Overview of the Federal CSBG Act

NASCSP CSBG Orientation Training

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History of the CSBG Act

Brief Overview

Economic Opportunity Act of 1964

Community Services Block Grant Act (1981)

Laws and Guidance

Federal

Federal Community Services Block Grant (CSBG) Act

• 42 U.S.C. § 9901, et. seq.
• States primarily responsible for grant administration

Federal Block Grant Regulations

• 42 C.F.R. Part 96

Information Memoranda (IMs)

• Non-binding guidance
• Example: Information Memorandum #82 (CSBG IM #82)
Laws and Guidance

State

State CSBG Laws

- Legislation (or “statutes”)
- Regulations

Organizational Standards

- Developed by the CSBG Organizational Standards Center of Excellence (COE)
- Published in IM 138
- For FY2016, OCS has the authority to require states to adopt the standards (P.L. 114-113, Div. H, Title II)
Laws and Guidance  
**Fiscal Controls**

**Requirements for States**
- Establish controls and procedures regarding disbursement of and accounting for CSBG funds
- Obtain an independent audit of CSBG funds at least annually  
  - 42 U.S.C. § 9916(a)(1)(A)

**Applicability of the Uniform Guidance**
- States must ensure that the “cost and accounting standards of the federal Office of Management and Budget” apply to CAAs  
  - 42 U.S.C. § 9916(a)(1)(B)

**Laws and Guidance  
Fiscal Controls**

**OMB Uniform Guidance:**
- **Subpart A** – Acronyms and Definitions
- **Subpart B** – General Provisions
- **Subpart C** – Pre-Federal Award Requirements and Contents of Federal Awards
- **Subpart D** – Post Federal Award Requirements
- **Subpart E** – Cost Principles
- **Subpart F** – Audit Requirements  
  - 2 C.F.R. Part 200
Laws and Guidance

Fiscal Controls

Uniform Guidance provisions that automatically apply to all block grants:

- **Subpart A** – Acronyms and Definitions;
- **Subpart B** – General Provisions;
- Public notice requirements in Section 200.202 in Subpart C;
- Rules for pass-through entities on subrecipient monitoring and management in Sections 200.330-200.332 of Subpart D; and
- **Subpart F** – Audit Requirements

Cost principles (Subpart E) also apply to subrecipients of CSBG funds (CAAs)

– 2 C.F.R. § 200.101(d)

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Laws and Guidance

Performance Management

CSBG Network-Wide Accountability and Management System

- National Community Action Theory of Change
- CSBG Organizational Standards
- Results Oriented Management and Accountability (ROMA)
- Model State Plan
- CSBG Annual Report
  - OCS IM #152 – New CSBG Annual Report (cleared by OMB)
- State and Federal Accountability Measures
  - Including American Consumer Satisfaction Index (ACSI)
Quiz #1: Laws and Guidance

Which of the following is legally binding on a CAA? (Select all that apply)

a. The Economic Opportunity Act of 1964
b. The federal CSBG Act
c. HHS block grant regulations
d. OCS CSBG Information Memoranda
e. Uniform Guidance cost principles (Subpart E)
f. CSBG subgrants (contracts) between the states and the CAAs

CSBG Funding

Allocation

CSBG Funding of States

• Each state must allocate and use CSBG funds received from OCS as follows:
  
  • Must pass through at least 90% of its federal CSBG allotment to CSBG Eligible Entities
  
  • May use $55,000 or 5% (whichever is greater) for state CSBG administrative costs
  
  • Remaining funds ("discretionary funds") must be used for CSBG-authorized purposes

  – 42 U.S.C. § 9907
CSBG Funding

Allocation

“10% Funds”

- States limited in how they spend funds not passed to CAAs; some allowable uses include:
  - Training and technical assistance (T/TA)
  - Coordinating state-operated programs and services
  - Supporting statewide coordination and communication among eligible entities
  - Supporting innovative programs and activities conducted by CAAs or other neighborhood-based organizations to eliminate poverty, promote self-sufficiency, and promote community revitalization

- 42 U.S.C. § 9907(b)(1)

CSBG Funding

Process

Process of CSBG Funding from States to CAAs

- CAA submits application to state
  - Includes community action plan and budget specifying how CAA will use CSBG funds (based on community needs assessment)
- State reviews application but generally does not dictate exactly how the funds must be used
- Once application approved, state enters into CSBG contract with CAA
- CSBG funds (and other federal pass-through funds) often required to be appropriated by state legislature before state may expend them
Quiz #2: CSBG Funding

A state may decide to award less than 90% of its CSBG allotment to CAAs.

True or False?

A state can require a CAA to use CSBG funds to support a statewide initiative even if it is not in line with community needs identified in the CAA’s needs assessment.

