

Community Services Block Grant(CSBG) Policy and Procedures Manual and State Plan FY 2018- 2019 Summary of Changes

Purpose: To identify the changes from the FY2016 – 2017 Community Services Block Grant State Plan and Policy and Procedures Manual for FY 2018 – 2019.

Details of changes:

- ❖ The entire policy manual has been developed to include current language as found in the Community Services Block Grant Performance Management Framework. This framework includes the Community Services Block Grant Organizational Standards, The ROMA Next Generation (Annual Report), State and Federal Accountability Measures. **(see Attachment A; and Section IX, p.30 of Policy Manual)**
- ❖ The policy manual was updated to include required referrals to Workforce and Child Support to be in compliance with the CSBG Act. Included sample policy, procedure and referral notice documents for Child Support **(Section X, p.31 of Policy Manual and Section 16)**
- ❖ The policy manual also was updated in the area of board requirements to include regulations set forth in Information Memorandum 82. **(Section III, p.6 - 11 of Policy Manual)**
- ❖ The State Plan for FY 2018 and FY 2019 includes updated Lead Agency goals and training and technical assistance needs. **(Section 3 of State Plan)**
- ❖ The State Plan for FY 2018 and FY 2019 includes updated requirements for monitoring by the State Lead Agency and terms of corrective actions plans that could be issued as a result. **(Section XII, p.39- 41 of Policy Manual)**
- ❖ The State Plan for FY 2018 and FY 2019 includes a language change as a result of the Public Comment period in the area of Community Action Agency Bylaws. All Agencies must update their bylaws to reflect a democratic selection process for governing board members to include a term of service of up to five years regardless of Sector. **(Section III p8 of Policy Manual)**

RECEIVED
MAY 2018
COMMUNITY SERVICES BLOCK GRANT
RESEARCH

ARKANSAS DEPARTMENT OF HUMAN SERVICES

Policy Review Document

REVIEW IN DIVISION OF County Operations

Control Number

Beverly Buchanan
Originator

DCS/CSBG
Section/Unit

501-682-8720
Telephone Number

May 15, 2017
Date

- Action
- New
 - Revision
 - Deletion
 - Clarification
 - Informational

- Type of Material
- State Plan
 - Manual Issuance
 - Directive

- Form/Form Letter
- Memorandum
- Publication

Community Services Block Grant

State Plan and Policy Manual

Program(s) Involved

Form Number/Policy Section(s) Number/Identifier

Community Services Block Grant State Plan and Policy Manual

Title/Description

See Attached Summary of Changes

Purpose

INTERNAL REVIEW (Initial and Date as Appropriate)									
Review of Draft						Final Draft Review			
To	Dis- Approve	Date	Comment Attached	Date	Approved As Submitted	Date	Dis App	App.	Date
<u>Lorie Williams</u>			<u>STAW</u> <u>AW</u>	<u>5/18</u> <u>6/11</u>	<u>STAW</u>	<u>6/12</u>			

Subject to Administrative Procedures Act Review? Yes No If Yes, Regular Emergency

Deputy Director Approve

Disapprove

Mary Franklin
Signature

6/30/17
Date

Community Services Block Grant State Plan Regulations

RECEIVED
MAY 27 1991
COMMUNITY SERVICES
LEWIS & CLARK COLLEGE

Attachment VII

ARKANSAS CSBG STATE LAW
(ACT 345 OF 1985)

State of Arkansas
75th General Assembly
Regular Session, 1985
By: Senator Hardin

ACT 345 1985
A BILL

SENATE BILL 348

For An Act To Be Entitled

1 THE COMMUNITY SERVICES AND COMMUNITY ACTION PROGRAM ACT OF
2 1985; TO RECOGNIZE COMMUNITY ACTION ORGANIZATIONS OPERATING
3 WITHIN THE STATE AND VARIOUS PROGRAMS ADMINISTERED BY SUCH
4 AGENCIES; TO DEFINE OPERATIONAL JURISDICTIONS OF COMMUNITY
5 ACTION AGENCIES; TO PRESCRIBE PROCEDURES FOR THE ALLOCATION
6 AND EXPENDITURE OF FUNDS APPROPRIATED TO THE DIVISION OF
7 COMMUNITY SERVICES FOR THE PROGRAM; TO REQUIRE THAT FUNDS
8 RECEIVED BY THE STATE FROM THE FEDERAL GOVERNMENT UNDER THE
9 COMMUNITY SERVICES BLOCK GRANT BE DISTRIBUTED TO THOSE
10 NON-PROFIT ORGANIZATIONS WHICH ARE DEFINED AS COMMUNITY
11 ACTION AGENCIES BY ACT 477 OF 1977 AND THE COMMUNITY SERVICES
12 BLOCK GRANT ACT OF 1981; AND FOR OTHER PURPOSES."

14 WHEREAS, community action organizations have been organized and are
15 operational as non-profit corporations serving the low-income citizens of
16 Arkansas; and


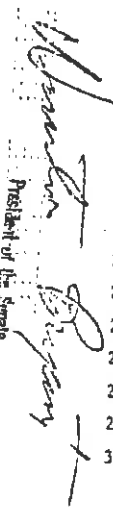
17 WHEREAS, such agencies have been, and are now, providing human services
18 in such fields as aging, health, transportation, nutrition, housing, home
19 weatherization, developmental child care, family planning and other related
20 activities which the General Assembly considers as vital to the well-being of
21 lower-income persons of the State.

22
23 NOW THEREFORE,

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

25
26 SECTION 1. (a) This Act shall be known as the "Community Service and
27 Community Action Program Act of 1985". The purpose of this Act is to
28 encourage non-profit community action organizations which have been formed to
29 provide basic and essential human services to low-income and elderly citizens
30 of Arkansas in the areas of health, transportation, housing, home repair and

President of the Senate



1 weatherization, aging programs and aging alternatives to institutionalization,
2 developmental child care and enrichment, youth opportunity programs, low
3 income home energy assistance programs, and other related activities which the
4 General Assembly recognizes as beneficial to a large number of Arkansas citi-
5 zens. In furtherance of the purposes of this Act, the General Assembly hereby
6 recognizes community action organizations in their efforts to provide services
7 beneficial to low-income citizens of this State, and establishes a program of
8 financial assistance to recognized Community Action Agencies to enable them to
9 continue and expand such aforementioned activities and programs.

10 (b) It is further the purpose of this Act to encourage and promote the
11 operations and activities of Community Action Agencies whether such activities
12 are conducted by one Agency or by two or more cooperating Agencies.

13
14 SECTION 2. (a) The General Assembly of the State of Arkansas hereby
15 recognizes as Community Action Agencies and their jurisdiction, the following
16 nineteen (19) existing community action organizations:

17 (1) Arkansas River Valley Council consisting of Franklin, Scott, Yell,
18 Johnson, Pope, Conway, Perry, Logan and Polk Counties;

19 (2) Black River Area Development Corporation, consisting of Randolph,
20 Clay and Lawrence Counties;

21 (3) Central Arkansas Development Council, consisting of Saline, Hot
22 Spring, Clark, Pike and Montgomery Counties;

23 (4) Community Action Program for Central Arkansas, consisting of White,
24 Faulkner and Cleburne Counties;

25 (5) Crowley's Ridge Development Council, Inc., consisting of Craighead,
26 Greene, Jackson and Poinsett Counties;

27 (6) Crawford-Sebastian Community Development Council, Inc., consisting
28 of Crawford and Sebastian Counties;

29 (7) Community Services Office, Inc., consisting of Garland County;

30 (8) East Central Arkansas Economic Opportunity Corporation, consisting
31 of Cross, St. Francis, Woodruff, Crittenden and Lee Counties;

32 (9) Economic Opportunity Agency of Pulaski County, consisting of Pulaski
33 and Lonoke Counties;

34 (10) Economic Opportunity Agency of Washington County, consisting of
35 Washington County;

36 (11) Mississippi County, Arkansas Economic Opportunity Commission, Inc.

W. J. ...
President of the Senate

A. P. ...

S.B.

1 consisting of Mississippi County;

2 (12) Mid-Delta Community Services, Inc., consisting of Phillips, Monroe
3 and Prairie Counties;

4 (13) Northcentral Arkansas Development Council, consisting of Fulton,
5 Izard, Sharp, Stone and Independence Counties;

6 (14) Office of Human Concern, consisting of Benton, Carroll and Madison
7 Counties;

8 (15) Ozark Opportunities, Inc., consisting of Van Buren, Searcy, Boone,
9 Marion, Baxter and Newton Counties;

10 (16) Pine Bluff-Jefferson County Economic Opportunities Commission,
11 Inc., consisting of Jefferson, Grant, Arkansas, Lincoln and Cleveland
12 Counties;

13 (17) South Central Community Action Authority, consisting of Ouachita,
14 Columbia, Calhoun, Dallas and Union Counties;

15 (18) Southeast Arkansas Community Action Corporation, consisting of
16 Bradley, Drew, Desha, Ashley and Chicot Counties; and

17 (19) Southwest Arkansas Development Council, Inc., consisting of Little
18 River, Hempstead, Miller, Lafayette, Howard, Sevier and Nevada Counties.

19 (b) The Department of Human Services, Division of Community Services is
20 hereby authorized to change the boundaries and the number of officially
21 recognized Community Action Agencies, provided that concurrence therein is
22 obtained of the governing boards of each of the affected existing Agencies as
23 recognized in subsection (a) of this Section.

24 (c) Nothing in this Act is intended to change or in any way conflict
25 with the status, boundaries, or functions of regional or metropolitan planning
26 commissions or councils of governments established under Act 26 of 1955 (Ark.
27 Stats. Ann. 19-2820 through 19-2824), as amended, nor the status, boundaries,
28 and functions of Planning and Development Districts as established and
29 recognized under Act 118 of 1969 (Ark. Stats. Ann. 9-324 through 9-328), as
30 amended.

31
32 SECTION 3. (a) The governing boards of directors of the nineteen (19)
33 existing community action organizations are recognized as the representative
34 organizations of the Community Action Agencies as recognized in Section 2 (a)
35 of this Act.

36 (b) The Department of Human Services, Division of Community Services is

Division of the Senate

Handwritten signature

Handwritten signature

1 hereby authorized, whenever Agency boundaries have been changed in accordance
2 with Section 2 (b), to recognize the representative organizations of the new
3 Community Action Agencies.

4 (c) In order to qualify for recognition and further benefits under this
5 Act, a Community Action Agency shall have been organized and constituted under
6 the provisions of the Community Service Block Grant Act of 1981, and shall
7 have a governing board whose members are elected, and are representatives of
8 specific community interests in accordance with the Community Service Block
9 Grant Act of 1981.

10

11 SECTION 4. The Governor shall appoint a nine person Community Services
12 Advisory Board to advise him and make recommendations to him concerning mat-
13 ters affecting low-income persons in the State. The Board shall provide to
14 the Governor an annual report on poverty conditions in the State. Board mem-
15 bers shall serve terms concurrent with the Governor's term of office. The
16 Board shall be made up as follows:

17 (1) Three (3) Executive Directors of Community Action Agencies, one of
18 whom must be the President of the Arkansas Community Action Agencies
19 Association;

20 (2) Three (3) members from the Boards of Directors of Community Action
21 Agencies;

22 (3) Three (3) members from the public who have received assistance or
23 services from the Community Action Agencies;

24 (4) The Director of the Division of Community Services shall serve as an
25 ex-officio member of the Board.

26 The Board shall elect a chairperson and other officers it deems
27 necessary. The Board shall meet at the call of the Chairperson but no less
28 than quarterly. The Division of Community Services shall provide technical
29 assistance and reimbursement for the expenses of the Board.

30

31 SECTION 5. (a) The Department of Human Services, Division of Community
32 Services, is hereby authorized to make payments from time to time to offi-
33 cially recognized organizations of Community Action Agencies from State funds
34 appropriated for such purpose. Payments shall be scheduled to begin as nearl-
35 as possible on July 1 of each fiscal year and on the first day of each calen-
36 dar quarter thereafter.

