

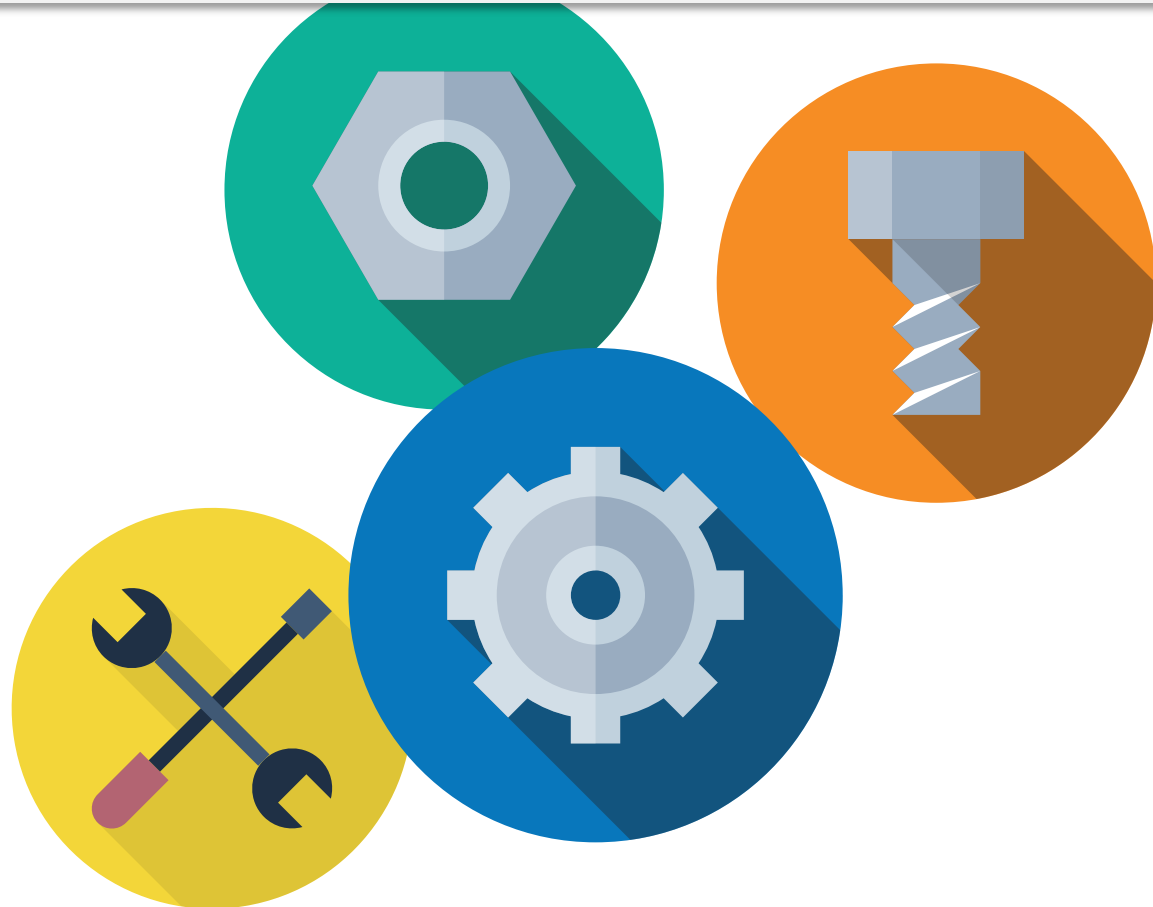


Nuts and Bolts of the Federal CSBG Act for State Administrators

2025 NASCSP
Annual
Conference

Chicago, IL

September 23, 2025





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Staff Attorney



- History & Legal Framework
- Funding Structure & State Plans
- Tripartite Boards
- Use of CSBG Funds
- Monitoring, Designation, & Termination



HISTORY & LEGAL FRAMEWORK

CAPLAW Resource

CSBG Training Module



History of the CSBG Act

60+ Years of Service



Economic Opportunity
Act of 1964

Community Services
Block Grant Act (1981)



Legal Framework

Federal Law

- Community Services Block Grant (CSBG) Act (*42 U.S.C. § 9901*)
 - States are primarily responsible for grant administration
- HHS block grant regulations (*45 CFR Part 96*)
 - **Clearly erroneous standard** of review for state interpretations of block grant statutes
- Information Memoranda (IMs)
 - **Non-binding guidance** from OCS
 - E.g., IM #116 Corrective Action, Termination, or Reduction of Funding

Legal Framework

45 CFR 96.50(e)



*The Department recognizes that under the block grant programs the States are primarily responsible for interpreting the governing statutory provisions. As a result, various **States may reach different interpretations of the same statutory provisions**. This circumstance is consistent with the intent of and statutory authority for the block grant programs. In resolving any issue raised by a complaint or a Federal audit the Department will defer to a State's interpretation of its assurances and of the provisions of the block grant statutes unless the interpretation is clearly erroneous.*



Legal Framework

45 CFR 96.50(a)-(d)

- CAAs may file a **complaint** with OCS alleging that the state failed to follow the federal CSBG Act
 - Complaint must be in writing & sent to the director of OCS
- OCS must promptly furnish copy of the complaint to the state
 - State has **opportunity to respond** to the complaint
 - OCS will conduct **investigation** of complaints, where appropriate
- OCS will provide written response within 180 days after receipt

Legal Framework

State Law

- State CSBG laws & guidance
 - Statutes & regulations
 - Guidance, program policies, & IMs
- **Organizational Standards**
 - 58 for private CAAs; 50 for public CAAs
 - IM #138 State Establishment of Organizational Standards for CSBG Eligible Entities
- Grant agreement **terms & conditions**



CAPLAW Resource

Organizational Standards Guide



Fiscal Controls

42 U.S.C. § 9916

- CSBG Act requires states to:
 - Establish fiscal controls and procedures regarding disbursement of and accounting for CSBG funds
 - “[E]nsure that **cost and accounting standards** of the Office of Management and Budget apply to” CAAs
 - Obtain an independent audit of CSBG funds at least annually
 - Make books & records available to HHS for review on reasonable request

Fiscal Controls

Uniform Guidance

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*2 CFR Part 200*)
- Apply to all **block grants**:
 - Subparts A, B, & F
 - Public notice requirements in 2 CFR 200.202 of Subpart C
 - Rules for pass-through entities on subrecipient monitoring & management in 2 CFR 200.330-332 of Subpart D
- **Cost principles** in Subpart E also apply to CAAs as subrecipients of CSBG funds (*2 CFR 200.101(e)(1)*)

Knowledge Check

Which of the following is legally binding on a CAA?

