



U.S. Department of Housing and Urban Development  
Community Planning and Development

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Special Attention of:

CPD Division Directors  
State CDBG Grantees

**Notice:** CPD- 07-06 (a)

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Cross References: 24 CFR 91.520

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**SUBJECT: Interim Reporting Requirements for the State Performance and Evaluation Report (PER) pending Re-engineering of the Integrated Disbursement and Information System (IDIS)**

**I. Purpose**

This Notice provides guidance for submission of the Performance and Evaluation Report (PER) for grantees under the State Community Development Block Grant (CDBG) program. It provides interim reporting guidelines pending the availability of electronic reporting via IDIS. This Notice replaces Notice 94-23 and is effective for reporting the PER beginning with the report for program year 2007. This guidance will be replaced by a new Notice to be issued by HUD when the automated reporting capability becomes functional in IDIS.

HUD has planned to re-engineer IDIS to move the system to a web-based Windows platform. The current system design supports reporting by program year for the Entitlement CDBG program but does not support State CDBG reporting requirements by appropriation. System enhancements to permit generation of the State PER directly from IDIS are a major feature of the initial phase of this re-engineered system. This first-phase release was originally scheduled for the last quarter of 2007 but contracting issues have delayed the upgrade. This interim guidance is issued to meet HUD's commitment to reduce the paper reporting burden on the states despite the delays in the re-engineering of IDIS.

**Background**

The Housing and Community Development Act (HCDA) of 1974 as amended at section 104(e) and implementing regulations at 24 CFR 91.520 require each grantee under the CDBG Program to submit to HUD a performance and evaluation report concerning the use of grant funds. The report must include an assessment of how such use addresses the objectives identified in the grantee's Consolidated Plan. The PER provides information on the proposed and actual accomplishments for each year that the CDBG funds were awarded and includes a description of the resources made available, [\(D0241167.DOC / 1\)](#)

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the investment of available resources, the geographic distribution and location of investments, the families and persons assisted (including the racial and ethnic status of persons assisted), actions taken to affirmatively further fair housing, and other actions indicated in the Strategic Plan and Action Plan.

Regulatory requirements promulgated upon establishment of the State CDBG program in 1981 (originally at 24 CFR 570.497) provided that each state shall submit a performance report regarding “its administration of a fiscal year’s allocation...and shall supplement such report annually...until all funds from such year’s allocation have been expended...”. This provided the basis for states accounting for grant funds by appropriation rather than by program year. This language was not included when the PER requirements became incorporated in the Consolidated Plan regulation in 1995, but the accounting method for states did not change and reporting by appropriation still applies. Regulations also require tracking of funds by annual grant for evaluating public benefit standards [570.482(f)(3)], calculating the overall benefit to low and moderate-income persons [570.484], and for calculating the caps on the maximum allowance for state administrative costs, technical assistance, and overall planning, management and administration [570.489]. Tracking by grant also meets the requirement for calculating the cap on public service activities established at section 105(a)(8) of the Act.

## **Definitions**

- Program Year: The program year is a 12 month period established by the State for administering all of the four formula grant programs (CDBG, HOME, ESG, and HOPWA). The Consolidated Plan program year is specified at 24 CFR 91.10.
- Grant Year: The appropriation year of a grant, also referred to as “fund year”, “funding year”, or “allocation year”. The grant year is the fiscal year of the federal appropriation that funds the grant.
- Grant Number: Each grant is identified by a grant number, which includes a program code, the year of the appropriation, an allocation code, and a grantee identifier code. For example, the grant number for the state CDBG grant for Maryland for fiscal year 2006 is B-06-DC-240001 where “B” indicates the CDBG program, “06” is the fiscal year, “DC” indicates the allocation for states’ use in nonentitlement areas, “24” is a code identifier for the state of Maryland, and “0001” is the number of the grant.

The term “grant year” is specific to a funding resource while “program year” refers to a plan performance period. The number of a grant year generally coincides with the number of the program year but they are not the same. For example, a state may designate its 2007 program year as July 1, 2007 through June 30, 2008. The grant for this program year will be from the 2007 appropriation, which covers the federal fiscal year from October 1, 2006 through September 30, 2007. Appropriations bills may not be enacted until well into the fiscal year. A state CDBG grant allocated from this appropriation will be designated with the number B-07-DC-xx0001.

## II. Reporting Requirements

States are required to prepare a performance report and to make the report available for citizen comment prior to submission to HUD in accordance with the HCDA at section 104(e). Regulations at 24 CFR 91.520 require the report to be submitted to HUD 90 days after the close of the program year, and 91.115(d) requires the state to provide notice to citizens and to make the report available for citizen comment at least 15 days prior to submission to HUD. The PER serves as the CDBG portion of the state's Consolidated Annual Performance and Evaluation Report (CAPER) which reports on the four formula grant programs covered by the Consolidated Plan. Note that, while the PER reports on activities and accomplishments taking place during the program year, the report is structured to show how funding from each annual grant was spent during that period.