President of the Senate

Handwritten signature of President of the Senate

Handwritten signature of D. Gary Sanders

1 (b) Funds appropriated for payments to such organizations of Community
2 Action Agencies shall be allocated on the basis of equitable criteria
3 established by the Department of Human Services, Division of Community
4 Services based upon application for programs.

5 (c) If, in the future, any change occurs in the jurisdictions of any of
6 the officially recognized nineteen (19) Community Action Agencies, as
7 authorized in Section 2 (b) of this Act, the first allocation of appropriated
8 funds to the former Agency or Agencies, which comprise counties reorganized
9 under the jurisdiction of a newly recognized Agency, shall be apportioned to
10 the new Agency or Agencies in accordance with equitable criteria established
11 by the Department of Human Services, Division of Community Services.

12 (d) At least ninety percent (90%) of the funds received and appropriated
13 by the State from the United States Government under the Community Services
14 Block Grant shall be allocated to Community Action Agencies, as defined in
15 this Act, under a formula to be determined by the Department of Human
16 Services, Division of Community Service, which is hereby designated as the
17 disbursing agency for Community Services Block Grant funds. The powers of
18 every Community Action Agency governing board shall include the power to
19 appoint persons to senior staff positions to determine major personnel,
20 fiscal, and program policies to approve overall program plans and priorities,
21 and to assure compliance with conditions of and approve proposals for finan-
22 cial assistance under this Act. No more than five percent (5%) of the
23 Community Services Block Grant may be used by the disbursing agency for admi-
24 nistrative purposes. Any subsequently remaining funds may be used for pur-
25 poses to be determined by the disbursing agency.

26 In the event the Community Services Block Grant is eliminated, each Com-
27 munity Action Agency shall be funded, subject to the restrictions of appli-
28 cable law or regulation, in the distribution of other federal funds which can
29 be used to support antipoverty programs.
30

31 SECTION 6. Whenever the General Assembly shall have appropriated funds
32 in order to make payments to officially recognized Community Action Agencies
33 as authorized in this Act, the Department of Human Services, Division of
34 Community Services, shall notify the respective governing boards of such
35 Agencies, of the amount allocated to such Agency as provided in Section 4
36 hereof, and shall notify the respective boards that application for such funds

Wanda G. ...
President of the Society

A. G. ...

1 may be made upon forms provided therefor by the Department of Human Services,
2 Division of Community Services. Upon the receipt of application for such
3 funds, the Department of Human Services, Division of Community Services, shall
4 determine that the following conditions have been met before disbursing such
5 payments:

6 (1) That the community action organization is an officially recognized
7 Community Action Agency, in accordance with Section 2 of this Act, and has
8 been constituted in accordance with Section 3 (c) of this Act;

9 (2) The Agency board of directors shall certify that a proposed budget
10 has been established for the expenditure of State funds for purposes con-
11 sistent with the purpose of this Act; and

12 (3) At the end of each fiscal year, an audited report of each Community
13 Action Agency shall be submitted to the Department of Human Services, Division
14 of Community Services. Any amounts of State funds unexpanded or unobligated
15 by June 30th shall be returned by the Agency to the State Treasury. If any
16 Community Action Agency shall have expanded any State funds for any purpose
17 not within the purpose and intent of this Act, such amount shall be reimbursed
18 by such Agency to the State of Arkansas before any additional payments may be
19 made to such Agency.

20
21 SECTION 7. State funds appropriated by the General Assembly to the
22 Department of Human Services, Division of Community Services, for payments to
23 be made to recognized Community Action Agencies in accordance with this Act,
24 shall used by such Agencies for funding antipoverty programs designated by
25 State regulations.

26
27 SECTION 8. If any provision of this Act or the application thereof to
28 any person or circumstance is held invalid, such invalidity shall not affect
29 other provisions or applications of the Act which can be given effect without
30 the invalid provision or application, and to this end the provisions of this
31 Act are declared to be severable.

32
33 SECTION 9. All laws and parts of laws in conflict with this Act are
34 hereby repealed.

35
36 SECTION 10. EMERGENCY. It is hereby found and determined by the General

Henry H. Rogers
President of the Senate

J. P. ...

1 Assembly that Community Action Agencies provide services which are basic and
2 essential to the well-being of low-income and economically disadvantaged per-
3 sons of this State. It is further determined that the delivery of such ser-
4 vices should be officially recognized in order to assure the continuation of
5 such services, and to promote the development of new services to solve
6 existing human service problems. Therefore, an emergency is hereby declared
7 to exist and this Act being necessary for the preservation of the public
8 peace, health and safety shall be in full force and effect from and after its
9 passage and approval.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36

Paul Harris

Wendell
President of the Senate

3/13/85
APPROVED BY *Paul Harris*
GOVERNOR

H. Spivey
Speaker of the House

TITLE II—COMMUNITY SERVICES BLOCK GRANT PROGRAM

SEC. 201. REAUTHORIZATION.

The Community Services Block Grant Act (42 U.S.C. 9901 et seq.) is amended to read as follows:

Community
Services Block
Grant Act.

“Subtitle B—Community Services Block Grant Program

42 USC 9901
note.

“SEC. 671. SHORT TITLE.

“This subtitle may be cited as the ‘Community Services Block Grant Act’.

42 USC 9901.

“SEC. 672. PURPOSES AND GOALS.

“The purposes of this subtitle are—

“(1) to provide assistance to States and local communities, working through a network of community action agencies and other neighborhood-based organizations, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient (particularly families who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)); and

“(2) to accomplish the goals described in paragraph (1) through—

“(A) the strengthening of community capabilities for planning and coordinating the use of a broad range of Federal, State, local, and other assistance (including private resources) related to the elimination of poverty, so that this assistance can be used in a manner responsive to local needs and conditions;

“(B) the organization of a range of services related to the needs of low-income families and individuals, so that these services may have a measurable and potentially major impact on the causes of poverty in the community and may help the families and individuals to achieve self-sufficiency;

“(C) the greater use of innovative and effective community-based approaches to attacking the causes and effects of poverty and of community breakdown;

“(D) the maximum participation of residents of the low-income communities and members of the groups served by programs assisted through the block grants made under this subtitle to empower such residents and members to respond to the unique problems and needs within their communities; and

“(E) the broadening of the resource base of programs directed to the elimination of poverty so as to secure a more active role in the provision of services for—

“(i) private, religious, charitable, and neighborhood-based organizations; and

“(ii) individual citizens, and business, labor, and professional groups, who are able to influence the quantity and quality of opportunities and services for the poor.

“SEC. 673. DEFINITIONS.

42 USC 9902.

“In this subtitle:

“(1) ELIGIBLE ENTITY; FAMILY LITERACY SERVICES.—

“(A) ELIGIBLE ENTITY.—The term ‘eligible entity’ means an entity—

“(i) that is an eligible entity described in section 673(1) (as in effect on the day before the date of enactment of the Coats Human Services Reauthorization Act of 1998) as of the day before such date of enactment or is designated by the process described in section 676A (including an organization serving migrant or seasonal farmworkers that is so described or designated); and

“(ii) that has a tripartite board or other mechanism described in subsection (a) or (b), as appropriate, of section 676B.

“(B) FAMILY LITERACY SERVICES.—The term ‘family literacy services’ has the meaning given the term in section 637 of the Head Start Act (42 U.S.C. 9832).

“(2) POVERTY LINE.—The term ‘poverty line’ means the official poverty line defined by the Office of Management and Budget based on the most recent data available from the Bureau of the Census. The Secretary shall revise annually (or at any shorter interval the Secretary determines to be feasible and desirable) the poverty line, which shall be used as a criterion of eligibility in the community services block grant program established under this subtitle. The required revision shall be accomplished by multiplying the official poverty line by the percentage change in the Consumer Price Index for All Urban Consumers during the annual or other interval immediately preceding the time at which the revision is made. Whenever a State determines that it serves the objectives of the block grant program established under this subtitle, the State may revise the poverty line to not to exceed 125 percent of the official poverty line otherwise applicable under this paragraph.

“(3) PRIVATE, NONPROFIT ORGANIZATION.—The term ‘private, nonprofit organization’ includes a religious organization, to which the provisions of section 679 shall apply.

“(4) SECRETARY.—The term ‘Secretary’ means the Secretary of Health and Human Services.

“(5) STATE.—The term ‘State’ means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the United States Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.

42 USC 9903.

“SEC. 674. AUTHORIZATION OF APPROPRIATIONS.

“(a) IN GENERAL.—There are authorized to be appropriated such sums as may be necessary for each of fiscal years 1999 through 2003 to carry out the provisions of this subtitle (other than sections 681 and 682).

“(b) RESERVATIONS.—Of the amounts appropriated under subsection (a) for each fiscal year, the Secretary shall reserve—

“(1) $\frac{1}{2}$ of 1 percent for carrying out section 675A (relating to payments for territories);

“(2) $1\frac{1}{2}$ percent for activities authorized in sections 678A through 678F, of which—

“(A) not less than $\frac{1}{2}$ of the amount reserved by the Secretary under this paragraph shall be distributed directly to eligible entities, organizations, or associations described in section 678A(c)(2) for the purpose of carrying out activities described in section 678A(c); and

“(B) $\frac{1}{2}$ of the remainder of the amount reserved by the Secretary under this paragraph shall be used by the Secretary to carry out evaluation and to assist States in carrying out corrective action activities and monitoring (to correct programmatic deficiencies of eligible entities), as described in sections 678B(c) and 678A; and

“(3) 9 percent for carrying out section 680 (relating to discretionary activities) and section 678E(b)(2).

42 USC 9904.

“SEC. 675. ESTABLISHMENT OF BLOCK GRANT PROGRAM.

“The Secretary is authorized to establish a community services block grant program and make grants through the program to States to ameliorate the causes of poverty in communities within the States.

42 USC 9905.

“SEC. 675A. DISTRIBUTION TO TERRITORIES.

“(a) APPORTIONMENT.—The Secretary shall apportion the amount reserved under section 674(b)(1) for each fiscal year on the basis of need among Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

“(b) APPLICATION.—Each jurisdiction to which subsection (a) applies may receive a grant under this section for the amount apportioned under subsection (a) on submitting to the Secretary, and obtaining approval of, an application, containing provisions that describe the programs for which assistance is sought under this section, that is prepared in accordance with, and contains the information described in, section 676.

42 USC 9906.

“SEC. 675B. ALLOTMENTS AND PAYMENTS TO STATES.

“(a) ALLOTMENTS IN GENERAL.—The Secretary shall, from the amount appropriated under section 674(a) for each fiscal year that remains after the Secretary makes the reservations required in section 674(b), allot to each State (subject to section 677) an amount that bears the same ratio to such remaining amount as the amount received by the State for fiscal year 1981 under section 221 of the Economic Opportunity Act of 1964 bore to the total amount received by all States for fiscal year 1981 under such section, except—

“(1) that no State shall receive less than $\frac{1}{4}$ of 1 percent of the amount appropriated under section 674(a) for such fiscal year; and

“(2) as provided in subsection (b).

“(b) ALLOTMENTS IN YEARS WITH GREATER AVAILABLE FUNDS.—

“(1) MINIMUM ALLOTMENTS.—Subject to paragraphs (2) and (3), if the amount appropriated under section 674(a) for a fiscal year that remains after the Secretary makes the reservations required in section 674(b) exceeds \$345,000,000, the Secretary shall allot to each State not less than $\frac{1}{2}$ of 1 percent of the amount appropriated under section 674(a) for such fiscal year.

“(2) MAINTENANCE OF FISCAL YEAR 1990 LEVELS.—Paragraph (1) shall not apply with respect to a fiscal year if the amount allotted under subsection (a) to any State for that year is less than the amount allotted under section 674(a)(1) (as in effect on September 30, 1989) to such State for fiscal year 1990.

“(3) MAXIMUM ALLOTMENTS.—The amount allotted under paragraph (1) to a State for a fiscal year shall be reduced, if necessary, so that the aggregate amount allotted to such State under such paragraph and subsection (a) does not exceed 140 percent of the aggregate amount allotted to such State under the corresponding provisions of this subtitle for the preceding fiscal year.