(select all that apply)

- a) Economic Opportunity Act of 1964
- ☒ b) Federal CSBG Act
- ☒ c) HHS block grant regulations
- d) IM #82 Tripartite Boards
- ☒ e) Subpart E of the Uniform Guidance
- ☒ f) Terms & conditions of CSBG subgrants



FUNDING STRUCTURE & STATE PLANS

CSBG Funding

Allocation

- States must allocate & use CSBG funds received from OCS as required by the CSBG Act (42 U.S.C. § 9907)
- 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**, including monitoring activities
- Remaining “discretionary funds” must used by state for CSBG-authorized purposes

CSBG Funding

“10% Funds”

- States are limited by CSBG Act in how they spend funds not passed down to CAAs (42 U.S.C. § 9907(b)(1))
 - Training and technical assistance (T/TA)
 - Coordinating state-operated programs and services
 - Supporting statewide coordination & communication among CAAs
 - Supporting innovative programs & activities conducted by CAAs or other neighborhood-based organizations
 - “[S]upporting other activities, consistent with the purposes of this chapter”

Knowledge Check

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

True

False



State Plans

42 U.S.C. § 9908

- States designate a “**lead agency**” to submit application and plan to HHS
 - Plan can include one or two federal fiscal years
- State must hold at least one **public hearing** as part of plan development
 - Must give sufficient time & statewide distribution of notice
 - Provides public with opportunity for comment on the proposed use & distribution of funds

State Plan

Revisions

- A state can revise its plan (42 U.S.C. § 9908(e))
- Revised plans must be:
 - Made available for **public inspection**, review, and comment
 - Submitted to HHS for review and approval
- Why revise?
 - Address local or statewide emergencies
 - Significant unexpected changes in service area needs

State Plans

Content

- “[S]hall contain such information as the Secretary shall require”
(42 U.S.C. § 9908(b))
- Description of how state intends to use discretionary funds
- Information provided by **eligible entities**, including descriptions of:
 - Service delivery systems
 - Linkages
 - Coordination with other public & private resources
 - Innovative community & neighborhood-based initiatives

State Plan

Assurances

- State must agree to 10 **assurances** in application & plan and describe how it will carry out the assurances:
 - Will use funds to further goals and purposes of the CSBG Act
 - That state and CAAs will coordinate and establish linkages between programs to avoid **duplication** of services
 - Will not terminate or reduce CAA funding below the prior year's proportional share without following certain procedures

State Plan

Assurances

- Continued...
 - That CAAs will provide emergency supplies & services necessary to counteract starvation and malnutrition
 - Obtain community action plans from CAAs that include a **community needs assessment**
 - Require each CAA to establish petition for adequate representation procedures
 - Ensure participation by the state & CAAs in the **Results Oriented Management and Accountability** (ROMA) system

Knowledge Check

**Which of the following statements
about state plans are TRUE?**

(select all that apply)

- a) Plan describes how state will run the CSBG program
- b) Legislative hearing occurs every 5 yrs when plan is developed
- c) State must hold a public hearing when revising its plan
- d) State is bound by assurances it makes in the plan

State Plan

Evaluations

- HHS conducts evaluations in several states each fiscal year on the use of CSBG funds and compliance with the CSBG Act
- Special attention given to compliance with assurances in state plan (*42 U.S.C. § 9914(c)*)
- IM #102 Monitoring Checklist
 - Standard **monitoring protocol** used by OCS
 - Covers administrative, programmatic, and fiscal compliance



TRIPARTITE BOARDS

Tripartite Boards

Governance

Federal CSBG Act
42 U.S.C. § 9901 et seq.

Laws & regs for specific
federal grants (e.g.,
Head Start)

State CSBG laws and
regulations

State nonprofit
corporation law or
local gov't agency law

Bylaws adopted
by tripartite board

State open meetings
laws

CSBG Organizational
Standards

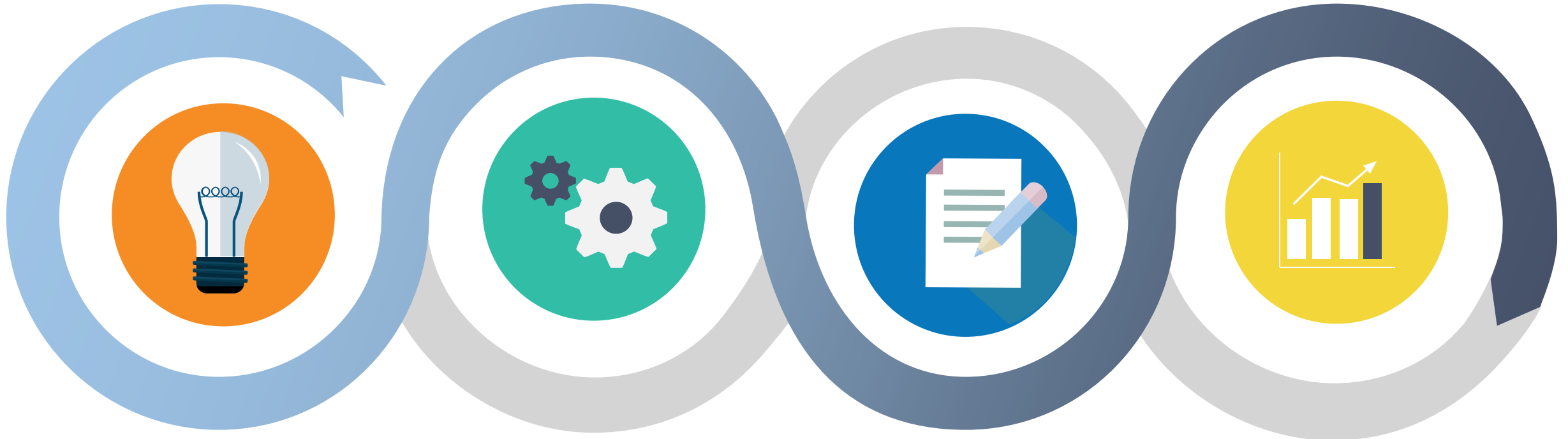
OCS CSBG IM #82

Grant agreement
terms & conditions

Tripartite Boards

Role

Fully engaged in:



Development

Planning

Implementation

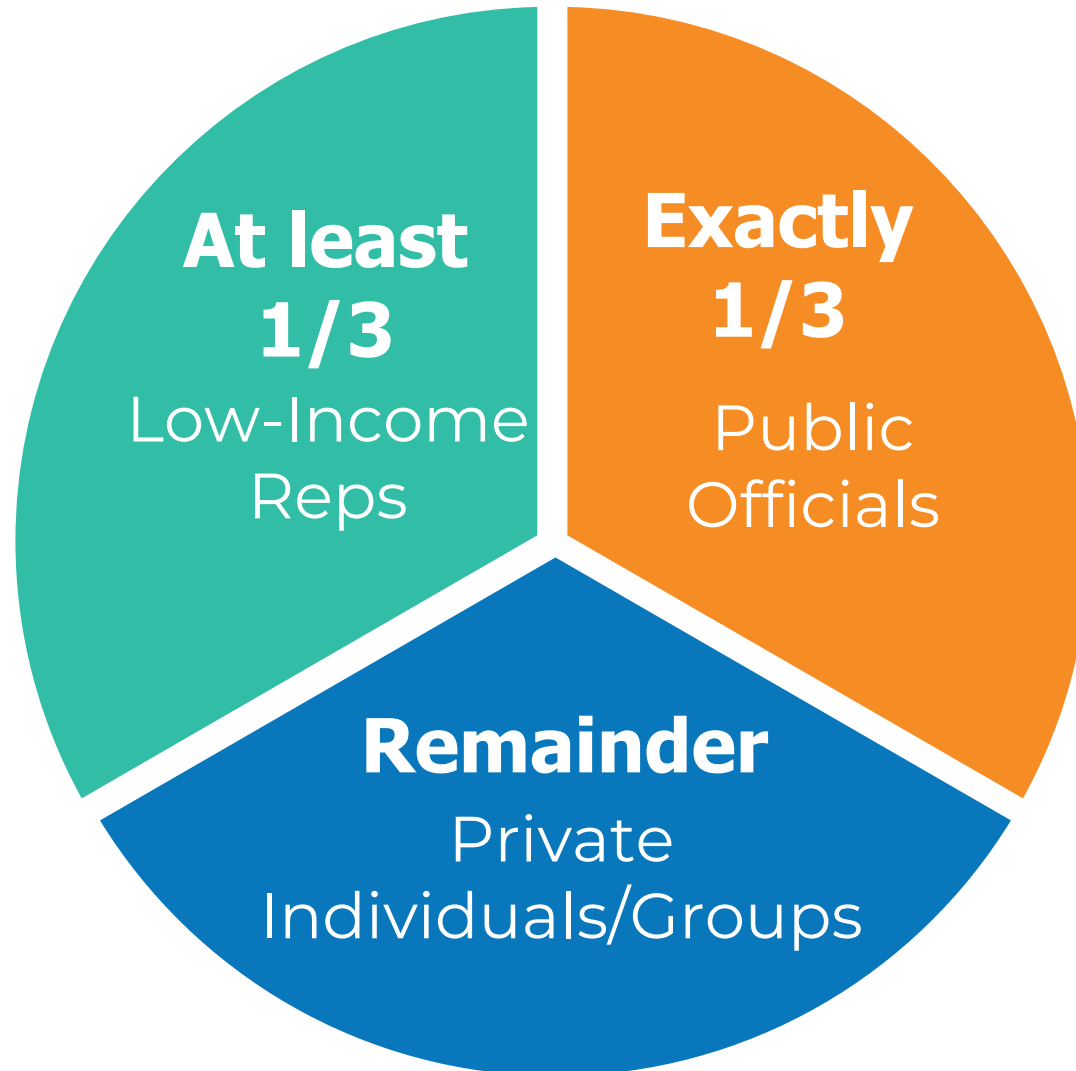
Evaluation

For Public CAAs



Tripartite Boards

Structure



Tripartite Boards

Low-Income Sector

- At least 1/3 of the tripartite board must be directors who:
 - Represent low-income individuals and families in the area served
 - Are chosen via **democratic selection procedures**
 - Live in a certain neighborhood, if chosen to represent that specific neighborhood
- For public CAAs, must live in service area (*42 U.S.C. § 9910(b)*)
- Do not have to be (but may be) low income themselves

Tripartite Boards

Democratic Selection

- **Direct election**
 - Ballots cast by clients or other low-income people in the service area
 - Vote held at a public forum hosted by the CAA
- **Micro election** (*IM #82*)
 - Designation of community organizations composed predominantly of and representing low-income people in the service area to elect directors
 - Selection by neighborhood CAA advisory groups made up of or selected by primarily low-income residents

CAPLAW Resources

Raising and Preserving the Low-Income Voice

Raising the Low-Income Voice

Case Studies in Democratic Selection Procedures

Community Action, Inc. (CAI)

Data-driven recruitment, development of local leaders, and competitive elections

CAI Overview

Location:	Haverhill, MA
Staff Size:	140 employees
Annual Revenue:	\$15,000,000
Service Area:	11 cities and towns
Chief Executive:	Kerri Sheeran Perry
Board Size:	21 seats
Major Programs:	Head Start/Early Head Start; family child care; parent support; adult education; heating and weatherization assistance; homelessness and housing services; consumer services; WIC nutrition
Appendices:	Democratic selection procedures; sample recruitment letter; candidate registration form; bylaws excerpt

At one time, CAI publicized and recruited for the community representative sector of its board by mailing out nomination papers to all of the clients in its Low-Income Home Energy Assistance Program—an impressive feat, considering the more than 7,000 households served by the program. Recently, however, CEO Kerri Sheeran Perry has explored ways to reduce the financial and administrative cost of the election while maintaining the spirit and integrity of the democratic process. Her organization has settled on a process that does just that.

Apart from a seat that is filled by CAI's Head Start policy council, all of the agency's community representative sector board members represent specific neighborhoods within the service area. When a community representative seat is up for reelection, CAI uses its case management software to pull a random sample of at least 10% of low-income households from that neighborhood. Staff prepare a letter to potential candidates briefly explaining board roles and responsibilities and then mail this letter, along with a candidate registration form, to all of the randomly selected households. The registration form asks for basic demographic information, a description of why the candidate wants to be on the board, and a short biography. See Appendices 2 and 3 for a sample recruitment letter and registration form.