True or False?

State Plans

Process

Application and Plan
- States submit application and plan to HHS
- Can include one or two federal fiscal years
- Must be submitted no later than 30 days prior to beginning of fiscal year
  - 42 U.S.C. § 9908(b)

Public Inspection and Hearings
- State must hold at least one public hearing, with sufficient time and statewide distribution of notice of such hearing, to give an opportunity for comment on the proposed use and distribution of funds.
  - 42 U.S.C. § 9908(a)(2)
State Plans

Process

Revisions

• A state can revise the state plan so long as:
  - The revised plan is made available for public inspection, review, and comment
  - The revised plan is submitted to HHS for review and approval

- 42 U.S.C. § 9908(e)

State Plans

Content

State plan shall contain “such information as the Secretary may require,” e.g.:

• Description of how state intends to use 10% discretionary funds
• Information provided by Eligible Entities, including descriptions of:
  • Service delivery system
  • Linkages
  • Coordination with other public and private resources
  • Innovative community and neighborhood-based initiatives

– 42 U.S.C. §§ 9908(b)(2) and (b)(3)
State Plans

Content

Assurances

• State plan must assure that it will use CSBG funds to further the goals and purposes of the Act and make other assurances, including:
  – Obtaining from CAAs community action plans that include a community needs assessment
  – Ensuring participation by it and CAAs in the Results Oriented Management and Accountability (ROMA) system
  – Not terminating or reducing the CSBG funding of a CAA below the proportional share it received the previous year without following certain procedures
    - 42 U.S.C. § 9908(b)

Quiz #3: State Plans

Which of the following statements about state plans are TRUE?

a. Plan describes how state will run the CSBG program
b. Legislative hearing occurs every 5 yrs when plan developed
c. State must hold a public hearing when it revises its plan
d. State is bound by assurances it makes in the plan
Tripartite Boards
Governing Rules

- Federal CSBG Act (42 U.S.C. § 9910)
- State CSBG statutes, regs, policies, if exist (may include CSBG Org. Stands.)
- CSBG contract with state (may include CSBG Org. Stands.)
- CAA’s Governance Documents (e.g., bylaws, articles of incorporation)
- State Nonprofit Corporation Act or delegation of authority

Community Action Agency Boards

Role of Tripartite Board
FULLY ENGAGED IN:

- Development
- Evaluation
- Planning
- Implementation

- 42 U.S.C. § 9910(a)(1)
Tripartite Boards
Composition

At least 1/3: Low-Income sector
1/3: Public Officials
Remainder: Private Sector

42 U.S.C. § 9910
Board Self-Training Tool

Tripartite Boards
Low-Income Sector for Nonprofit CAAs

- Must be democratically selected to assure representative of low-income people in service area
- If chosen to represent a particular neighborhood, must live there
- Don’t need to be low-income themselves

- 42 U.S.C. § 9910(a)(2)
Tripartite Boards
Low-Income Sector for Public CAAs

- Must be representative of low-income individuals and families in service area
- Must live in service area
- Must be able to participate actively in development, planning, implementation and evaluation of CSBG programs

- 42 U.S.C. § 9910(b)
**Tripartite Boards**

**Democratic Selection Process**

- Community health center board
- Tenants association
- Faith-based group
- PTA
- Policy council
- Public forum
- General election

*Micro-democratic election procedure:*
Group predominately made up of low-income individuals may elect someone from within the group to serve as the low-income rep.

— OCS IM 82

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**Tripartite Boards**

**Public Sector**

- Elected public officials must be “holding office at time of selection”
  
  — Federal OCS IM 82 recommends that public officials serve only while they are in office

- If elected officials not available, may include appointed

Tripartite Boards

Private Sector

“...or other major groups and interests in community”

“Shall be officials or members of groups such as ...”

- 42 U.S.C. § 9910(a)(2)

Quiz #4: Tripartite Board

Which of the following statements about tripartite board composition is FALSE?

a. Low-income sector must meet federal poverty guidelines

b. Public officials must be elected

c. Federal CSBG Act requires community organizations to select private sector representatives
Use of CSBG Funds
Purposes and Goals

Reduce poverty

Revitalize low-income communities

Empower low-income families and individuals to become fully self-sufficient

Achieve CSBG Goals By

- Maximum participation of low-income communities
- Leveraging the resources of other anti-poverty programs
- Strengthening community capabilities for planning or coordinating resources responsive to local needs and conditions
- Using innovative approaches to attack causes and effects of poverty
- Organizing services to have a measurable impact on causes of poverty

- 42 U.S.C. § 9901
Use of CSBG Funds

Generally

CSBG is Unique

• Purpose of CSBG award differs from most other grants because it does not:
  • Focus on funding a particular service
  • Function solely as a “stand alone” program