“(c) PAYMENTS.—The Secretary shall make grants to eligible States for the allotments described in subsections (a) and (b). The Secretary shall make payments for the grants in accordance with section 6503(a) of title 31, United States Code.

“(d) DEFINITION.—In this section, the term ‘State’ does not include Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

“SEC. 675C. USES OF FUNDS.

42 USC 9907.

“(a) GRANTS TO ELIGIBLE ENTITIES AND OTHER ORGANIZATIONS.—

“(1) IN GENERAL.—Not less than 90 percent of the funds made available to a State under section 675A or 675B shall be used by the State to make grants for the purposes described in section 672 to eligible entities.

“(2) OBLIGATIONAL AUTHORITY.—Funds distributed to eligible entities through grants made in accordance with paragraph (1) for a fiscal year shall be available for obligation during that fiscal year and the succeeding fiscal year, subject to paragraph (3).

“(3) RECAPTURE AND REDISTRIBUTION OF UNOBLIGATED FUNDS.—

“(A) AMOUNT.—Beginning on October 1, 2000, a State may recapture and redistribute funds distributed to an eligible entity through a grant made under paragraph (1) that are unobligated at the end of a fiscal year if such unobligated funds exceed 20 percent of the amount so distributed to such eligible entity for such fiscal year.

“(B) REDISTRIBUTION.—In redistributing funds recaptured in accordance with this paragraph, States shall redistribute such funds to an eligible entity, or require the original recipient of the funds to redistribute the funds to a private, nonprofit organization, located within the community served by the original recipient of the funds, for activities consistent with the purposes of this subtitle.

“(b) STATEWIDE ACTIVITIES.—

“(1) USE OF REMAINDER.—If a State uses less than 100 percent of the grant or allotment received under section 675A or 675B to make grants under subsection (a), the State shall use the remainder of the grant or allotment under section 675A or 675B (subject to paragraph (2)) for activities that may include—

“(A) providing training and technical assistance to those entities in need of such training and assistance;

“(B) coordinating State-operated programs and services, and at the option of the State, locally-operated programs and services, targeted to low-income children and families with services provided by eligible entities and other organizations funded under this subtitle, including detailing appropriate employees of State or local agencies to entities funded under this subtitle, to ensure increased access to services provided by such State or local agencies;

“(C) supporting statewide coordination and communication among eligible entities;

“(D) analyzing the distribution of funds made available under this subtitle within the State to determine if such funds have been targeted to the areas of greatest need;

“(E) supporting asset-building programs for low-income individuals, such as programs supporting individual development accounts;

“(F) supporting innovative programs and activities conducted by community action agencies or other neighborhood-based organizations to eliminate poverty, promote self-sufficiency, and promote community revitalization;

“(G) supporting State charity tax credits as described in subsection (c); and

“(H) supporting other activities, consistent with the purposes of this subtitle.

“(2) ADMINISTRATIVE CAP.—No State may spend more than the greater of \$55,000, or 5 percent, of the grant received under section 675A or State allotment received under section 675B for administrative expenses, including monitoring activities. Funds to be spent for such expenses shall be taken from the portion of the grant under section 675A or State allotment that remains after the State makes grants to eligible entities under subsection (a). The cost of activities conducted under paragraph (1)(A) shall not be considered to be administrative expenses. The startup cost and cost of administrative activities conducted under subsection (c) shall be considered to be administrative expenses.

“(c) CHARITY TAX CREDIT.—

“(1) IN GENERAL.—Subject to paragraph (2), if there is in effect under State law a charity tax credit, the State may use for any purpose the amount of the allotment that is available for expenditure under subsection (b).

“(2) LIMIT.—The aggregate amount a State may use under paragraph (1) during a fiscal year shall not exceed 100 percent of the revenue loss of the State during the fiscal year that is attributable to the charity tax credit, as determined by the Secretary of the Treasury without regard to any such revenue loss occurring before January 1, 1999.

“(3) DEFINITIONS AND RULES.—In this subsection:

“(A) CHARITY TAX CREDIT.—The term ‘charity tax credit’ means a nonrefundable credit against State income tax (or, in the case of a State that does not impose an income tax, a comparable benefit) that is allowable for contributions, in cash or in kind, to qualified charities.

“(B) QUALIFIED CHARITY.—

“(i) IN GENERAL.—The term ‘qualified charity’ means any organization—

“(I) that is—

“(aa) described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code;

“(bb) an eligible entity; or

“(cc) a public housing agency as defined in section 3(b)(6) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(6));

“(II) that is certified by the appropriate State authority as meeting the requirements of clauses (iii) and (iv); and

“(III) if such organization is otherwise required to file a return under section 6033 of such Code, that elects to treat the information required to be furnished by clause (v) as being specified in section 6033(b) of such Code.

“(ii) CERTAIN CONTRIBUTIONS TO COLLECTION ORGANIZATIONS TREATED AS CONTRIBUTIONS TO QUALIFIED CHARITY.—

“(I) IN GENERAL.—A contribution to a collection organization shall be treated as a contribution to a qualified charity if the donor designates in writing that the contribution is for the qualified charity.

“(II) COLLECTION ORGANIZATION.—The term ‘collection organization’ means an organization described in section 501(c)(3) of such Code and exempt from tax under section 501(a) of such Code—

“(aa) that solicits and collects gifts and grants that, by agreement, are distributed to qualified charities;

“(bb) that distributes to qualified charities at least 90 percent of the gifts and grants the organization receives that are designated for such qualified charities; and

“(cc) that meets the requirements of clause (vi).

“(iii) CHARITY MUST PRIMARILY ASSIST POOR INDIVIDUALS.—

“(I) IN GENERAL.—An organization meets the requirements of this clause only if the appropriate State authority reasonably expects that the predominant activity of such organization will be the provision of direct services within the United States to individuals and families whose annual incomes generally do not exceed 185 percent of the poverty line in order to prevent or alleviate poverty among such individuals and families.

“(II) NO RECORDKEEPING IN CERTAIN CASES.—

An organization shall not be required to establish or maintain records with respect to the incomes of individuals and families for purposes of subclause (I) if such individuals or families are members of groups that are generally recognized as including substantially only individuals and families described in subclause (I).

“(III) FOOD AID AND HOMELESS SHELTERS.—

Except as otherwise provided by the appropriate State authority, for purposes of subclause (I), services to individuals in the form of—

“(aa) donations of food or meals; or

“(bb) temporary shelter to homeless individuals;

shall be treated as provided to individuals described in subclause (I) if the location and provision of such services are such that the service provider may reasonably conclude that the beneficiaries of such services are predominantly individuals described in subclause (I).

“(iv) MINIMUM EXPENSE REQUIREMENT.—

“(I) IN GENERAL.—An organization meets the requirements of this clause only if the appropriate State authority reasonably expects that the annual poverty program expenses of such organization will not be less than 75 percent of the annual aggregate expenses of such organization.

“(II) POVERTY PROGRAM EXPENSE.—For purposes of subclause (I)—

“(aa) IN GENERAL.—The term ‘poverty program expense’ means any expense in providing direct services referred to in clause (iii).

“(bb) EXCEPTIONS.—Such term shall not include any management or general expense, any expense for the purpose of influencing legislation (as defined in section 4911(d) of the Internal Revenue Code of 1986), any expense for the purpose of fundraising, any expense for a legal service provided on behalf of any individual referred to in clause (iii), any expense for providing tuition assistance relating to compulsory school attendance, and any expense that consists of a payment to an affiliate of the organization.

“(v) REPORTING REQUIREMENT.—The information required to be furnished under this clause about an organization is—

“(I) the percentages determined by dividing the following categories of the organization’s expenses for the year by the total expenses of the organization for the year: expenses for direct services, management expenses, general expenses, fundraising expenses, and payments to affiliates; and

“(II) the category or categories (including food, shelter, education, substance abuse prevention or

treatment, job training, or other) of services that constitute predominant activities of the organization.

“(vi) **ADDITIONAL REQUIREMENTS FOR COLLECTION ORGANIZATIONS.**—The requirements of this clause are met if the organization—

“(I) maintains separate accounting for revenues and expenses; and

“(II) makes available to the public information on the administrative and fundraising costs of the organization, and information as to the organizations receiving funds from the organization and the amount of such funds.

“(vii) **SPECIAL RULE FOR STATES REQUIRING TAX UNIFORMITY.**—In the case of a State—

“(I) that has a constitutional requirement of tax uniformity; and

“(II) that, as of December 31, 1997, imposed a tax on personal income with—

“(aa) a single flat rate applicable to all earned and unearned income (except insofar as any amount is not taxed pursuant to tax forgiveness provisions); and

“(bb) no generally available exemptions or deductions to individuals;

the requirement of paragraph (2) shall be treated as met if the amount of the credit described in paragraph (2) is limited to a uniform percentage (but not greater than 25 percent) of State personal income tax liability (determined without regard to credits).

“(4) **LIMITATION ON USE OF FUNDS FOR STARTUP AND ADMINISTRATIVE ACTIVITIES.**—Except to the extent provided in subsection (b)(2), no part of the aggregate amount a State uses under paragraph (1) may be used to pay for the cost of the startup and administrative activities conducted under this subsection.

“(5) **PROHIBITION ON USE OF FUNDS FOR LEGAL SERVICES OR TUITION ASSISTANCE.**—No part of the aggregate amount a State uses under paragraph (1) may be used to provide legal services or to provide tuition assistance related to compulsory education requirements (not including tuition assistance for tutoring, camps, skills development, or other supplemental services or training).

“(6) **PROHIBITION ON SUPPLANTING FUNDS.**—No part of the aggregate amount a State uses under paragraph (1) may be used to supplant non-Federal funds that would be available, in the absence of Federal funds, to offset a revenue loss of the State attributable to a charity tax credit.

“**SEC. 676. APPLICATION AND PLAN.**

“(a) **DESIGNATION OF LEAD AGENCY.**—

“(1) **DESIGNATION.**—The chief executive officer of a State desiring to receive a grant or allotment under section 675A or 675B shall designate, in an application submitted to the Secretary under subsection (b), an appropriate State agency that complies with the requirements of paragraph (2) to act

as a lead agency for purposes of carrying out State activities under this subtitle.

“(2) DUTIES.—The lead agency shall—

“(A) develop the State plan to be submitted to the Secretary under subsection (b);

“(B) in conjunction with the development of the State plan as required under subsection (b), hold at least one hearing in the State with sufficient time and statewide distribution of notice of such hearing, to provide to the public an opportunity to comment on the proposed use and distribution of funds to be provided through the grant or allotment under section 675A or 675B for the period covered by the State plan; and

“(C) conduct reviews of eligible entities under section 678B.

“(3) LEGISLATIVE HEARING.—In order to be eligible to receive a grant or allotment under section 675A or 675B, the State shall hold at least one legislative hearing every 3 years in conjunction with the development of the State plan.

