



Commonwealth of Massachusetts
DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT

Deval L. Patrick, Governor ♦ Timothy P. Murray, Lt. Governor ♦ Tina Brooks, Undersecretary

**Massachusetts Community Development Block Grant (CDBG)
Informational Memorandum [08-02]
September 8, 2008**

Topic: Procurement of public social services funded by CDBG program grants

Issue: Grantees receiving funds for public social services often procure those services from outside providers. The selection of those providers is subject to the procurement requirements of the CDBG regulations for state programs, 24 CFR 570.489(g), and Massachusetts' procurement statute Chapter 30B. The federal regulations require states to establish requirements for procurement for units of local government. Chapter 30B is the state's procurement statute. It contains a number of definitions including services. Services are defined as the furnishing of labor, time, or effort by a contractor, not involving the furnishing of a specific end product other than reports. The definition of services does not include grant agreements, which involve grants to individuals or nonprofit entities for the public purpose of support or stimulation, rather than for the procurement of supplies or services for the benefit or use of the jurisdiction. This has been interpreted to mean that contracts to deliver CDBG-eligible social services, that meet the definition of grant agreements under c.30B, §2, are not covered by c. 30B.

Guidance:

Grantees have a responsibility to implement their CDBG-funded social service activities through providers that have been selected in fair and open processes and in a way that ensures cost reasonableness. Although formal procurement of social services is not required, steps taken during preparation of a grant application will ensure an open process.

During the development of an application, communities should request service proposals from providers that respond to the service needs identified in the local Community Development Strategy and that are consistent with the needs assessment developed by their Community Action Agency. The CDBG One Year Action Plan and application guidance describe these two considerations. The written request for proposals may include a commitment to contract with the provider if their proposal is used in the grant application and the activity is ultimately funded. The request for proposals should be in written form and distributed as widely as possible to ensure the opportunity for open competition.

As part of the application process, applicants are required to submit evidence of cost reasonableness for each activity requested. Submission of this cost information, and a decision by the DHCD to fund an activity, ensures the cost reasonableness of the services provided. Contracts to implement funded activities may be executed with the identified providers at the start of an awarded grant period.

This approach ensures a community has identified and contracted with a service provider in a way that meets open selection and cost reasonableness standards.

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If you have further questions regarding this guidance, please contact your community's CDBG program representative at DHCD or DHCD's Office of Chief Counsel.