– OCS IM 37

Use of CSBG Funds

Generally

CSBG funds may be used to support:

• Creation of new programs and services
• Augmentation of existing programs and services
• Organizational infrastructure required to coordinate and enhance multiple programs and resources that address poverty conditions in the community

– OCS IM 37
Use of CSBG Funds

Generally

Examples of Coordination from OCS IM 37

- CSBG funds can be used to connect and make more effective use of services to low-income people, e.g., by:
  - Creating and maintaining a computer network among multiple service providers in a community
  - Developing and operating a one-stop family center that houses multiple service providers and programs funded by other sources
  - Conducting community-wide needs assessments and multi-service strategic planning
  - Compiling, publishing, and distributing information to help clients make better use of services and programs funded by other sources

Use of CSBG Funds

Generally

Information and Referrals

- CSBG Act requires states to include in their CSBG state plans:

  “information provided by eligible entities in the State, containing ... a description of how linkages will be developed to fill identified gaps in... services, through the provision of information, referrals.....”


- CSBG funds may be used to provide info on and referrals to non-CSBG services/benefits
Quiz #5: Use of CSBG Funds

A CAA may only use CSBG funds to provide direct services to clients.
True or False?

A CAA may use CSBG funds to provide information and referrals only to clients it has determined are CSBG-eligible.
True or False?

Use of CSBG Funds

Client Eligibility

Federal CSBG Act
- Requires clients to be at or below 100% of FPL
- States may permit clients up to 125% of FPL
  - 42 U.S.C. § 9902(2)

Procedures for Determining Eligibility
- If no process specified by state, CAAs may adopt their own
Use of CSBG Funds
Buildings and Facilities

Overview

• Generally cannot use CSBG funds for either:
  – Purchase or improvement of land or
  – Purchase, construction, or permanent improvement of building or other facilities

• Exception for low-cost residential weatherization or other energy-related home repairs

• Federal OCS waiver available, upon request, for “extraordinary circumstances”
  - 42 U.S.C. § 9918(a)(1); OCS IM 60

Not all building-related expenses are prohibited, e.g.:

• Maintenance and repair costs, see Uniform Guidance, 2 C.F.R. § 200.452

• Depreciation, see Uniform Guidance, 2 C.F.R. § 200.436
Quiz #6: Buildings/Facilities

The federal CSBG Act generally prohibits the use of CSBG funds for: (Select all that apply)

a. Purchase or improvement of land
b. Maintenance of or repairs to a building or other facility
c. Purchase of a building or other facility
d. Construction or permanent improvement of building/facility

Use of CSBG Funds

Match

Overview

• Generally, CSBG funds may not be used as match for other federal programs
  – CSBG Act silent as to use of funds as a match
  – Federal funds may be used as match only if explicitly allowed by funding source statute, see Uniform Guidance, 2 C.F.R. § 200.306

CSBG Match Guidance

• AmeriCorps, OCS IM 139
• HUD McKinney-Vento, OCS IM 135
Use of CSBG Funds

Carryover

Federal Consolidated Appropriations Act

• Permits CAAs to carry over into the next fiscal year remaining CSBG funds distributed to it by a state for the current fiscal year

• Appropriations Act takes precedence over the federal CSBG Act which only permits a CAA to carry over up to 20% of CSBG funds distributed to it by the state for that fiscal year (42 U.S.C. § 9907(a)(3)(A))

May a State Prohibit CSBG Carryover?

• In CAPLAW’s view, not permitting carry over is an effective reduction of an Eligible Entity’s proportional share received in the prior year

• Before reducing an Eligible Entity’s funding below the proportional share, a state must:
  • Give notice;
  • Provide a hearing on the record;
  • Determine that cause exists; and
  • Give CAA an opportunity for federal review of its decision

– 42 U.S.C. § 9915(b)(8); OCS IM 116
Use of CSBG Funds

**Political Activities**

**Overview**
- Cannot use CSBG funds in any way that identifies such use with:
  - Partisan and nonpartisan political activities
  - Voter registration
  - Transportation to the polls

**Hatch Act**
- Federal law that applies mainly to federal, state, or local employees
- Applied to certain CAA employees via Federal CSBG Act
- Hatch Act limits activities of employees, not the CAA
  - 42 U.S.C. § 9918(b)
Hatch Act – Nonprofit CAAs

**FIRST TYPE OF EMPLOYEE**
If > ½ of work time employed by CAA/Head Start org. or > ½ salary paid by org.

Works in connection with CSBG or Head Start activities

**SECOND TYPE OF EMPLOYEE**
Can’t run as candidate for public office in partisan election
Can’t use official authority to influence election results
Can’t coerce Hatched employee to make political contributions