The following general instructions are applicable to each annual PER submission:

- The annual PER will contain a separate report for each CDBG annual grant the state has received until all funds from the annual grant are spent, and a PER has been submitted with a final report for the grant showing actual amounts and actual accomplishment measures for all activities.
- Activities funded from more than one annual grant should be included on the report for each annual grant from which they received funds.
- Recaptured/reallocated funds must be reported by year of annual grant. Unlike program income, these funds retain their original grant year identity and must be accounted for by year of annual grant. If there are recaptured funds remaining from a FY 2004 annual grant which are then used to fund part of an FY 2007 grant, the FY 2004 funds awarded to the recipient will appear on the report for the FY 2004 annual grant.

Additional information regarding Performance Report requirements under the Consolidated Plan rules is available on HUD's website at:

<http://www.hud.gov/offices/cpd/about/conplan/#reporting>.

### Interim Reporting

HUD has committed to reducing the reporting burden imposed on the states by the current PER requirements. Because the current version of IDIS does not track financial information by grant, it cannot automatically generate the PER. States prepare a PER from information contained in their own systems. Since delays in the release of the re-engineered IDIS continue to prevent states from generating the PER automatically, HUD is offering the states the opportunity to submit a streamlined report beginning with program year 2007 which will include:

- Financial Summary for each open grant
- Narrative Statement (including information to support the regulatory requirements for performance measurement as required by 91.520(g))
- Information on activities not in IDIS (i.e. pre-IDIS)

In order to comply with reporting by grant, states will continue to prepare the financial status and national objective reports for Part I of the PER for each annual grant. States may meet the statutory reporting requirements of section 104(e) by completing the information in the voluntary reporting format which remains unchanged since the 1994 notice as described in Attachment 1. The activity detail information previously required in Part I generally accounted for the bulk of the PER submission. Effective with this Notice, HUD will accept standard IDIS reports as documentation for individual activities.

The primary source for detailed activity information will be the IDIS PR03 report, "CDBG Activity Summary Report (GPR) for Program Year xxxx" which will be generated for each open grant. States will not be required to submit this report to HUD because the report can be generated directly by HUD. HUD staff should generate PR03 reports for each open grant and save these electronically or retain hard copies for the state's file which may be requested at any time for monitoring, reviews by the Office of Inspector General (OIG), Government Accountability Office (GAO) or to respond to other inquiries. States must, however, make the entire PER available for citizen review and comment in compliance with their citizen participation plan as specified by 91.115(d). States must also maintain a record of the report for audit review by citizens, HUD, OIG, GAO and others in compliance with 91.115(g). HUD has provided a set of macro programs for use with Microsoft Word and Excel to facilitate printing and analysis of the PR03 and other IDIS reports. These macros are referred to as BOSMAC and are available on HUD's website at:

<http://www.hud.gov/offices/cpd/systems/idis/reporting/bosmac/>

HUD recognizes that the financial information for the activity details will not directly correspond with the financial report for the grant because IDIS reports are based on program year rather than grant year. However, the PR03 report provides information on national objectives, activity eligibility (matrix codes), accomplishments, status, funding, geographic location and more. Therefore, HUD considers that this report provides sufficient information to indicate if the state will meet statutory and regulatory provisions for compliance with program requirements.

States are also required to submit Part II of the PER. This is a narrative statement describing how the state has carried out its Strategic Plan and Action Plan. It describes resources, investments, beneficiaries and actual versus proposed outcomes for performance measures submitted with the Consolidated Plan. Requirements are described in the regulations at 24 CFR 91.520 and are included in Attachment 2. Note that reporting of outcome measures is required at 91.520(g) effective March 13, 2006.

Civil Rights reporting formerly submitted as Part III of the PER is now incorporated in the regulatory requirements addressed by Part II. States will address the racial and ethnic status of persons assisted in the narrative report. For program years in which states have recorded such data in IDIS, the PR03 report will provide detailed information by

activity. For earlier program years, states should continue with the format and method they have used previously until the final report for that grant is submitted.

The PER shall be submitted to the HUD field office with a copy to the State and Small Cities Division within 90 days after the close of the state's program year in accordance with 91.520(a). The entire PER may be submitted as electronic files, a paper copy is not required.

Collection of the information in this report is covered under OMB control number 2506-0085.

### **III. Review of PERs**

As part of HUD's review of the State's performance required by 91.525(a), the HUD field office should complete its review of the PER within 60 days of receipt. The State CDBG Representative should use the checklist (Attachment 3) to assist in the review. A copy of the checklist should also be included in the state's official file. State staff should use this checklist to review their PER prior to submission to HUD.