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COMMUNITY ACTION, INC. 4

Preserving the Low-Income Voice

Snapshots of Democratic Selection Procedures in a Pandemic

INTRODUCTION

The COVID-19 pandemic has created a multitude of unprecedented challenges for Community Action Agencies (CAAs). From scaling up and adapting existing programs, to navigating new laws and administrative dilemmas, CAAs have stepped up to meet those challenges and develop new procedures enabling them to better serve their clients.

One of the challenges that has spurred CAAs to innovate is the need to recruit and elect representatives of the low-income community to serve on the tripartite board. Under the Community Services Block Grant (CSBG) Act, for a nonprofit or public CAA to receive CSBG funding, at least one-third of its board must be chosen in accordance with democratic selection procedures adequate to ensure that they are representative of the low-income individuals and families in the neighborhood served by the CAA (42 USC § 9910(a), (b)). This requirement is unique to Community Action and serves as a hallmark of the program's commitment to providing low-income people with a voice in the development, planning, implementation, and evaluation of anti-poverty programs.

While it imposes the tripartite requirement, the federal CSBG Act does not offer any guidance on how to conduct a democratic selection procedure; for that, CAAs can look to [CSBG Information Memorandum \(IM\) 82](#) from the Office of Community Services. IM 82 states:

Every effort should be made by eligible entities to assure that board members representing low-income individuals and families have been selected on the basis of some form of democratic procedure either directly through election, public forum, or, if not possible, through a similar democratic process such as election to a position of responsibility in another significant service or community organization such as a school PTA, a faith-based organization leadership group, or an advisory board/governing council to another low-income service provider.

CAPLAW has termed the latter method a "micro election", and many CAAs have used this type of procedure by asking another group that is representative or comprised primarily of low-income individuals to elect someone from their group to sit on the CAA's tripartite board. It is not enough for the electing entity to serve the low-income population; it should itself be primarily made up of low-income individuals. This reflects the purpose of having a tripartite board in the first place: to establish a mechanism for gathering and empowering the feedback of the community served, along with the public and private sectors.

Micro elections are just one of the various ways a CAA may conduct recruitment and elections for the low-income representative sector of its board. Each CAA and service area are unique, but all have been tested in some way during the COVID-19 pandemic. Roughly half of 150 CAA respondents to a recent survey said that they changed some aspect of their existing procedures for low-income sector board recruitment or elections in response to the pandemic. Many revealed that the changes resulted in a more effective, streamlined process that enabled additional community members to participate. While serious obstacles to client engagement still existed, such as lack of internet access, transportation, and childcare, on top of state and local restrictions on gatherings and service delivery, CAAs adapted. Even amidst the difficulties, many agencies successfully recruited and elected new low-income sector representatives to their board. Their experiences and outcomes can assist other CAAs with tripartite board compliance through the remainder of the pandemic and beyond.

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PRESERVING THE LOW-INCOME VOICE 1

Tripartite Boards

Public Sector

- Exactly 1/3 of the tripartite board must be directors who are:
 - **Elected** public officials or their representatives
 - Holding office on the date of selection
- IM #82 Tripartite Boards recommends public officials serve while they are in office
- If elected officials are not available, **appointed** public officials (or their representatives) may be selected

Tripartite Boards

Private Sector

Officials or members of groups such as:



Business



Industry



Religious



Labor



Education



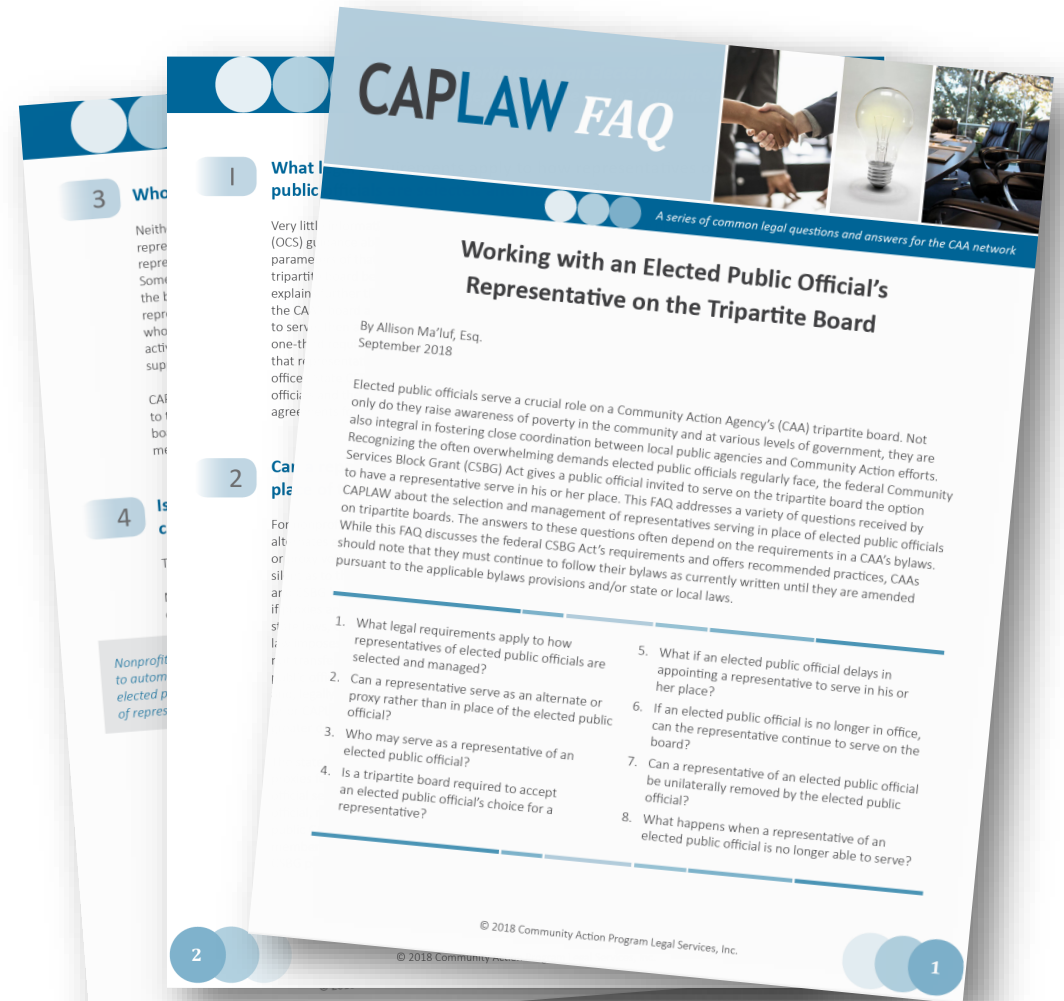
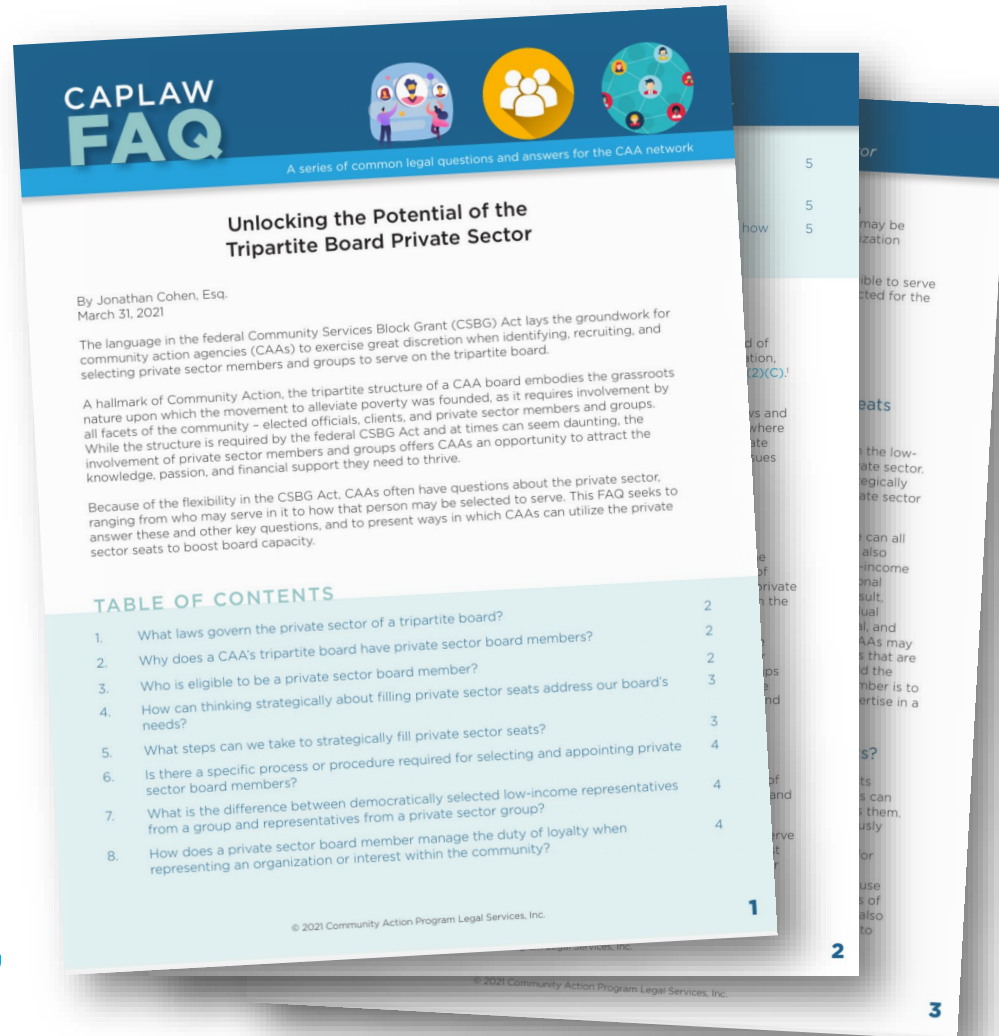
Housing



Other major groups & interests in the
community served

CAPLAW Resources

Public & Private Sector FAQs



Knowledge Check

**Which of the following statements
about tripartite board composition
are FALSE?**

(select all that apply)

- a) Low-income sector directors must meet federal poverty guidelines
- b) Public officials must be elected
- c) CSBG Act requires community organizations to select private sector representatives



USE OF CSBG FUNDS

Purposes & Goals

42 U.S.C. § 9901(1)



Reduce poverty



Revitalize low-income communities



Empower low-income families and individuals

Purposes & Goals

42 U.S.C. § 9901(2)

**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**

Purposes & Goals

Flexible & Connected

- CSBG is different from other grants because it does not:
 - Focus on funding a particular service
 - Function solely as a “stand alone” program
- IM #37 sets forth three overarching ways to use CSBG funds:
 - **Create** new programs and services
 - **Augment** existing programs and services
 - Establish **organizational infrastructure** required to coordinate and enhance multiple programs and resources

Knowledge Check

A CAA may only use CSBG funds to provide direct services to clients.

True

False



Use of CSBG Funds

Client Eligibility

- CSBG Act requires clients to be at or below 100% of **federal poverty line** (FPL)
 - States may permit up to 125% of FPL
 - Appropriation Acts raised to 200% of FPL
- No specific process for determination in federal law
 - CAAs may adopt own procedures unless specified by the state
 - E.g., “income”, frequency, documentation