“(b) STATE APPLICATION AND PLAN.—Beginning with fiscal year 2000, to be eligible to receive a grant or allotment under section 675A or 675B, a State shall prepare and submit to the Secretary an application and State plan covering a period of not less than 1 fiscal year and not more than 2 fiscal years. The plan shall be submitted not later than 30 days prior to the beginning of the first fiscal year covered by the plan, and shall contain such information as the Secretary shall require, including—

“(1) an assurance that funds made available through the grant or allotment will be used—

“(A) to support activities that are designed to assist low-income families and individuals, including families and individuals receiving assistance under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), homeless families and individuals, migrant or seasonal farmworkers, and elderly low-income individuals and families, and a description of how such activities will enable the families and individuals—

“(i) to remove obstacles and solve problems that block the achievement of self-sufficiency (including self-sufficiency for families and individuals who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act);

“(ii) to secure and retain meaningful employment;

“(iii) to attain an adequate education, with particular attention toward improving literacy skills of the low-income families in the communities involved, which may include carrying out family literacy initiatives;

“(iv) to make better use of available income;

“(v) to obtain and maintain adequate housing and a suitable living environment;

“(vi) to obtain emergency assistance through loans, grants, or other means to meet immediate and urgent family and individual needs; and

“(vii) to achieve greater participation in the affairs of the communities involved, including the development of public and private grassroots partnerships with local

law enforcement agencies, local housing authorities, private foundations, and other public and private partners to—

“(I) document best practices based on successful grassroots intervention in urban areas, to develop methodologies for widespread replication; and

“(II) strengthen and improve relationships with local law enforcement agencies, which may include participation in activities such as neighborhood or community policing efforts;

“(B) to address the needs of youth in low-income communities through youth development programs that support the primary role of the family, give priority to the prevention of youth problems and crime, and promote increased community coordination and collaboration in meeting the needs of youth, and support development and expansion of innovative community-based youth development programs that have demonstrated success in preventing or reducing youth crime, such as—

“(i) programs for the establishment of violence-free zones that would involve youth development and intervention models (such as models involving youth mediation, youth mentoring, life skills training, job creation, and entrepreneurship programs); and

“(ii) after-school child care programs; and

“(C) to make more effective use of, and to coordinate with, other programs related to the purposes of this subtitle (including State welfare reform efforts);

“(2) a description of how the State intends to use discretionary funds made available from the remainder of the grant or allotment described in section 675C(b) in accordance with this subtitle, including a description of how the State will support innovative community and neighborhood-based initiatives related to the purposes of this subtitle;

“(3) information provided by eligible entities in the State, containing—

“(A) a description of the service delivery system, for services provided or coordinated with funds made available through grants made under section 675C(a), targeted to low-income individuals and families in communities within the State;

“(B) a description of how linkages will be developed to fill identified gaps in the services, through the provision of information, referrals, case management, and followup consultations;

“(C) a description of how funds made available through grants made under section 675C(a) will be coordinated with other public and private resources; and

“(D) a description of how the local entity will use the funds to support innovative community and neighborhood-based initiatives related to the purposes of this subtitle, which may include fatherhood initiatives and other initiatives with the goal of strengthening families and encouraging effective parenting;

“(4) an assurance that eligible entities in the State will provide, on an emergency basis, for the provision of such supplies and services, nutritious foods, and related services, as may be necessary to counteract conditions of starvation and malnutrition among low-income individuals;

“(5) an assurance that the State and the eligible entities in the State will coordinate, and establish linkages between, governmental and other social services programs to assure the effective delivery of such services to low-income individuals and to avoid duplication of such services, and a description of how the State and the eligible entities will coordinate the provision of employment and training activities, as defined in section 101 of such Act, in the State and in communities with entities providing activities through statewide and local workforce investment systems under the Workforce Investment Act of 1998;

“(6) an assurance that the State will ensure coordination between antipoverty programs in each community in the State, and ensure, where appropriate, that emergency energy crisis intervention programs under title XXVI (relating to low-income home energy assistance) are conducted in such community;

“(7) an assurance that the State will permit and cooperate with Federal investigations undertaken in accordance with section 678D;

“(8) an assurance that any eligible entity in the State that received funding in the previous fiscal year through a community services block grant made under this subtitle will not have its funding terminated under this subtitle, or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction, subject to review by the Secretary as provided in section 678C(b);

“(9) an assurance that the State and eligible entities in the State will, to the maximum extent possible, coordinate programs with and form partnerships with other organizations serving low-income residents of the communities and members of the groups served by the State, including religious organizations, charitable groups, and community organizations;

“(10) an assurance that the State will require each eligible entity in the State to establish procedures under which a low-income individual, community organization, or religious organization, or representative of low-income individuals that considers its organization, or low-income individuals, to be inadequately represented on the board (or other mechanism) of the eligible entity to petition for adequate representation;

“(11) an assurance that the State will secure from each eligible entity in the State, as a condition to receipt of funding by the entity through a community services block grant made under this subtitle for a program, a community action plan (which shall be submitted to the Secretary, at the request of the Secretary, with the State plan) that includes a community-needs assessment for the community served, which may be coordinated with community-needs assessments conducted for other programs;

“(12) an assurance that the State and all eligible entities in the State will, not later than fiscal year 2001, participate

in the Results Oriented Management and Accountability System, another performance measure system for which the Secretary facilitated development pursuant to section 678E(b), or an alternative system for measuring performance and results that meets the requirements of that section, and a description of outcome measures to be used to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization; and

“(13) information describing how the State will carry out the assurances described in this subsection.

“(c) FUNDING TERMINATION OR REDUCTIONS.—For purposes of making a determination in accordance with subsection (b)(8) with respect to—

“(1) a funding reduction, the term ‘cause’ includes—

“(A) a statewide redistribution of funds provided through a community services block grant under this subtitle to respond to—

“(i) the results of the most recently available census or other appropriate data;

“(ii) the designation of a new eligible entity; or

“(iii) severe economic dislocation; or

“(B) the failure of an eligible entity to comply with the terms of an agreement or a State plan, or to meet a State requirement, as described in section 678C(a); and

“(2) a termination, the term ‘cause’ includes the failure of an eligible entity to comply with the terms of an agreement or a State plan, or to meet a State requirement, as described in section 678C(a).

“(d) PROCEDURES AND INFORMATION.—The Secretary may prescribe procedures for the purpose of assessing the effectiveness of eligible entities in carrying out the purposes of this subtitle.

“(e) REVISIONS AND INSPECTION.—

“(1) REVISIONS.—The chief executive officer of each State may revise any plan prepared under this section and shall submit the revised plan to the Secretary.

“(2) PUBLIC INSPECTION.—Each plan or revised plan prepared under this section shall be made available for public inspection within the State in such a manner as will facilitate review of, and comment on, the plan.

“(f) TRANSITION.—For fiscal year 2000, to be eligible to receive a grant or allotment under section 675A or 675B, a State shall prepare and submit to the Secretary an application and State plan in accordance with the provisions of this subtitle (as in effect on the day before the date of enactment of the Coats Human Services Reauthorization Act of 1998), rather than the provisions of subsections (a) through (c) relating to applications and plans.

“SEC. 676A. DESIGNATION AND REDESIGNATION OF ELIGIBLE ENTITIES IN UNSERVED AREAS. 42 USC 9909.

“(a) QUALIFIED ORGANIZATION IN OR NEAR AREA.—

“(1) IN GENERAL.—If any geographic area of a State is not, or ceases to be, served by an eligible entity under this subtitle, and if the chief executive officer of the State decides to serve such area, the chief executive officer may solicit applications from, and designate as an eligible entity—

“(A) a private nonprofit organization (which may include an eligible entity) that is geographically located

in the unserved area, that is capable of providing a broad range of services designed to eliminate poverty and foster self-sufficiency, and that meets the requirements of this subtitle; and

“(B) a private nonprofit eligible entity that is geographically located in an area contiguous to or within reasonable proximity of the unserved area and that is already providing related services in the unserved area.

“(2) REQUIREMENT.—In order to serve as the eligible entity for the area, an entity described in paragraph (1)(B) shall agree to add additional members to the board of the entity to ensure adequate representation—

“(A) in each of the three required categories described in subparagraphs (A), (B), and (C) of section 676B(a)(2), by members that reside in the community comprised by the unserved area; and

“(B) in the category described in section 676B(a)(2)(B), by members that reside in the neighborhood to be served.

“(b) SPECIAL CONSIDERATION.—In designating an eligible entity under subsection (a), the chief executive officer shall grant the designation to an organization of demonstrated effectiveness in meeting the goals and purposes of this subtitle and may give priority, in granting the designation, to eligible entities that are providing related services in the unserved area, consistent with the needs identified by a community-needs assessment.

“(c) NO QUALIFIED ORGANIZATION IN OR NEAR AREA.—If no private, nonprofit organization is identified or determined to be qualified under subsection (a) to serve the unserved area as an eligible entity the chief executive officer may designate an appropriate political subdivision of the State to serve as an eligible entity for the area. In order to serve as the eligible entity for that area, the political subdivision shall have a board or other mechanism as required in section 676B(b).

42 USC 9910.

“SEC. 676B. TRIPARTITE BOARDS.

“(a) PRIVATE NONPROFIT ENTITIES.—

“(1) BOARD.—In order for a private, nonprofit entity to be considered to be an eligible entity for purposes of section 673(1), the entity shall administer the community services block grant program through a tripartite board described in paragraph (2) that fully participates in the development, planning, implementation, and evaluation of the program to serve low-income communities.

“(2) SELECTION AND COMPOSITION OF BOARD.—The members of the board referred to in paragraph (1) shall be selected by the entity and the board shall be composed so as to assure that—

“(A) $\frac{1}{3}$ of the members of the board are elected public officials, holding office on the date of selection, or their representatives, except that if the number of such elected officials reasonably available and willing to serve on the board is less than $\frac{1}{3}$ of the membership of the board, membership on the board of appointive public officials or their representatives may be counted in meeting such $\frac{1}{3}$ requirement;

“(B)(i) not fewer than $\frac{1}{3}$ of the members are persons chosen in accordance with democratic selection procedures

adequate to assure that these members are representative of low-income individuals and families in the neighborhood served; and

“(ii) each representative of low-income individuals and families selected to represent a specific neighborhood within a community under clause (i) resides in the neighborhood represented by the member; and

“(C) the remainder of the members are officials or members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served.

“(b) PUBLIC ORGANIZATIONS.—In order for a public organization to be considered to be an eligible entity for purposes of section 673(1), the entity shall administer the community services block grant program through—

“(1) a tripartite board, which shall have members selected by the organization and shall be composed so as to assure that not fewer than $\frac{1}{3}$ of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members—

“(A) are representative of low-income individuals and families in the neighborhood served;

“(B) reside in the neighborhood served; and

“(C) are able to participate actively in the development, planning, implementation, and evaluation of programs funded under this subtitle; or

“(2) another mechanism specified by the State to assure decisionmaking and participation by low-income individuals in the development, planning, implementation, and evaluation of programs funded under this subtitle.

“SEC. 677. PAYMENTS TO INDIAN TRIBES.

42 USC 9911.

“(a) RESERVATION.—If, with respect to any State, the Secretary—

“(1) receives a request from the governing body of an Indian tribe or tribal organization within the State that assistance under this subtitle be made directly to such tribe or organization; and

“(2) determines that the members of such tribe or tribal organization would be better served by means of grants made directly to provide benefits under this subtitle, the Secretary shall reserve from amounts that would otherwise be allotted to such State under section 675B for the fiscal year the amount determined under subsection (b).

“(b) DETERMINATION OF RESERVED AMOUNT.—The Secretary shall reserve for the purpose of subsection (a) from amounts that would otherwise be allotted to such State, not less than 100 percent of an amount that bears the same ratio to the State allotment for the fiscal year involved as the population of all eligible Indians for whom a determination has been made under subsection (a) bears to the population of all individuals eligible for assistance through a community services block grant made under this subtitle in such State.

“(c) AWARDS.—The sums reserved by the Secretary on the basis of a determination made under subsection (a) shall be made available by grant to the Indian tribe or tribal organization serving the individuals for whom such a determination has been made.

“(d) PLAN.—In order for an Indian tribe or tribal organization to be eligible for a grant award for a fiscal year under this section, the tribe or organization shall submit to the Secretary a plan for such fiscal year that meets such criteria as the Secretary may prescribe by regulation.

“(e) DEFINITIONS.—In this section:

“(1) INDIAN TRIBE; TRIBAL ORGANIZATION.—The terms ‘Indian tribe’ and ‘tribal organization’ mean a tribe, band, or other organized group recognized in the State in which the tribe, band, or group resides, or considered by the Secretary of the Interior, to be an Indian tribe or an Indian organization for any purpose.

“(2) INDIAN.—The term ‘Indian’ means a member of an Indian tribe or of a tribal organization.

42 USC 9912.

Establishment.

“SEC. 678. OFFICE OF COMMUNITY SERVICES.

“(a) OFFICE.—The Secretary shall carry out the functions of this subtitle through an Office of Community Services, which shall be established in the Department of Health and Human Services. The Office shall be headed by a Director.