The field office's written report on the performance review required by 91.525(b) will address the adequacy and accuracy of the PER. States will have at least 30 days to review and comment on HUD's report. HUD will make the report, the state's comments and any revisions available to the public within 30 days after receiving the state's comments.

### **IV. Next Steps**

HUD is committed to developing a fully automated method of reporting the PER. This notice provides a temporary bridge between the previous PER requirements and the automated system in development. After testing and delivery of the re-engineered IDIS including the PER module, HUD will issue an updated notice detailing new reporting guidance. The anticipated first phase of the new system will not involve any major changes in the report format or content. It will include some minor changes to provide consistent entry of the name of the state's local government grantees and new matrix codes to identify state administration and planning-only grants.

Questions related to this Notice should be directed to the Community Planning and Development Division at the state's servicing HUD field office.

Notices are available online at:

<http://www.hud.gov/offices/cpd/communitydevelopment/rulesandregs/index.cfm>

## Attachment 1

### Voluntary Reporting Format

#### PART I

#### COLUMN 1: FINANCIAL STATUS

- A1. Show the total annual grant for the allocation being reported.
- A2. Report any program income distributed. Program income returned to the state and redistributed to another recipient is reported on the PER governing the distribution. For example, program income which was received in program year 2005 and budgeted for distribution in program year 2006 in accordance with the program year 2006 Action Plan method of distribution will appear on the program year 2006 allocation PER. Amounts of program income previously reported as obligated should not change.
- B. Report the total amount of the annual grant that has been obligated and announced to units of general local government.
- C. Report the cumulative amount of the annual grant that has been drawn down by the state through the end of the report year. The grant amount drawn down means an amount that has been drawn down from the state's line of credit.
- D. Indicate the total amount of the annual grant budgeted for administration by the state itself. The actual amount used by the state for administration should be reported in the final PER for the allocation. Funds that recipients use for administration, planning and management are not shown here but are listed as other activities and reported in lines A, B, and C.

The FY 2004 Appropriations Act introduced a change in the calculation of the State allowance for administration and for technical assistance.

For reporting periods prior to 2004, calculate the State admin amount as follows:

\$100,000 plus 2% of [the annual grant + PI + reallocated funds].

For reporting periods for 2004 and later, calculate as:

\$100,000 plus up to 3% of [the annual grant + PI + reallocated funds].

- E. Indicate the total amount of the annual grant to be used for technical assistance. As in line D, the FY 2004 Appropriations Act introduced a change in the calculation of the State allowance for technical assistance.

For reporting periods prior to 2004, calculate the State TA amount as follows:

1% of [the annual grant + reallocated funds].

For reporting periods for 2004 and later, calculate as:

up to 3% of [the annual grant + reallocated funds].

- F. Report the total amount, from any source, used by the State to repay a Section 108 Loan(s) for nonentitlement communities.

**NOTE:** For lines D and E, state administration and technical assistance combined should not exceed \$100,000 plus 3% of [the annual grant + PI + reallocated funds]. This is a maximum limit. If the State uses any funds for technical assistance, the limit will be lower because PI is excluded when calculating the TA allowance.

## Attachment 1

State	
Reporting Period FY	
Grant Number	
Data as of:	
<b><u>1. Financial Status</u></b>	
A: Total Funds	
(1) Allocation	
(2) Program Income	
B: Amount Obligated to Recipients	
C: Amount Drawn Down	
D: Amount for State Administration	
E: Technical Assistance	
F: Section 108 Loan Guarantees	

**Attachment 1**

**COLUMN 2: NATIONAL OBJECTIVES**

- A. Show the period designated for meeting the 70 percent principal benefit test. This period must be the same as the one that the state designated in its certification submitted with the Action Plan for the fiscal year allocation, as required by section 104(b)(3) of the Housing and Community Development Act. This section requires that the aggregate of funds received, during a period specified by the grantee of not more than three years, shall principally benefit persons of low- and moderate-income. Regulations at section 570.484 require that the “period selected...shall be designated by fiscal year of annual grants”. For example, if the period of benefit selected is only one year, both lines in 2A would indicate fiscal year 2006 to fiscal year 2006. If the period of benefit selected is two years, lines in 2A would indicate FY 2006 to FY 2007.
  
- B. Report the total amounts awarded to recipients for each national objective. The final PER for an allocation should indicate the amounts actually spent by national objective.

