the gap?

If the rules from both funding sources do not prohibit it, then yes, using a portion of the benefits from one federal funding source does not necessarily prohibit the use of funds from a different federal funding source to cover the remaining eligible cost or activity. Using multiple funding sources will likely increase the amount of grant-management and recordkeeping required for that one need.



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Entities must maintain proper documentation¹ to support allowability (e.g., reasonableness, necessity, allocability)² and other requirements for each funding source, and track each funding source for every cost and activity.³ The use of all award funds must comply with applicable statutes, regulations, and the terms and conditions of the awards.

Example 2.1: Town of Random needs 100 widgets for its fire department. Each widget costs \$1.00, for a total need of \$100. Town of Random draws down \$75 from Grant 1 to purchase widgets. Town of Random also draws down \$50 from Grant 2 to purchase widgets. Town of Random uses Grant 1 funds to purchase 75 widgets and uses Grant 2 funds to purchase 25 widgets, for a total 100 widgets at a cost of \$100. Town of Random maintains a record of receipts showing the purchases from each grant. Since the combined total funds drawn down from Grant 1 and Grant 2 were in excess of the total need for this purpose (100 widgets for \$100 for the fire department), the excess \$25 must either be returned or reconciled with the federal funding agency. However, no funds were improperly spent as the Town of Random only spent a total of \$100 – the same amount of the cost for its 100 widgets.

Example 2.2: Town of Chance has an emergency manager for which it needs to pay for straight-time (standard salary and benefits) as well as overtime. The straight-time costs are \$80,000, and the overtime costs are \$10,000, equaling a total cost of \$90,000. Town of Chance draws down \$75,000 from Grant 1 and \$15,000 from Grant 2. Assuming there is no non-federal cost share, and that both grants can be used for both straight-time and overtime costs, the Town of Chance could use both sources to cover the full cost of this employee, provided it documents exactly how the funds are used (i.e., time sheets capturing billing for the hours worked) and the funds are used in proportion to benefits received by each grant.

3. **Can an entity request funding for the same cost or activity from different federal funding programs?**

There is no prohibition on submitting multiple federal funding requests for the same eligible cost or activity. However, for some programs and agencies, it may be incumbent on a recipient or subrecipient to notify the federal agency(ies) that they have applied for funding from additional agencies at the time of application.

Example 3.1: Town of Random needs 100 widgets for its fire department. Each widget costs \$1.00, for a total need of \$100. Town of Random requests \$100 from Grant 1 to purchase these widgets for its fire department. Since Town of Random does not know whether it will be awarded any or all the requested \$100, Town of Random also requests \$100 from Grant 2 to purchase these widgets for its fire department. Town of Random is awarded and draws down \$100 from Grant 1 to purchase these widgets for its fire department. Town of Random is also awarded \$50 from Grant 2 to purchase these widgets for its fire department. Since the combined total funds awarded from both grants is in excess of the total need for this purpose (100 widgets for \$100 for the fire department), the excess \$50 represents a potential DOB if drawn down for the same cost or activity (i.e., widgets for the fire department). Town of Random should inform the program analyst or grants management specialist from the agency of Grant 2 of the award from Grant 1, and discuss next steps (e.g., withdraw application, new cost or activity, etc.) as appropriate for that particular program or activity.

¹ See 2 C.F.R. § 200.333.

² See, e.g., 2 C.F.R. § 200.403.

³ See, e.g., 2 C.F.R. § 200.302.

4. If I end up receiving more funding than I originally thought I needed (i.e., a potential DOB), can I use the excess funds for a different purpose?

Each federal funding source has its own statutes, regulations, and terms and conditions, as applicable, that control how its funding may be used. While one federal grant program may allow the purchase of an eligible cost/activity for a wide variety of eligible purposes, a different federal grant program may only permit very specific costs/activities. Additionally, while one federal grant program may permit flexibility with unspent funds, another federal grant program, such as a competitive one, may need to restrict the use of funding to the originally designated purpose or scope of the award. You are encouraged to contact the applicable program analyst or grants management specialist within FEMA or other applicable federal agency for assistance.