“(b) GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS.—The Secretary shall carry out functions of this subtitle through grants, contracts, or cooperative agreements.

42 USC 9913.

“SEC. 678A. TRAINING, TECHNICAL ASSISTANCE, AND OTHER ACTIVITIES.

“(a) ACTIVITIES.—

“(1) IN GENERAL.—The Secretary shall use amounts reserved in section 674(b)(2)—

“(A) for training, technical assistance, planning, evaluation, and performance measurement, to assist States in carrying out corrective action activities and monitoring (to correct programmatic deficiencies of eligible entities), and for reporting and data collection activities, related to programs carried out under this subtitle; and

“(B) to distribute amounts in accordance with subsection (c).

“(2) GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS.—The activities described in paragraph (1)(A) may be carried out by the Secretary through grants, contracts, or cooperative agreements with appropriate entities.

“(b) TERMS AND TECHNICAL ASSISTANCE PROCESS.—The process for determining the training and technical assistance to be carried out under this section shall—

“(1) ensure that the needs of eligible entities and programs relating to improving program quality (including quality of financial management practices) are addressed to the maximum extent feasible; and

“(2) incorporate mechanisms to ensure responsiveness to local needs, including an ongoing procedure for obtaining input from the national and State networks of eligible entities.

“(c) DISTRIBUTION REQUIREMENT.—

“(1) IN GENERAL.—The amounts reserved under section 674(b)(2)(A) for activities to be carried out under this subsection shall be distributed directly to eligible entities, organizations, or associations described in paragraph (2) for the purpose of improving program quality (including quality of financial management practices), management information and reporting

systems, and measurement of program results, and for the purpose of ensuring responsiveness to identified local needs.

“(2) ELIGIBLE ENTITIES, ORGANIZATIONS, OR ASSOCIATIONS.—Eligible entities, organizations, or associations described in this paragraph shall be eligible entities, or statewide or local organizations or associations, with demonstrated expertise in providing training to individuals and organizations on methods of effectively addressing the needs of low-income families and communities.

“SEC. 678B. MONITORING OF ELIGIBLE ENTITIES.

42 USC 9914.

“(a) IN GENERAL.—In order to determine whether eligible entities meet the performance goals, administrative standards, financial management requirements, and other requirements of a State, the State shall conduct the following reviews of eligible entities:

“(1) A full onsite review of each such entity at least once during each 3-year period.

“(2) An onsite review of each newly designated entity immediately after the completion of the first year in which such entity receives funds through the community services block grant program.

“(3) Followup reviews including prompt return visits to eligible entities, and their programs, that fail to meet the goals, standards, and requirements established by the State.

“(4) Other reviews as appropriate, including reviews of entities with programs that have had other Federal, State, or local grants (other than assistance provided under this subtitle) terminated for cause.

“(b) REQUESTS.—The State may request training and technical assistance from the Secretary as needed to comply with the requirements of this section.

“(c) EVALUATIONS BY THE SECRETARY.—The Secretary shall conduct in several States in each fiscal year evaluations (including investigations) of the use of funds received by the States under this subtitle in order to evaluate compliance with the provisions of this subtitle, and especially with respect to compliance with section 676(b). The Secretary shall submit, to each State evaluated, a report containing the results of such evaluations, and recommendations of improvements designed to enhance the benefit and impact of the activities carried out with such funds for people in need. On receiving the report, the State shall submit to the Secretary a plan of action in response to the recommendations contained in the report. The results of the evaluations shall be submitted annually to the Chairperson of the Committee on Education and the Workforce of the House of Representatives and the Chairperson of the Committee on Labor and Human Resources of the Senate as part of the report submitted by the Secretary in accordance with section 678E(b)(2).

Reports.

“SEC. 678C. CORRECTIVE ACTION; TERMINATION AND REDUCTION OF FUNDING.

42 USC 9915.

“(a) DETERMINATION.—If the State determines, on the basis of a final decision in a review pursuant to section 678B, that an eligible entity fails to comply with the terms of an agreement, or the State plan, to provide services under this subtitle or to meet appropriate standards, goals, and other requirements established by the State (including performance objectives), the State shall—

“(1) inform the entity of the deficiency to be corrected;

“(2) require the entity to correct the deficiency;

“(3)(A) offer training and technical assistance, if appropriate, to help correct the deficiency, and prepare and submit to the Secretary a report describing the training and technical assistance offered; or

“(B) if the State determines that such training and technical assistance are not appropriate, prepare and submit to the Secretary a report stating the reasons for the determination;

“(4)(A) at the discretion of the State (taking into account the seriousness of the deficiency and the time reasonably required to correct the deficiency), allow the entity to develop and implement, within 60 days after being informed of the deficiency, a quality improvement plan to correct such deficiency within a reasonable period of time, as determined by the State; and

“(B) not later than 30 days after receiving from an eligible entity a proposed quality improvement plan pursuant to subparagraph (A), either approve such proposed plan or specify the reasons why the proposed plan cannot be approved; and

“(5) after providing adequate notice and an opportunity for a hearing, initiate proceedings to terminate the designation of or reduce the funding under this subtitle of the eligible entity unless the entity corrects the deficiency.

“(b) REVIEW.—A determination to terminate the designation or reduce the funding of an eligible entity is reviewable by the Secretary. The Secretary shall, upon request, review such a determination. The review shall be completed not later than 90 days after the Secretary receives from the State all necessary documentation relating to the determination to terminate the designation or reduce the funding. If the review is not completed within 90 days, the determination of the State shall become final at the end of the 90th day.

“(c) DIRECT ASSISTANCE.—Whenever a State violates the assurances contained in section 676(b)(8) and terminates or reduces the funding of an eligible entity prior to the completion of the State hearing described in that section and the Secretary's review as required in subsection (b), the Secretary is authorized to provide financial assistance under this subtitle to the eligible entity affected until the violation is corrected. In such a case, the grant or allotment for the State under section 675A or 675B for the earliest appropriate fiscal year shall be reduced by an amount equal to the funds provided under this subsection to such eligible entity.

Deadline.

42 USC 9916.

“SEC. 678D. FISCAL CONTROLS, AUDITS, AND WITHHOLDING.

“(a) FISCAL CONTROLS, PROCEDURES, AUDITS, AND INSPECTIONS.—

“(1) IN GENERAL.—A State that receives funds under this subtitle shall—

“(A) establish fiscal control and fund accounting procedures necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under this subtitle, including procedures for monitoring the funds provided under this subtitle;

“(B) ensure that cost and accounting standards of the Office of Management and Budget apply to a recipient of the funds under this subtitle;

“(C) subject to paragraph (2), prepare, at least every year, an audit of the expenditures of the State of amounts received under this subtitle and amounts transferred to carry out the purposes of this subtitle; and

“(D) make appropriate books, documents, papers, and records available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request for the items.

“(2) AUDITS.—

“(A) IN GENERAL.—Subject to subparagraph (B), each audit required by subsection (a)(1)(C) shall be conducted by an entity independent of any agency administering activities or services carried out under this subtitle and shall be conducted in accordance with generally accepted accounting principles.

“(B) SINGLE AUDIT REQUIREMENTS.—Audits shall be conducted under this paragraph in the manner and to the extent provided in chapter 75 of title 31, United States Code (commonly known as the ‘Single Audit Act Amendments of 1996’).

“(C) SUBMISSION OF COPIES.—Within 30 days after the completion of each such audit in a State, the chief executive officer of the State shall submit a copy of such audit to any eligible entity that was the subject of the audit at no charge, to the legislature of the State, and to the Secretary.

“(3) REPAYMENTS.—The State shall repay to the United States amounts found not to have been expended in accordance with this subtitle or the Secretary may offset such amounts against any other amount to which the State is or may become entitled under this subtitle.

“(b) WITHHOLDING.—

“(1) IN GENERAL.—The Secretary shall, after providing adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State that does not utilize the grant or allotment under section 675A or 675B in accordance with the provisions of this subtitle, including the assurances such State provided under section 676.

“(2) RESPONSE TO COMPLAINTS.—The Secretary shall respond in an expeditious and speedy manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the provisions of this subtitle, including the assurances provided by the State under section 676. For purposes of this paragraph, a complaint of a failure to meet any one of the assurances provided under section 676 that constitutes disregarding that assurance shall be considered to be a complaint of a serious nature.

“(3) INVESTIGATIONS.—Whenever the Secretary determines that there is a pattern of complaints of failures described in paragraph (2) from any State in any fiscal year, the Secretary shall conduct an investigation of the use of funds received under this subtitle by such State in order to ensure compliance with the provisions of this subtitle.

42 USC 9917.

“SEC. 678E. ACCOUNTABILITY AND REPORTING REQUIREMENTS.**“(a) STATE ACCOUNTABILITY AND REPORTING REQUIREMENTS.—****“(1) PERFORMANCE MEASUREMENT.—**

“(A) IN GENERAL.—By October 1, 2001, each State that receives funds under this subtitle shall participate, and shall ensure that all eligible entities in the State participate, in a performance measurement system, which may be a performance measurement system for which the Secretary facilitated development pursuant to subsection (b), or an alternative system that the Secretary is satisfied meets the requirements of subsection (b).

“(B) LOCAL AGENCIES.—The State may elect to have local agencies that are subcontractors of the eligible entities under this subtitle participate in the performance measurement system. If the State makes that election, references in this section to eligible entities shall be considered to include the local agencies.

“(2) ANNUAL REPORT.—Each State shall annually prepare and submit to the Secretary a report on the measured performance of the State and the eligible entities in the State. Prior to the participation of the State in the performance measurement system, the State shall include in the report any information collected by the State relating to such performance. Each State shall also include in the report an accounting of the expenditure of funds received by the State through the community services block grant program, including an accounting of funds spent on administrative costs by the State and the eligible entities, and funds spent by eligible entities on the direct delivery of local services, and shall include information on the number of and characteristics of clients served under this subtitle in the State, based on data collected from the eligible entities. The State shall also include in the report a summary describing the training and technical assistance offered by the State under section 678C(a)(3) during the year covered by the report.

“(b) SECRETARY’S ACCOUNTABILITY AND REPORTING REQUIREMENTS.—

“(1) PERFORMANCE MEASUREMENT.—The Secretary, in collaboration with the States and with eligible entities throughout the Nation, shall facilitate the development of one or more model performance measurement systems, which may be used by the States and by eligible entities to measure their performance in carrying out the requirements of this subtitle and in achieving the goals of their community action plans. The Secretary shall provide technical assistance, including support for the enhancement of electronic data systems, to States and to eligible entities to enhance their capability to collect and report data for such a system and to aid in their participation in such a system.

“(2) REPORTING REQUIREMENTS.—At the end of each fiscal year beginning after September 30, 1999, the Secretary shall, directly or by grant or contract, prepare a report containing—

“(A) a summary of the planned use of funds by each State, and the eligible entities in the State, under the community services block grant program, as contained in each State plan submitted pursuant to section 676;

“(B) a description of how funds were actually spent by the State and eligible entities in the State, including a breakdown of funds spent on administrative costs and on the direct delivery of local services by eligible entities;

“(C) information on the number of entities eligible for funds under this subtitle, the number of low-income persons served under this subtitle, and such demographic data on the low-income populations served by eligible entities as is determined by the Secretary to be feasible;

“(D) a comparison of the planned uses of funds for each State and the actual uses of the funds;

“(E) a summary of each State’s performance results, and the results for the eligible entities, as collected and submitted by the States in accordance with subsection (a)(2); and

“(F) any additional information that the Secretary considers to be appropriate to carry out this subtitle, if the Secretary informs the States of the need for such additional information and allows a reasonable period of time for the States to collect and provide the information.

“(3) SUBMISSION.—The Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate the report described in paragraph (2), and any comments the Secretary may have with respect to such report. The report shall include definitions of direct and administrative costs used by the Department of Health and Human Services for programs funded under this subtitle.

“(4) COSTS.—Of the funds reserved under section 674(b)(3), not more than \$350,000 shall be available to carry out the reporting requirements contained in paragraph (2).