A space is reserved in the voluntary format for reporting acquisition/rehabilitation non-countable dollars. This allows states to separate those housing related funds awarded which cannot be counted toward the overall principal benefit test as set forth in section 570.484(b)(4)of the State CDBG regulations. Any dollars used for such amounts must be reported separately. (Section 105(c)(3) of the statute requires that any assisted activity that involves the acquisition or rehabilitation of property to provide housing is considered to benefit low and moderate income persons only to the extent that such persons occupy the housing at affordable rents upon completion. This provision applies only to the principal benefit test.) There are other rules to apply in order to determine if a housing activity itself meets a national objective.

Total the amounts listed on lines 2.B (1) through (5). This amount should equal the amount on line 1.B., Amount Obligated to Recipients.

<b>2. National Objectives</b>	
A: Period Specified for Benefit (Fiscal Year to Fiscal Year)	to _____
B: Amount used to:	
(1) Benefit Low/Moderate Income Persons	
(2) Prevent/Eliminate Slums/Blight	
(3) Meet Urgent Needs	
(4) Acquisition/Rehab Noncountable	
(5) Local Administration	
<b>Total</b>	



## Attachment 2

### Part II

#### STATE PERFORMANCE/EVALUATION REPORT NARRATIVE REQUIREMENTS

Section 104(e) of the Housing and Community Development Act of 1974, as amended, establishes requirements for the content of the performance report. Implementing regulations at 24 CFR 91.520 specify requirements for the annual report on how the grantee has carried out its Strategic Plan and its Action Plan.

The narrative portion of the state's PER must address the following:

- Describe the resources made available,
- the investment of available resources,
- the geographic distribution and location of investments,
- the families and persons assisted (including the racial and ethnic status of persons assisted),
- activities to address homelessness, chronic homelessness, and persons with special needs,
- actions taken to affirmatively further fair housing, a summary of impediments, and actions taken to overcome the effects of impediments,
- actions taken to remove barriers to affordable housing,
- other actions indicated in the Strategic Plan and the Action Plan.
- Include a comparison of the proposed versus actual outcomes for each outcome measure submitted with the Consolidated Plan and explain, if applicable, why progress was not made toward meeting goals and objectives.

Additional CDBG requirements are:

- Describe the use of CDBG funds during the program year.
- Assess the relationship of that use to the priorities and specific objectives identified in the plan with special attention to the highest priority activities that were identified.
- Specify the nature of and reasons for any changes in program objectives.
- Indicate how the state would change its programs as a result of its experiences.
- Evaluate the extent to which the program benefited low and moderate income persons and include the number of extremely low-income, low-income, and moderate-income persons served by each activity where information on income by family size is required to determine the eligibility of the activity.
- Evaluate progress toward meeting the goals of providing affordable housing using CDBG funds, including the number and types of households served.

The statute also requires that the report include a summary of any comments concerning the program that have been received from citizens.

#### **B. Summary of Activities and Results from Technical Assistance Funding**

(This section is only required for states using CDBG for technical assistance)

## Attachment 3

### PER CHECKLIST

#### A. *General Information*

1. Did the state submit its report within 90 days after the close of its program year?  
Yes No
2. If no to question 1, what was the state's reason for missing the submission date?  
Enter the actual date of the submission
3. Is there a report for each allocation that is open?  
Yes No
4. Is there a Part II Narrative attached, including outcome performance measurement information?  
Yes No
5. Is a Civil Rights Section included in the narrative?  
Yes No
6. Is the amount budgeted for technical assistance within the statutory limit (not more than 3% for state administration and technical assistance combined)?  
Yes No
7. Does the PER for each allocation contain all of the information as required by the Act?  
Yes No
8. If the answer to question 8 is no, identify in an attachment the additional information you requested the state to submit and indicate the date by which the information must be submitted.

### Attachment 3

#### **B. Financial Status Section**

Review each allocation to determine if the financial information on the allocation is correct. Use the space provided to respond to any negative answers.

1. Is the amount of the allocation consistent with the state's grant award?  
Yes No
2. Is program income accurately accounted for on the report?  
Yes No
3. Is the amount in 2B (total amount used for national objectives and local administration) equal to 1B (amount obligated to recipients)?  
Yes No
4. Is the amount obligated to recipients equal to or less than the total allocation plus any program income the state distributed?  
Yes No
5. Is the amount drawn down equal to or less than the amount obligated to recipients?  
Yes No
6. Is the amount budgeted for state administration within the statutory limit (not more than \$100,000 plus 3% of [the annual grant +PI + reallocated funds] for state administration and technical assistance combined)?  
Yes No
7. Is the timeframe selected for meeting the principal benefit test consistent with the period contained in the certification with the state's Consolidated Plan?  
Yes No
8. Does the state's data meet the principal benefit test required by the Act?  
Yes No

(Calculate the state's percentage in meeting the principal benefit test by using Exhibit 4-3 of Chapter 4 of the CPD Monitoring Handbook located at:

<http://www.hud.gov/offices/cpd/library/monitoring/handbook.cfm>)