Example 4.1: Town of Random needs 100 widgets for its fire department. Each widget costs \$1.00, for a total need of \$100. Town of Random requests \$100 from Grant 1 to purchase widgets for its fire department. Since Town of Random does not know whether it will be awarded any or all the requested \$100, Town of Random also requests \$100 from Grant 2 to purchase widgets for its fire department.

After the date of the original grant request, Town of Random recognizes an additional need for 100 widgets at its police department. After being awarded \$100 from Grant 1 and \$100 from Grant 2, *Town of Random realizes that it may have a duplication of benefits if it draws down all the funds from both grants to purchase widgets originally intended solely for its fire department.* Town of Random contacts the applicable program analyst or grants management specialist from both applicable agencies for assistance determining whether it can now use the funds from one of the grants to purchase widgets for its police department.

5. Can I use the funding from one federal funding program to pay the cost share of a different federal funding program?

This depends based on the funds and the other federal agency providing the funds that would be used for the cost share. Whether funding from another federal program may be used to pay the cost share required under a FEMA grant is up to the other federal agency that provides the additional federal funding and the statutes and regulations governing that additional federal funding.

If your community wants to use another federal agency's funding to cover the non-federal cost share of a FEMA grant, you should confirm with that other federal agency that doing so is an allowable use of those funds. This can be through express permission in the terms of the other federal award or confirmation from the agency itself. FEMA is not responsible for any impermissible outlays a recipient or subrecipient may make under another agency's program. It is the responsibility of the recipient or subrecipient to ensure the other Federal agency permits its funds being used as a non-federal cost share. For instance, in the case of COVID-19 response awards Treasury's CARES Act funding can be used to meet the non-federal cost-share requirements for Stafford Act assistance. The following is an FAQ issued by the Department of the Treasury:

“May funds be used to satisfy non-federal matching requirements under the Stafford Act?”

Yes, payments from the Fund may be used to meet the non-federal matching requirements for Stafford Act assistance to the extent such matching requirements entail COVID-19-related costs that otherwise satisfy the Fund's eligibility criteria and the Stafford Act. Regardless of the use of Fund payments for such purposes, FEMA funding is still dependent on FEMA's determination of eligibility under the Stafford Act.”

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(For more information on the use of the Department of Treasury Coronavirus Relief Fund go to <https://home.treasury.gov/policy-issues/cares/state-and-local-governments>)

6. **What is the best way for an entity to avoid duplication of benefits?**

While entities may request and later be awarded more funds than they need, they may not *draw down* more federal funding than they need consistent with the terms of their award or subaward. Entities should carefully review all available funding and requirements from all sources (e.g., insurance, state or local government, federal government) prior to drawing down the needed amount from each.

Entities must keep detailed records of all transactions involving each grant and be able to trace each funding source for every cost and activity. Entity responsibilities include but are not limited to: accounting of receipts and expenditures, cash management, maintaining adequate financial records, reporting unallowable costs charged to the award, refunding disallowed expenditures, monitoring subawards if acting as a pass-through entity, other assessments and reviews, and ensuring overall compliance with the terms and conditions of the award or subaward, as applicable.

7. **How are requests or applications for the same cost/activity from more than one federal funding program supposed to be disclosed?**

If an entity submits a request for funding from multiple federal sources to cover the same eligible cost or activity or even generally the same purpose, the entity should carefully review each grant's application and terms and conditions and, as appropriate, contact the applicable program analyst, preparedness officer, or grants management specialist within FEMA or other appropriate agency for further assistance.

8. **What does an entity do if it draws down a duplication of benefits?**

Throughout the award lifecycle, an entity must always reconcile potential duplications of benefits funding with the applicable federal funding agency. Even after an award has been closed, entities should be prepared to produce financial statements reflecting their use of funds and a summary of the status of prior audit findings and questioned costs.⁴ Entities should consult the applicable program specialist/analyst, preparedness officer, or grants management specialist within FEMA and other relevant agencies for guidance on how to address budget and program quandaries. In the case of any potential or actual noncompliance, FEMA may place special conditions on an award, including placing a hold on funds until the matter is corrected.

⁴ See 2 C.F.R. § 200.333.

References

[Robert T. Stafford Disaster Relief and Emergency Assistance Act](#), June 2019

[2 C.F.R. Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

[2020 FEMA Preparedness Grants Manual](#), February 2020