If 100% of salary paid out of CSBG and/or Head Start funds (directly or indirectly)

Hatch Act – Public CAAs

**FIRST TYPE OF EMPLOYEE**
Works in connection with activities financed by ANY federal grants or loans

**SECOND TYPE OF EMPLOYEE**
Can’t run as candidate for public office in partisan election
Can’t use official authority to influence election results
Can’t coerce Hatched employee to make political contributions

If 100% of salary paid out of ANY federal grants or loans
Use of CSBG Funds
Child Support Referral

Federal CSBG Act requires all CAAs to:

• Inform custodial parents in single-parent families that participate in CSBG-funded programs, activities, or services about the availability of child support services; and

• Refer eligible parents to the child support offices of state and local governments

- 42 U.S.C. § 9919(b)
Monitoring Review Requirements

Federal CSBG Act requirements

- A state CSBG office is to conduct the following reviews of a CAA:
  - Full on-site review at least once every 3 years;
  - On-site review of newly-designated entities after first year;
  - Other reviews as appropriate; and/or
  - A prompt follow-up review

- 42 U.S.C. § 9914

Federal CSBG Act Requirements

- Only language in federal CSBG Act that directly addresses the type of monitoring a state is to conduct requires a state to:

  *Determine whether eligible entities meet the performance goals, administrative standards, financial management requirements and other State requirements*

- 42 U.S.C. § 9914
Monitoring Review Requirements

Organizational Standards

- OCS IM 138
- Intended to increase accountability and result in a more uniform monitoring across states

State Funding Decisions
Monitoring Results

TERMINATION/REDUCTION RESULTING FROM A MONITORING

- SR1: Monitor and conduct follow-up reviews as required
- SR2: Inform of deficiency and require correction
- SR3: Provide T/TA and/or QIP
- SR4: Determine if cause exists
- SR4: Provide notice and hearing on record if deficiency not corrected
- SR5: Initiate reduction or termination of funding if cause exists
- SR6: Give opportunity for federal review by HHS

- 42 U.S.C. § 9915
State Funding Decisions

Formula Changes

Resulting from Statewide Redistribution of Funds

- State funding formulas vary and are often the result of state CSBG statute
- To change formula, state must show that “cause” exists, i.e., responding to:
  - The results of the most recently available census or other appropriate data;
  - The designation of a new eligible entity; or
  - Severe economic dislocation
- If “cause” exists, state must provide notice, a hearing on the record and opportunity for federal review

- 42 U.S.C. § 9908(c); OCS IM 116

Quiz #7: Funding Termination

A state can terminate a CAA’s CSBG funding by sending the CAA written notice of its intent to terminate the funding.

True or False?
Designation of New CAAs

Process

Overview

- State may designate a new CAA if an area is not served, or ceases to be served
- No required designation process in Federal CSBG Act
  - State may solicit applications
- When designating new CAA, nonprofits get priority

- 42 U.S.C. § 9909, OCS IM 116

Designation of New CAAs

Type of Entity

Choosing a new nonprofit CAA

A nonprofit organization...

- geographically located in the unserved area;
- capable of providing a broad range of services designed to eliminate poverty and foster self-sufficiency; and
- meeting the requirements of the CSBG Act (including the tripartite board requirement).

A nonprofit CAA...

- geographically located in an area contiguous to or within reasonable proximity of the unserved area;
- already providing related services in the unserved area, and
- that will agree to add board members to ensure compliance with the CSBG Act’s tripartite board requirement.
Designation of New CAAs
Type of Entity

Choosing a New Public CAA

• Only if NO nonprofit org is identified or qualified may the state designate a political subdivision to serve as an eligible entity in the area

- 42 U.S.C. § 9909, OCS IM 116

OCS Complaint
Process

Overview

• CAAs may file a complaint alleging that the state failed to follow the federal CSBG Act
  - Includes failure to follow certification and assurances made by state

• OCS will defer to state’s interpretation of the CSBG Act unless the interpretation is clearly erroneous

- 45 C.F.R. § 96.50
# OCS Complaint Process

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<th>Complaint Process</th>
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<td>✓ First, complaints must be in writing and sent to the director of OCS.</td>
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<td>✓ Second, OCS must promptly furnish a copy of any complaint to the affected state.</td>
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<td>✓ Third, the state has an opportunity to respond to the complaint. The regulations specify that OCS will consider any comments received from the state within 60 days (or a longer period as agreed to by the state and OCS).</td>
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<td>✓ Fourth, OCS will conduct an investigation of complaints where appropriate.</td>
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<td>✓ Fifth, OCS will provide a written response to complaints within 180 days of receipt. If a final resolution cannot be provided at that time, the response will state the reasons why additional time is necessary.³⁹</td>
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³⁹ 45 C.F.R. § 96.50