



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

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POLICY: ED 01-2013

TITLE: CDBG-ED Grants – Commerce Underperforming or Non-Performing Grants
EFFECTIVE DATE: November 1, 2013

OVERVIEW:

Description: This policy references Economic Development and Public Facilities – Economic Development projects granted prior to July 1, 2013, that have not met, or will not meet contract goals, but may meet Federal criteria.

Purpose:

In the fall of 2011 the HUD Office of Inspector General began highlighting projects around the nation that required additional review. Upon reviewing the files the Division of Housing (DOH) determined that the former Department of Commerce was not consistent in contract language, review, monitoring, or reporting information in HUDS's Integrated Data Information System (IDIS).

The system requires the State to define the federally defined: eligible activity, national objective, and projected outcomes for each grant award. Once the contractual end date arrived it was expected that corresponding data was entered into IDIS. The Office of Inspector General flagging system noted that across the nation, projects were not updated upon completion of the contract and Wisconsin had a number of items to review.

The former Department of Commerce contract language varied by Unit of General Local Government (UGLG) and project concerning the amount of award funds granted per job anticipated to be created or retained. Frequently the Department of Commerce contract language was much more restrictive than the HUD standard of \$35,000 per job (*24CFR570.209 (b)(1)(i)*). Consequently, if a business did not fulfill the contract anticipation of job creation, the business still may satisfy HUD's national objective. Therefore, Units of General Local Government (UGLG's) can be subject to several levels of consideration.

Policy:

- If a company creates at least 90% of the positions anticipated as specified by the contract, and 51% are filled by LMI job candidates, and the number of jobs created meets the HUD national Objective threshold of \$35,000 per job created; then

No payback of funds to the State will be required by the UGLG.

- If a company creates less than 90% of the positions anticipated, as specified by the contract, and 51% are filled by LMI job candidates, and the number of jobs created meets the HUD national Objective threshold of \$35,000 per job created; then

Repayment of the grant from the UGLG will be prorated at the rate of CDBG Grant per job for each job not created up to the grant amount.

- Regardless of the number of jobs the company creates, if 51% are not filled by LMI job candidates, or the number of jobs created does not meet the HUD National Objective threshold of \$35,000 per job created; then

Then, the UGLG must repay the funds to the State of Wisconsin to be either returned to HUD at their discretion or re-utilized in new State CDBG – Economic Development projects.