42 USC 9918.

“SEC. 678F. LIMITATIONS ON USE OF FUNDS.

“(a) CONSTRUCTION OF FACILITIES.—

“(1) LIMITATIONS.—Except as provided in paragraph (2), grants made under this subtitle (other than amounts reserved under section 674(b)(3)) may not be used by the State, or by any other person with which the State makes arrangements to carry out the purposes of this subtitle, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility.

“(2) WAIVER.—The Secretary may waive the limitation contained in paragraph (1) upon a State request for such a waiver, if the Secretary finds that the request describes extraordinary circumstances to justify the purchase of land or the construction of facilities (or the making of permanent improvements) and that permitting the waiver will contribute to the ability of the State to carry out the purposes of this subtitle.

“(b) POLITICAL ACTIVITIES.—

“(1) TREATMENT AS A STATE OR LOCAL AGENCY.—For purposes of chapter 15 of title 5, United States Code, any entity that assumes responsibility for planning, developing, and coordinating activities under this subtitle and receives assistance under this subtitle shall be deemed to be a State or local agency. For purposes of paragraphs (1) and (2) of section

1502(a) of such title, any entity receiving assistance under this subtitle shall be deemed to be a State or local agency.

“(2) PROHIBITIONS.—Programs assisted under this subtitle shall not be carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel, in a manner supporting or resulting in the identification of such programs with—

“(A) any partisan or nonpartisan political activity or any political activity associated with a candidate, or contending faction or group, in an election for public or party office;

“(B) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or

“(C) any voter registration activity.

“(3) RULES AND REGULATIONS.—The Secretary, after consultation with the Office of Personnel Management, shall issue rules and regulations to provide for the enforcement of this subsection, which shall include provisions for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.

“(c) NONDISCRIMINATION.—

“(1) IN GENERAL.—No person shall, on the basis of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this subtitle. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) or with respect to an otherwise qualified individual with a disability as provided in section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), or title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 et seq.) shall also apply to any such program or activity.

Notification.

“(2) ACTION OF SECRETARY.—Whenever the Secretary determines that a State that has received a payment under this subtitle has failed to comply with paragraph (1) or an applicable regulation, the Secretary shall notify the chief executive officer of the State and shall request that the officer secure compliance. If within a reasonable period of time, not to exceed 60 days, the chief executive officer fails or refuses to secure compliance, the Secretary is authorized to—

“(A) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted;

“(B) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), or title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 et seq.), as may be applicable; or

“(C) take such other action as may be provided by law.

“(3) ACTION OF ATTORNEY GENERAL.—When a matter is referred to the Attorney General pursuant to paragraph (2), or whenever the Attorney General has reason to believe that

the State is engaged in a pattern or practice of discrimination in violation of the provisions of this subsection, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

“SEC. 678G. DRUG AND CHILD SUPPORT SERVICES AND REFERRALS. 42 USC 9919.

“(a) DRUG TESTING AND REHABILITATION.—

“(1) IN GENERAL.—Nothing in this subtitle shall be construed to prohibit a State from testing participants in programs, activities, or services carried out or provided under this subtitle for controlled substances. A State that conducts such testing shall inform the participants who test positive for any of such substances about the availability of treatment or rehabilitation services and refer such participants for appropriate treatment or rehabilitation services.

“(2) ADMINISTRATIVE EXPENSES.—Any funds provided under this subtitle expended for such testing shall be considered to be expended for administrative expenses and shall be subject to the limitation specified in section 675C(b)(2).

“(3) DEFINITION.—In this subsection, the term ‘controlled substance’ has the meaning given the term in section 102 of the Controlled Substances Act (21 U.S.C. 802).

“(b) CHILD SUPPORT SERVICES AND REFERRALS.—During each fiscal year for which an eligible entity receives a grant under section 675C, such entity shall—

“(1) inform custodial parents in single-parent families that participate in programs, activities, or services carried out or provided under this subtitle about the availability of child support services; and

“(2) refer eligible parents to the child support offices of State and local governments.

“SEC. 679. OPERATIONAL RULE.

42 USC 9920.

“(a) RELIGIOUS ORGANIZATIONS INCLUDED AS NONGOVERNMENTAL PROVIDERS.—For any program carried out by the Federal Government, or by a State or local government under this subtitle, the government shall consider, on the same basis as other nongovernmental organizations, religious organizations to provide the assistance under the program, so long as the program is implemented in a manner consistent with the Establishment Clause of the first amendment to the Constitution. Neither the Federal Government nor a State or local government receiving funds under this subtitle shall discriminate against an organization that provides assistance under, or applies to provide assistance under, this subtitle, on the basis that the organization has a religious character.

“(b) RELIGIOUS CHARACTER AND INDEPENDENCE.—

“(1) IN GENERAL.—A religious organization that provides assistance under a program described in subsection (a) shall retain its religious character and control over the definition, development, practice, and expression of its religious beliefs.

“(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State or local government shall require a religious organization—

“(A) to alter its form of internal governance, except (for purposes of administration of the community services block grant program) as provided in section 676B; or

“(B) to remove religious art, icons, scripture, or other symbols;
in order to be eligible to provide assistance under a program described in subsection (a).

“(3) EMPLOYMENT PRACTICES.—A religious organization’s exemption provided under section 702 of the Civil Rights Act of 1964 (42 U.S.C. 2000e-1) regarding employment practices shall not be affected by its participation in, or receipt of funds from, programs described in subsection (a).

“(c) LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.—No funds provided directly to a religious organization to provide assistance under any program described in subsection (a) shall be expended for sectarian worship, instruction, or proselytization.

“(d) FISCAL ACCOUNTABILITY.—

“(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization providing assistance under any program described in subsection (a) shall be subject to the same regulations as other nongovernmental organizations to account in accord with generally accepted accounting principles for the use of such funds provided under such program.

“(2) LIMITED AUDIT.—Such organization shall segregate government funds provided under such program into a separate account. Only the government funds shall be subject to audit by the government.

“(e) TREATMENT OF ELIGIBLE ENTITIES AND OTHER INTERMEDIATE ORGANIZATIONS.—If an eligible entity or other organization (referred to in this subsection as an ‘intermediate organization’), acting under a contract, or grant or other agreement, with the Federal Government or a State or local government, is given the authority under the contract or agreement to select nongovernmental organizations to provide assistance under the programs described in subsection (a), the intermediate organization shall have the same duties under this section as the government.

42 USC 9921.

“SEC. 680. DISCRETIONARY AUTHORITY OF THE SECRETARY.

“(a) GRANTS, CONTRACTS, ARRANGEMENTS, LOANS, AND GUARANTEES.—

“(1) IN GENERAL.—The Secretary shall, from funds reserved under section 674(b)(3), make grants, loans, or guarantees to States and public agencies and private, nonprofit organizations, or enter into contracts or jointly financed cooperative arrangements with States and public agencies and private, nonprofit organizations (and for-profit organizations, to the extent specified in paragraph (2)(E)) for each of the objectives described in paragraphs (2) through (4).

“(2) COMMUNITY ECONOMIC DEVELOPMENT.—

“(A) ECONOMIC DEVELOPMENT ACTIVITIES.—The Secretary shall make grants described in paragraph (1) on a competitive basis to private, nonprofit organizations that are community development corporations to provide technical and financial assistance for economic development activities designed to address the economic needs of low-income individuals and families by creating employment and business development opportunities.

“(B) CONSULTATION.—The Secretary shall exercise the authority provided under subparagraph (A) after consultation with other relevant Federal officials.

“(C) GOVERNING BOARDS.—For a community development corporation to receive funds to carry out this paragraph, the corporation shall be governed by a board that shall consist of residents of the community and business and civic leaders and shall have as a principal purpose planning, developing, or managing low-income housing or community development projects.

“(D) GEOGRAPHIC DISTRIBUTION.—In making grants to carry out this paragraph, the Secretary shall take into consideration the geographic distribution of funding among States and the relative proportion of funding among rural and urban areas.

“(E) RESERVATION.—Of the amounts made available to carry out this paragraph, the Secretary may reserve not more than 1 percent for each fiscal year to make grants to private, nonprofit organizations or to enter into contracts with private, nonprofit or for-profit organizations to provide technical assistance to aid community development corporations in developing or implementing activities funded to carry out this paragraph and to evaluate activities funded to carry out this paragraph.

“(3) RURAL COMMUNITY DEVELOPMENT ACTIVITIES.—The Secretary shall provide the assistance described in paragraph (1) for rural community development activities, which shall include providing—

“(A) grants to private, nonprofit corporations to enable the corporations to provide assistance concerning home repair to rural low-income families and concerning planning and developing low-income rural rental housing units; and

“(B) grants to multistate, regional, private, nonprofit organizations to enable the organizations to provide training and technical assistance to small, rural communities concerning meeting their community facility needs.

“(4) NEIGHBORHOOD INNOVATION PROJECTS.—The Secretary shall provide the assistance described in paragraph (1) for neighborhood innovation projects, which shall include providing grants to neighborhood-based private, nonprofit organizations to test or assist in the development of new approaches or methods that will aid in overcoming special problems identified by communities or neighborhoods or otherwise assist in furthering the purposes of this subtitle, and which may include providing assistance for projects that are designed to serve low-income individuals and families who are not being effectively served by other programs.

“(b) EVALUATION.—The Secretary shall require all activities receiving assistance under this section to be evaluated for their effectiveness. Funding for such evaluations shall be provided as a stated percentage of the assistance or through a separate grant awarded by the Secretary specifically for the purpose of evaluation of a particular activity or group of activities.

“(c) ANNUAL REPORT.—The Secretary shall compile an annual report containing a summary of the evaluations required in subsection (b) and a listing of all activities assisted under this section. The Secretary shall annually submit the report to the Chairperson of the Committee on Education and the Workforce of the House of Representatives and the Chairperson of the Committee on Labor and Human Resources of the Senate.

Records.

42 USC 9922.

“SEC. 681. COMMUNITY FOOD AND NUTRITION PROGRAMS.

“(a) GRANTS.—The Secretary may, through grants to public and private, nonprofit agencies, provide for community-based, local, statewide, and national programs—

“(1) to coordinate private and public food assistance resources, wherever the grant recipient involved determines such coordination to be inadequate, to better serve low-income populations;

“(2) to assist low-income communities to identify potential sponsors of child nutrition programs and to initiate such programs in underserved or unserved areas; and

“(3) to develop innovative approaches at the State and local level to meet the nutrition needs of low-income individuals.

“(b) ALLOTMENTS AND DISTRIBUTION OF FUNDS.—

“(1) NOT TO EXCEED \$6,000,000 IN APPROPRIATIONS.—Of the amount appropriated for a fiscal year to carry out this section (but not to exceed \$6,000,000), the Secretary shall distribute funds for grants under subsection (a) as follows:

“(A) ALLOTMENTS.—From a portion equal to 60 percent of such amount (but not to exceed \$3,600,000), the Secretary shall allot for grants to eligible agencies for statewide programs in each State the amount that bears the same ratio to such portion as the low-income and unemployed population of such State bears to the low-income and unemployed population of all the States.

“(B) COMPETITIVE GRANTS.—From a portion equal to 40 percent of such amount (but not to exceed \$2,400,000), the Secretary shall make grants on a competitive basis to eligible agencies for local and statewide programs.

“(2) GREATER AVAILABLE APPROPRIATIONS.—Any amounts appropriated for a fiscal year to carry out this section in excess of \$6,000,000 shall be allotted as follows:

“(A) ALLOTMENTS.—The Secretary shall use 40 percent of such excess to allot for grants under subsection (a) to eligible agencies for statewide programs in each State an amount that bears the same ratio to 40 percent of such excess as the low-income and unemployed population of such State bears to the low-income and unemployed population of all the States.

“(B) COMPETITIVE GRANTS FOR LOCAL AND STATEWIDE PROGRAMS.—The Secretary shall use 40 percent of such excess to make grants under subsection (a) on a competitive basis to eligible agencies for local and statewide programs.

