



## **"NEW" SERVICE AND QUANTIFIABLE INCREASE IN NEED** **for Public Service Projects**



Section 570.201(e) of the CDBG regulations requires that each eligible public service activity be either:

- a new service; or
- a quantifiable increase in the level of an existing service above that which has been provided by or on behalf of the unit of general local government (through funds raised by the unit or received by the unit from the State in which it is located) in the 12 calendar months before the submission of the action plan.

However, Lehigh County's Annual Plan Process Guidelines set forth stricter rules regarding 'new' services and public service projects seeking CDBG funding via a quantifiable increase in need.

- A 'new' service means that the services being offered to the CDBG-funded participants were made available within the previous 12 months (from time of application), or will be newly offered in the upcoming 12 months.
- If a project cannot qualify as a new service, a quantifiable increase in need since August 1<sup>st</sup> of last year, must be proven. Both the existing program and the increase in need is eligible for CDBG funding, as long as applicants can substantiate that the existing program was not previously funded by local or State-governments. Otherwise, only the costs associated with the increased need can be funded.

*Note – Once a project is awarded CDBG funding, HUD allows for the same project to be funded annually at the same level or less. However, should an existing project skip a year in funding (e.g. misses the application deadline, etc), future applications for the same service will only be accepted based on quantifiable increase in need.*

### **Example #1:**

In 2025, Cornerstone Youth, a non-profit agency, received CDBG funding for an art educational program for low- to moderate income students. In 2026, they want to apply for CDBG funds for an educational program for science for the same age group. YES, this would be an eligible public service activity as a NEW SERVICE.

### **Example #2:**

In 2023, Cornerstone Youth was awarded \$30,000 in CDBG funding for a new technical education program which served 100 LMI beneficiaries. Cornerstone Youth was awarded \$30,000 in 2024 and 2025 for the same program. This year, in 2026, they requested \$35,000 for technical educational programs to service 140 low- to moderate-income clients. The increase in funding is requested because the program's success has driven the creation of an enrollment waitlist of 40 households over the past 12 months. The waitlist is attached to the applicable as proof of the quantifiable increase in need. YES, this would be an eligible public service with a quantifiable increase. Both the existing program and the increase in need are eligible to be considered for funding

### **Example #3:**

In 2023, Cornerstone Youth was awarded \$30,000 in CDBG funding for a new technical education program which served 100 LMI beneficiaries. Cornerstone Youth was awarded \$30,000 in 2024 and 2025 for the same program. This year, in 2026, they requested \$35,000 for technical educational programs to service 100 low- to moderate-income clients. NO, this would not be a new service or a quantifiable increase in service. Cornerstone Youth's technical education program provided services in the prior year. It also has not experienced an increase in need for its existing service if they are continuing to serve 100 clients. However, Lehigh County can still consider the program for \$30,000, the same amount awarded in 2025.

#### Example #4:

In 2023, Cornerstone Youth was awarded \$30,000 in CDBG funding for a new technical education program which served 100 LMI beneficiaries. Cornerstone Youth was also awarded \$30,000 in 2024 but did not apply in 2025. This year, in 2026, they requested \$35,000 for technical educational programs to service 140 low- to moderate-income clients. This is NOT a new service; however, if Cornerstone Youth can prove a quantifiable increase in the level of the existing service AND can substantiate that local or State government dollars didn't fund the existing service in 2025, the application would be eligible for funding.

#### Example #5:

Cornerstone Youth received funding from the PA Department of Education "Reading Rocks" program to provide its clients with a program for all of their low- to moderate-income clients. That program funded 100 students. Unfortunately, budget cuts required PA to eliminate funding to all "Reading Rocks" programs. Cornerstone Youth applied for CDBG funds this year for its "Reading Rocks Lehigh County" program. The program provides exactly the same services as "Reading Rocks" program which was previously funded by PA. Since August of last year, Cornerstone Youth has documented a wait list for participation in the program. They wish to serve the 100 existing students as well as add 25 more students from the wait list. This is NOT a new service since "Reading Rocks Lehigh County" is the same program as "Reading Rocks"; however, Cornerstone Youth can prove a quantifiable increase in the level of the existing service because it has a recent wait list. Therefore, Lehigh County CDBG can fund expenses associated with the increase in need. Lehigh County CDBG can NOT fund expenses associated with the existing level of service because PA Department of Education funded it. Supplanted funding is not allowable per CDBG.