Use of CSBG Funds

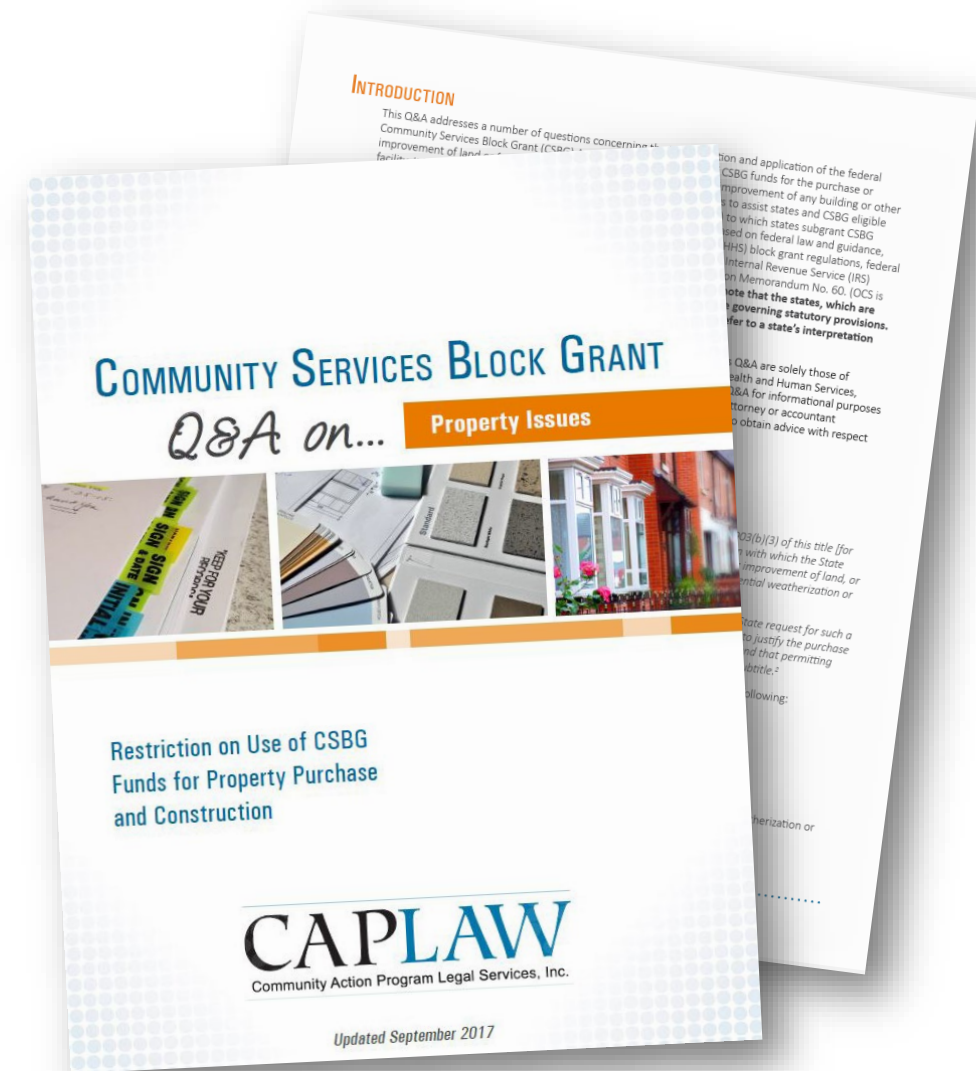
Buildings & Facilities

- Cannot use CSBG for:
 - Purchase or improvement of land
 - Purchase, construction, or permanent improvement of building or other facilities
- Exception: low-cost **residential weatherization** or other energy-related home repairs (42 U.S.C. § 9918(a)(1))
- Not all building-related expenses are prohibited
 - Maintenance & **repair** (2 CFR 200.452); depreciation (2 CFR & 200.436)

Use of CSBG Funds

Buildings & Facilities

- States can request **waiver** from OCS for “extraordinary circumstances” (42 U.S.C. § 9918(a)(2))
- IM #60 addresses waivers and federal interest
- IM #163 covers use of CSBG for client mortgage payment assistance



Knowledge Check

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

- a) Client mortgage payments
- 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 a building or other facility

Use of CSBG Funds

Cost Sharing

- No cost share (previously “**match**”) requirement for CSBG
- Federal funds may only be used as cost share if allowed by funding source (2 *CFR* 200.306)
- CSBG Act is silent as to use of funds for cost sharing & generally cannot be used for cost share, except:
 - IM #135 Federal Matching Requirements HUD McKinney-Vento
 - IM #139 Federal Matching Requirements AmeriCorps

Use of CSBG Funds

Carryover

- Appropriations Act permits a CAA to carry over **any remaining CSBG funds** distributed to it by a state into the next fiscal year
 - Appropriations Acts override CSBG Act, which permits carry over of up to 20% of CSBG funds (42 U.S.C. § 9907(a)(3)(A))
 - Carryover funds must be spent down by end of 2nd year
- May a state prohibit carryover?
 - **No**; would be an effective reduction of an eligible entity's proportional share received in prior year

CAPLAW Resource

Q&A on Carryover




Use of CSBG Funds

Political Activities

- Cannot use CSBG funds “in a manner supporting or resulting in the identification” of programs with:
 - Partisan and nonpartisan political activities
 - Voter registration
 - Transportation to the polls or similar assistance
- **Hatch Act**
 - Federal law that limits political activities of certain employees, not the CAA
 - Incorporated via CSBG Act (42 U.S.C. § 9918(b)(1))


CAPLAW Resources


Election Year Refreshers



Election Year Refresher for Nonprofit CAAs

October 2022





Keeping the Community season...

The CAA...

The Intern...

501(c)(3)...

CAA emp...

citizens...

CAA emp...

citizens...

CAA emp...

citizens...

For example, if the communications director discussed above receives a salary that is 100% paid for with CSBG and/or Head Start funds, then she may not run for a vacant seat in the state legislature if the candidates in that election are representing, supported by, or identified with political parties.

This graphic helps to illustrate application of the Hatch Act restrictions

Private/Nonprofit CAAs Hatch Act Restrictions

Employee #1

- Primarily employed by CAA
- Works in connection with CSBG and/or Head Start activities


Employee #2


- Can't run as candidate for public office in partisan election
- Can't use official authority to influence election results
- Can't coerce a Hatched Employee to make a political contribution

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

To recap, nonprofit CAA employees subject to the Hatch Act may, on their own time and outside of the workplace: (1) run for office in a nonpartisan election;⁷ (2) continue to serve in the offices to which they were elected prior to becoming subject to Hatch Act restrictions;⁸ (3) run for and hold office in a political party;⁹ and (4) participate in political campaigns, party organizations, and make and solicit contributions.¹⁰


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 CAPLAW Election Year Refresher for Nonprofit CAAs 3



Election Year Refresher for Public CAAs

October 2022





Keeping the Community season...

The CAA...

The Intern...

501(c)(3)...

CAA emp...

citizens...

CAA emp...

citizens...

CAA emp...

citizens...