“(C) COMPETITIVE GRANTS FOR NATIONWIDE PROGRAMS.—The Secretary shall use the remaining 20 percent of such excess to make grants under subsection (a) on a competitive basis to eligible agencies for nationwide programs, including programs benefiting Indians, as defined in section 677, and migrant or seasonal farmworkers.

“(3) ELIGIBILITY FOR ALLOTMENTS FOR STATEWIDE PROGRAMS.—To be eligible to receive an allotment under paragraph (1)(A) or (2)(A), an eligible agency shall demonstrate that the proposed program is statewide in scope and represents a comprehensive and coordinated effort to alleviate hunger within the State.

“(4) MINIMUM ALLOTMENTS FOR STATEWIDE PROGRAMS.—

“(A) IN GENERAL.—From the amounts allotted under paragraphs (1)(A) and (2)(A), the minimum total allotment for each State for each fiscal year shall be—

“(i) \$15,000 if the total amount appropriated to carry out this section is not less than \$7,000,000 but less than \$10,000,000;

“(ii) \$20,000 if the total amount appropriated to carry out this section is not less than \$10,000,000 but less than \$15,000,000; or

“(iii) \$30,000 if the total amount appropriated to carry out this section is not less than \$15,000,000.

“(B) DEFINITION.—In this paragraph, the term ‘State’ does not include Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

“(5) MAXIMUM GRANTS.—From funds made available under paragraphs (1)(B) and (2)(B) for any fiscal year, the Secretary may not make grants under subsection (a) to an eligible agency in an aggregate amount exceeding \$50,000. From funds made available under paragraph (2)(C) for any fiscal year, the Secretary may not make grants under subsection (a) to an eligible agency in an aggregate amount exceeding \$300,000.

“(c) REPORT.—For each fiscal year, the Secretary shall prepare and submit, to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate, a report concerning the grants made under this section. Such report shall include—

“(1) a list of grant recipients;

“(2) information on the amount of funding awarded to each grant recipient; and

“(3) a summary of the activities performed by the grant recipients with funding awarded under this section and a description of the manner in which such activities meet the objectives described in subsection (a).

“(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of fiscal years 1999 through 2003.

“SEC. 682. NATIONAL OR REGIONAL PROGRAMS DESIGNED TO PROVIDE INSTRUCTIONAL ACTIVITIES FOR LOW-INCOME YOUTH.

“(a) GENERAL AUTHORITY.—The Secretary is authorized to make a grant to an eligible service provider to administer national or regional programs to provide instructional activities for low-income youth. In making such a grant, the Secretary shall give priority to eligible service providers that have a demonstrated ability to operate such a program.

“(b) PROGRAM REQUIREMENTS.—Any instructional activity carried out by an eligible service provider receiving a grant under this section shall be carried out on the campus of an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))) and shall include—

“(1) access to the facilities and resources of such an institution;

“(2) an initial medical examination and follow-up referral or treatment, without charge, for youth during their participation in such activity;

Records.

42 USC 9923.

“(3) at least one nutritious meal daily, without charge, for participating youth during each day of participation;

“(4) high quality instruction in a variety of sports (that shall include swimming and that may include dance and any other high quality recreational activity) provided by coaches and teachers from institutions of higher education and from elementary and secondary schools (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 3801)); and

“(5) enrichment instruction and information on matters relating to the well-being of youth, to include educational opportunities and information on study practices, education for the prevention of drug and alcohol abuse, and information on health and nutrition, career opportunities, and family and job responsibilities.

“(c) ADVISORY COMMITTEE; PARTNERSHIPS.—The eligible service provider shall, in each community in which a program is funded under this section—

“(1) ensure that—

“(A) a community-based advisory committee is established, with representatives from local youth, family, and social service organizations, schools, entities providing park and recreation services, and other community-based organizations serving high-risk youth; or

“(B) an existing community-based advisory board, commission, or committee with similar membership is utilized to serve as the committee described in subparagraph (A); and

“(2) enter into formal partnerships with youth-serving organizations or other appropriate social service entities in order to link program participants with year-round services in their home communities that support and continue the objectives of this subtitle.

“(d) ELIGIBLE PROVIDERS.—A service provider that is a national private, nonprofit organization, a coalition of such organizations, or a private, nonprofit organization applying jointly with a business concern shall be eligible to apply for a grant under this section if—

“(1) the applicant has demonstrated experience in operating a program providing instruction to low-income youth;

“(2) the applicant agrees to contribute an amount (in cash or in kind, fairly evaluated) of not less than 25 percent of the amount requested, for the program funded through the grant;

“(3) the applicant agrees to use no funds from a grant authorized under this section for administrative expenses; and

“(4) the applicant agrees to comply with the regulations or program guidelines promulgated by the Secretary for use of funds made available through the grant.

“(e) APPLICATION PROCESS.—To be eligible to receive a grant under this section, a service provider shall submit to the Secretary, for approval, an application at such time, in such manner, and containing such information as the Secretary may require.

“(f) PROMULGATION OF REGULATIONS OR PROGRAM GUIDELINES.—The Secretary shall promulgate regulations or program guidelines to ensure funds made available through a grant made

under this section are used in accordance with the objectives of this subtitle.

“(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$15,000,000 for each of fiscal years 1999 through 2003 for grants to carry out this section.

“SEC. 683. REFERENCES.

42 USC 9924.

“Any reference in any provision of law to the poverty line set forth in section 624 or 625 of the Economic Opportunity Act of 1964 shall be construed to be a reference to the poverty line defined in section 673. Except as otherwise provided, any reference in any provision of law to any community action agency designated under title II of the Economic Opportunity Act of 1964 shall be construed to be a reference to an entity eligible to receive funds under the community services block grant program.”.

SEC. 202. CONFORMING AMENDMENTS.

(a) OLDER AMERICANS ACT OF 1965.—Section 306(a)(6)(E)(ii) of the Older Americans Act of 1965 (42 U.S.C. 3026(a)(6)(E)(ii)) is amended by striking “section 675(c)(3) of the Community Services Block Grant Act (42 U.S.C. 9904(c)(3))” and inserting “section 676B of the Community Services Block Grant Act”.

(b) COMMUNITY ECONOMIC DEVELOPMENT ACT OF 1981.—

(1) SOURCE OF FUNDS.—Section 614 of the Community Economic Development Act of 1981 (42 U.S.C. 9803) is repealed.

(2) ADVISORY COMMUNITY INVESTMENT BOARD.—Section 615(a)(2) of the Community Economic Development Act of 1981 (42 U.S.C. 9804(a)(2)) is amended by striking “through the Office” and all that follows and inserting “through an appropriate office.”.

(c) HUMAN SERVICES REAUTHORIZATION ACT OF 1986.—Section 407 of the Human Services Reauthorization Act of 1986 (42 U.S.C. 9812a) is amended—

(1) in subsection (a)—

(A) by inserting after “funds available” the following: “(before the date of enactment of the Coats Human Services Reauthorization Act of 1998)”; and

(B) by inserting after “9910(a)” the following: “(as in effect before such date)”; and

(2) in subsection (b)(2)—

(A) by inserting after “funds available” the following: “(before the date of enactment of the Coats Human Services Reauthorization Act of 1998)”; and

(B) by inserting after “9910(a)” the following: “(as in effect before such date)”.

(d) ANTI-DRUG ABUSE ACT OF 1988.—Section 3521(c)(2) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11841(c)(2)) is amended by striking “, such as activities authorized by section 681(a)(2)(F) of the Community Services Block Grant Act (42 U.S.C. section 9910(a)(2)(F)),”.

Attachment A

- Community Services Block Grant Information Memorandum Transmittal Number 138
- Community Services Block Grant Information Memorandum Transmittal Number 144
- Community Services Block Grant Information Memorandum Transmittal Number 149
- Community Services Block Grant Information Memorandum Transmittal Number 152
- Community Services Block Grant Public Law 105-285

**COMMUNITY SERVICES
BLOCK GRANT**

U.S. Department of Health and Human Services
Administration for Children and Families
Office of Community Services
Division of State Assistance
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

Information Memorandum

Transmittal No. 138

Date: January 26, 2015

TO: State Community Services Block Grant (CSBG) Administrators, U. S. Territory CSBG Administrators, Eligible Entities, and State Community Action Associations

SUBJECT: State Establishment of Organizational Standards for CSBG Eligible Entities under 678B of the CSBG Act, 42 U.S.C. § 9914

RELATED REFERENCES: Community Services Block Grant Act 42 U.S.C. § 9901 *et seq.*, hereafter referred to as "the CSBG Act."

This information memorandum (IM) provides guidance and describes State and Federal roles and responsibilities for the establishment of organizational standards as a component of a larger performance management and accountability system for CSBG. Consistent with the authority and responsibilities the CSBG Act establishes for the Federal office and States, OCS is requiring States, no later than FY 2016, to establish and report on their organizational standards for CSBG eligible entities as part of an enhanced system for accountability and performance management across the CSBG Network.

While States have discretion on the set of standards they may use, OCS recommends States use the organizational standards (Appendices 2 and 3) developed by the OCS-supported CSBG Organizational Standards Center of Excellence (COE), which reflect the requirements of the CSBG Act, good management practices, and the values of Community Action. These standards will ensure CSBG eligible entities have appropriate organizational capacity to deliver services to low-income individuals and communities.

The guidance in this IM applies to States, the District of Columbia, and U.S. Territories that support CSBG eligible entities. Tribal governments and organizations that receive CSBG directly from the Federal government are not included in this guidance, but will receive future guidance on a separate accountability and reporting process.

State Authority and Responsibility to Establish Organizational Standards

Under the block grant framework established in the CSBG Act, States have both the authority and the responsibility for effective oversight of eligible entities that receive CSBG funds. Section 678B of the CSBG Act (42 U.S.C. § 9914) requires State CSBG Lead Agencies to establish "performance goals, administrative standards, financial management requirements, and other requirements" that ensure an appropriate level of accountability and quality among the State's eligible entities. In order for States to meet these responsibilities under the CSBG Act,

States must establish and communicate clear and comprehensive standards and hold eligible entities accountable according to the standards as part of their oversight duties.

Federal Authority and Responsibility for Organizational Standards

As the Federal office responsible for oversight of CSBG, the Office of Community Services (OCS) is responsible for monitoring to assure State compliance with the requirements of the CSBG Act and for providing training and technical assistance to help States carry out the requirements of the CSBG Act. Section 678B(c) (42 U.S.C. § 9914(c)) directs the U.S. Department of Health and Human Services (HHS) to conduct evaluations of the use of CSBG funds received by the States. Section 678A(a) (42 U.S.C. 9913(a)) requires HHS to support training and technical assistance activities to assist States in monitoring activities to correct programmatic deficiencies of eligible entities, and for reporting and data collection activities.

Several sections of the CSBG Act provide authority or require OCS to collect information from States as part of the State plan or annual report regarding how the State will meet requirements of the CSBG Act. Section 676(b) (42 U.S.C. § 9908(b)) outlines authority for the collection of necessary information as part of a State application and plan. The statute provides the authority to collect "such information as the Secretary shall require," including a series of detailed assurances based on the requirements of the CSBG Act. To assure effective use of funds to meet the purposes of the statute, section 676(d) (42 U.S.C. § 9908(d)) states that the "Secretary may prescribe procedures for the purpose of assessing effectiveness of the eligible entities in carrying out the purpose of [the CSBG Act]."

Performance Management for CSBG

Budget constraints, high poverty levels, changing demographics, and income inequality demand that the CSBG Network remain vigilant in our shared mission of creating opportunity and security for all Americans. We must look at all levels of the CSBG Network – local, State, and Federal – to assess and increase CSBG's impact. The CSBG Network is far-reaching and nationwide. Together, we have the potential to achieve even greater results, in every community, by improving our accountability to one another, our customers, and our communities.

In an effort to help the CSBG Network increase accountability and achieve results, OCS launched several initiatives in 2012. One focused on establishing organizational standards for eligible entities. Under this effort, CSBG Network leaders developed and recommended a set of organizational standards to strengthen the capacity of the more than 1,000 eligible entities providing services across the country.