This graphic helps to illustrate application of the Hatch Act restrictions

Public CAAs Hatch Act Restrictions

Employee #1

- Works in connection with activities financed by ANY federal grants or loans


Employee #2

- Can't run as candidate for public office in partisan election
- Can't use official authority to influence election results
- Can't coerce a Hatched Employee to make a political contribution

100% of salary is paid out of ANY federal grants or loans

To recap, public CAA employees subject to the Hatch Act may, on their own time and outside of the workplace: (1) run for office in a nonpartisan election;⁷ (2) continue to serve in the offices to which they were elected prior to becoming subject to Hatch Act restrictions;⁸ (3) run for and hold office in a political party;⁹ and (4) participate in political campaigns, party organizations, and make and solicit contributions.¹⁰

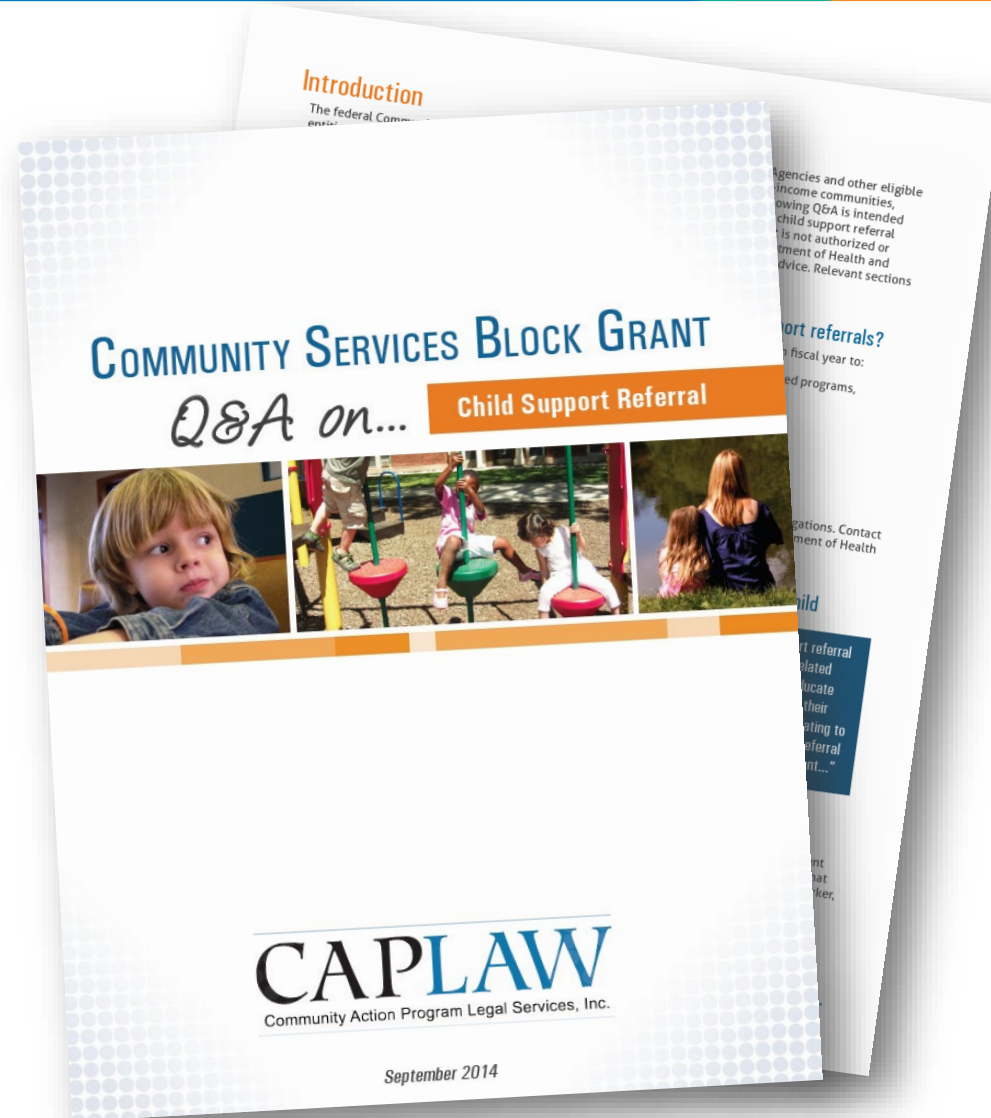
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 CAPLAW Election Year Refresher for Public CAAs 3

Use of CSBG Funds

Child Support Referral

- Requires CAAs to annually (42 U.S.C. § 9919(b)):
 - Inform custodial parents in single-parent families participating in CSBG services about availability of child support services
 - Refer eligible parents to **child support offices** of state and local governments



Knowledge Check

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

True

False





MONITORING, DESIGNATION, & TERMINATION

Monitoring

42 U.S.C. § 9914

- States are required 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 1st year
 - Follow-up reviews, including prompt return visits to CAAs that fail to meet standards
 - Other reviews as appropriate, including of CAAs that have had other grants terminated for cause
- States can request T/TA from HHS on monitoring duties

Monitoring

Content

- “[D]etermine whether eligible entities meet the performance goals, administrative standards, financial management requirements, and other requirements of a State” (42 U.S.C. § 9914(a))
- IM #138 Organizational Standards
 - States must establish **clear & comprehensive standards** for CAAs as part of oversight duties
 - Prior Appropriations Act required states to implement “performance standards for nonprofit organizations” created by HHS by September 30, 2016

Corrective Action

42 U.S.C. § 9915; IM #116

- If monitoring or investigation reveals concerns, CSBG Act requires states to:
 - Inform CAA of deficiency
 - Require CAA to correct the deficiency
 - Offer **T/TA**, if appropriate
 - Submit report to OCS explaining T/TA offered or why it is not appropriate
 - Allow CAA to develop a **quality improvement plan** (QIP), in state's discretion

Termination

42 U.S.C. § 9908(b)(8)

- Before terminating a CAA's designation or reducing its funding, the CSBG Act requires states to:
 - First, provide CAA with “adequate notice and opportunity for a hearing”
 - Then, determine if “cause” exists
 - Allow for federal review of state determination to terminate
- State cannot discontinue CSBG funding until OCS review period expires or is review is complete (45 CFR 96.92)

Termination

42 U.S.C. § 9908(c)

- “Cause” for funding reductions
 - **Statewide redistribution of funds** in response to:
 - New census or other appropriate data
 - Designation of a new eligible entity
 - Severe economic dislocation
 - **Failure to comply** with state plan, terms of agreement, or meet state requirements based on monitoring
- “Cause” for termination only includes **failure to comply** based on monitoring

Termination

IM #116

- Guidance provides additional details about corrective action, hearing, & termination process:
 - State has no authority to waive opportunity for hearing requirement
 - For OCS review, state should submit all documentation used in reaching decision, including hearing transcripts
 - HHS can **directly provide funds** in event state terminates without following CSBG Act procedures (42 U.S.C. § 9915(c))

Knowledge Check

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

True

False



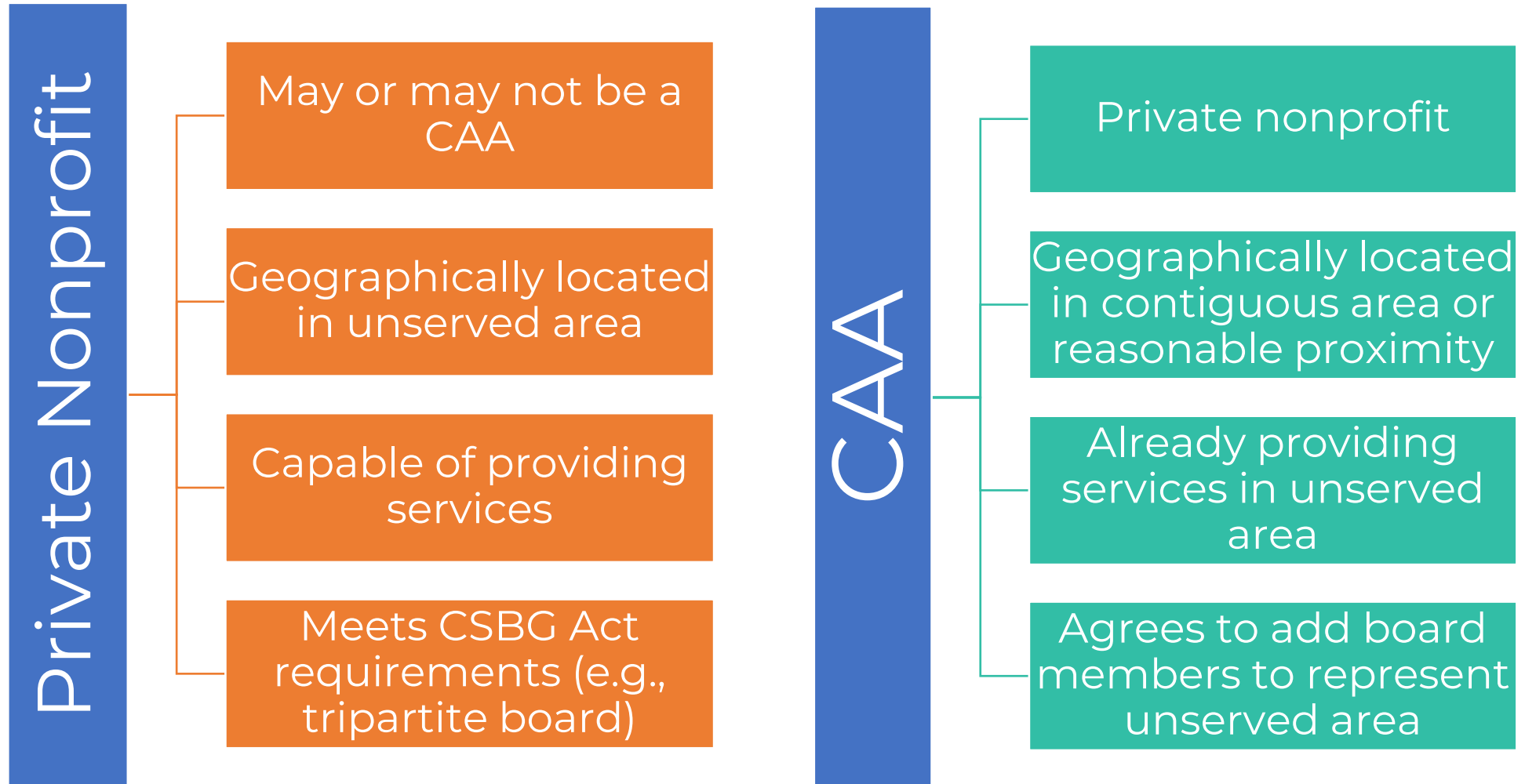
Designation

42 U.S.C. § 9909

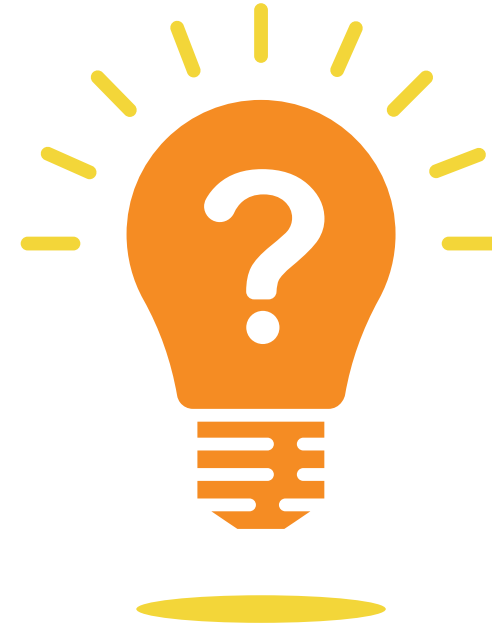
- State may designate a new CAA if area is not served or ceases to be served
- CSBG Act does not outline process for designation
- States can prioritize designating an existing CAA providing related services in unserved area
- Only if no nonprofit is identified or qualified may a state designate a **political subdivision**

Designation

Qualified Organizations



QUESTIONS?



This training is supported by Grant Number 90ET0505-02 from the ACF Office of Community Services, Community Services Block Grant within the Administration for Children and Families, a division of the U.S. Department of Health and Human Services. Neither the Administration for Children and Families nor any of its components operate, control, are responsible for, or necessarily endorse this material (including, without limitation, its content and any services or tools provided). The opinions, findings, conclusions, and recommendations expressed are those of the author(s) and do not necessarily reflect the views of the Administration for Children and Families and the ACF Office of Community Services, Community Services Block Grant.

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**Please scan
here to
complete the
evaluation
for this
session!**