A second performance management initiative focused on enhancing the CSBG Network's performance and outcomes measurement system for local eligible entities – identified in the CSBG Act as Results Oriented Management and Accountability System (ROMA). Finally, a third initiative focused on creating State and Federal-level accountability measures to track and measure organizational performance by State CSBG Lead Agencies and OCS.

These three efforts are complementary and integrated; together they comprise a network-wide accountability and management system for CSBG. They will ensure eligible entities, States, and OCS operate within Federal law and regulation and will build accountability and continuous management improvement into all three levels of the network (local, State and Federal). As shown in Appendix 1, *Measuring the Success of Community Action and CSBG*, these efforts will help us answer the questions, 'How well did the Network perform?' and 'What difference did the Network make?' Ultimately, using these new and enhanced tools and information, the CSBG Network will make better program decisions and generate stronger results for low-income families and communities.

Organizational Standards for CSBG Eligible Entities - Background

In 2012, OCS funded a cooperative agreement for the CSBG Organizational Standards Center of Excellence (COE). The two-year cooperative agreement coordinated – with input from local, State, and national partners – the development and dissemination of a set of organizational standards for eligible entities for the purpose of ensuring that all CSBG eligible entities have the capacity to provide high-quality services to low-income individuals and communities.

To begin the project, the COE expanded an existing CSBG Working Group from its original 20 members to over 50 individuals. The expanded working group included a balanced representation from eligible entities, State CSBG Lead Agencies, Community Action State Associations, national partners, technical assistance providers, and external content experts.

The working group's first task was a thorough environmental scan and analysis of existing organizational oversight tools and resources, internal and external to the CSBG Network. The group found that while there are many similarities across States in how State CSBG Lead Agencies monitor eligible entities, substantial differences also exist.

The project continued through a nine-month development process that provided numerous opportunities for input by the CSBG Network, including financial and legal experts, on draft organizational standards. All together, the network invested over 3,500 documented hours in Working Group and committee meetings and in national and regional listening sessions. The final phase included a pilot that engaged a subset of State CSBG Lead Agencies and eligible entities in a field test of draft organizational standards and tools.

In March, 2014, OCS published a draft information memorandum with the draft organizational standards. OCS received 29 sets of comments (approximately 160 individual comments) from a broad range of individuals and organizations, including six CAAs; 12 states; five state associations; and six national organizations and individuals, and integrated all of this feedback into the final set of organizational standards.

The final result of the COE and OCS efforts is a comprehensive set of organizational standards developed by the CSBG Network for the CSBG Network. The CSBG Network is to be commended for its commitment to ongoing performance improvement and strengthening accountability.

The COE-developed Organizational Standards

The COE-developed standards are organized in three thematic groups comprising nine categories and totals of 58 standards for private, nonprofit eligible entities and 50 for public entities.

1. Maximum Feasible Participation
 - Consumer Input and Involvement
 - Community Engagement
 - Community Assessment
2. Vision and Direction
 - Organizational Leadership
 - Board Governance
 - Strategic Planning
3. Operations and Accountability
 - Human Resource Management
 - Financial Operations and Oversight
 - Data and Analysis

In order to be widely applicable across the CSBG Network, the standards are defined differently for private and public eligible entities. The complete description and list of private and public organizational standards are attached as Appendices 2 and 3, respectively.

All of the COE-developed organizational standards work together to characterize an effective and healthy organization. Some of the standards have direct links to the CSBG Act, such as the standards on the tripartite board structure and the democratic selection process. Some standards link with U.S. Office of Management and Budget (OMB) guidance, such as the standards on audits. As a whole, the standards reflect many of the requirements of the CSBG Act, applicable Federal laws and regulations, good management practices, and the values of Community Action.

The purpose of the organizational standards is to ensure that all eligible entities have appropriate organizational capacity, not only in the critical financial and administrative areas important to all nonprofit and public human service agencies, but also in areas of unique importance for CSBG-funded eligible entities. To fulfill the promise of the standards, States must provide consistent and high-quality oversight and technical assistance related to organizational standards. In addition, based on information about organizational capacity, States must work with the eligible entities to make informed programmatic decisions about how the agencies can best meet the needs of local low-income families and communities.

States and eligible entities that implement the COE standards will benefit from COE-developed tools, training, and technical assistance, and from the collective wisdom and scale of having many States using common standards (detailed tools and materials on the standards are available on the COE web page on the [Community Action Partnership](#) website). States using the COE standards will also benefit from a streamlined State plan process.

State Oversight

Section 678B of the CSBG Act (42 U.S.C. § 9914) requires State CSBG Lead Agencies to establish “performance goals, administrative standards, financial management requirements, and other requirements” that ensure an appropriate level of accountability and quality among the State’s eligible entities. The purpose of States using the organizational standards is to ensure each eligible entity has appropriate organizational capacity to fulfill the purposes of the CSBG Act. As noted below, States have discretion to determine how organizational standards will be implemented as part of their overall oversight strategy.

Assessment of Standards

Once the expectations for organizational standards are established and communicated to the eligible entities across a State, the State CSBG Lead Agency is responsible for assessing the status of standards among all of the eligible entities annually and for reporting to OCS on the standards in the CSBG Annual Report. States may design an approach for assessing organizational standards that fits within the oversight framework in their State. Many States may integrate standards assessment into their regular CSBG monitoring procedures, while other States may choose different oversight approaches, such as peer-review, assessment by a consultant or third party, or self-assessment. Some States may also choose a hybrid approach involving two or more strategies. Regardless of the approach, States must ensure the assessment of standards is independently verified by the State or a third party.

For example, a State on a triennial monitoring cycle may decide to assess the standards as part of their full onsite financial, administrative, and programmatic monitoring protocol. In the years between monitoring visits, the State may require entities to do self-assessments that are independently verified by a third party. In another example, a State may develop a process that includes peer review assessment that is then verified annually during regular State monitoring visits or a State desk review process.

States will describe their approach for assessing standards in their State plans, which will be subject to OCS review. Promising practices and other tools on integrating such assessment into a State’s oversight strategy will be available on the COE web page on the [Community Action Partnership](#) website.

States are responsible for ensuring that the eligible entities meet all State-established organizational standards. Some standards (i.e., strategic planning, developing an agency-wide budget, etc.) may take several years for eligible entities to meet, but every entity must make steady progress toward the goal of meeting all standards.

Corrective Action

During the assessment process, if a State finds an eligible entity is not meeting a standard or set of standards, the State’s response will depend on the circumstances. In cases where the eligible entity may be able to meet the standard in a reasonable time frame contingent on some targeted technical assistance, the State and entity may develop a technical assistance plan to target

training and technical assistance resources and outline a time frame for the entity to meet the standard(s). If appropriate in other situations, the State may initiate action in accordance with section 678C of the CSBG Act (42 U.S.C. § 9915), including the establishment of a Quality Improvement Plan (QIP) with clear timelines and benchmarks for progress.

As long as the State is confident that the eligible entity is moving toward meeting standards, under a technical assistance plan, QIP, or other oversight mechanism, the State should not initiate action to terminate or reduce funding.

The failure of an eligible entity to meet multiple standards may reflect deeper organizational challenges and risk. In those cases, a State must determine whether it may be necessary to take additional actions, including reducing or terminating funding, in accordance with CSBG IM 116 (*Corrective Action, Termination, or Reduction of Funding*), issued May 1, 2012. OCS and States do not have the authority under the CSBG Act to bypass the process described in CSBG IM 116 in order to re-compete CSBG funding based on failure to meet organizational standards.

Implementation of Organizational Standards

The roll-out of organizational standards for eligible entities is a significant development in the history of CSBG and marks a new phase in our ability to strengthen accountability and results. While we expect States to move expeditiously in integrating organizational standards into their plans in FY 2016, we also recognize that States must manage this process thoughtfully so as to minimize unintended impact on their operations and those of the eligible entities.

State Considerations for an Effective Roll-out Process

As States establish new organizational standards for their eligible entities, they must follow a process that is consistent with State rules and is as fair and reasonable as possible. States should allow for input from the boards and leadership of eligible entities on the timing and procedures for implementing, documenting, and reporting on the standards. States should consistently integrate the organizational standards in State CSBG plans, contracts with eligible entities, funding documents, and oversight and monitoring instruments and reports. In particular, States should clearly communicate expectations around organizational standards prior to State oversight and monitoring activities. Once established, a State should only modify organizational standards based on established State rules and procedures that are publicly communicated and transparent (see Appendix 4: State Implementation of Organizational Standards – Key Considerations).

Process and Timing for Planning and Roll-out

States are expected to use organizational standards for assessing eligible entities starting in FY 2016. In order to do this, States must include information about organizational standards in their FY 2016 application and State plan, due September 1, 2015.

OCS encourages States to start planning for this process now, in FY 2015, particularly if State procedures for establishing official organizational standards may require a lengthy implementation period. For example, if a State uses regulation to establish official CSBG policy

for the eligible entities, the State may want to begin that process in advance of the FY 2016 CSBG application cycle. The timelines for any necessary rulemaking, including any potential obstacles that would prevent full implementation by FY 2016, must be described in the State plan. OCS will work with States that may need additional time due to rulemaking issues.

Any State that submitted a two-year plan for FY 2015 (due September 1, 2014) that did not include organizational standards for FY 2016 will have to submit a supplemental application for FY 2016 that includes organizational standards. This submission will be incorporated into the process for the FY 2016 submission of the State's 424-M application, which States must submit annually online in order to receive CSBG funding.

CSBG Model State Plan and Annual Report

The CSBG Model State Plan and CSBG Annual Report are interconnected and work together to provide critical information to OCS, Congress, and other stakeholders. The CSBG Model State Plan establishes the plans and goals for the performance period, and the annual report cycle provides information on the State's progress toward fulfilling those goals. OCS envisions the Model State Plan to work together with the annual report to provide critical performance management information – including that of organizational standards – to be used by all three levels of the CSBG Network.

In accordance with authorities outlined in Section 676(b) of the CSBG Act (42 U.S.C. § 9908(b)), OCS is revising the Model State Plan for the FY 2016 application cycle (for applications due September 1, 2015) to incorporate items related to organizational standards. OCS will review these elements during the usual State plan review process. Because the COE standards are designed as a comprehensive and complete set, any State that proposes making a minor modification to the standards must document the rationale for the change in their State plan and reports; and any modification to the COE standards will be subject to OCS review.

The revised Model State Plan will require the State to describe:

- whether the State is using the COE-developed organizational standards (and any modifications, if applicable);
- alternative organizational standards, if applicable;
- the process for establishing organizational standards officially in the State (e.g., through State regulation, contract terms and conditions, or other official policy documents), including a timeline;
- the approach for assessing eligible entities against standards;
- procedures for corrective action activities based on organizational standards; and
- exceptions for limited purpose or very small eligible entities, if applicable.

States will report on the status of eligible entities based on organizational standards through the required CSBG Annual Report. In past years, States may have fulfilled their annual reporting requirements, under section 678E(a)(2) of the CSBG Act (42 U.S.C. § 9917(a)(2)), by providing data for the CSBG Information Survey. In the future, OCS will provide new instructions for States regarding annual reporting.

OCS will be revising the Annual Report forms to include information on organizational standards, such as a comparison of the State's actual activities and performance on organizational standards to the planned activities and performance in the State plan. The Annual Report forms will also include data on the new State CSBG Accountability Measures.

Alternative Organizational Standards

Some States may already have highly developed standards in place that may function well in fulfillment of State oversight requirements under the CSBG Act. In these cases, a State may establish and communicate organizational standards for its eligible entities that are different from the COE-developed standards.

However, a State that uses an alternative set of standards must demonstrate that the standards are at least as rigorous and comprehensive as the organizational standards developed by the COE. If a State establishes a different set of organizational standards, the alternative standards must encompass requirements of the CSBG Act and other Federal requirements, such as those found in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 200), and should address the nine categories listed in the description of the COE-developed standards (e.g., consumer input and involvement, community engagement, etc.). OCS will review alternative standards during the application and State plan review process.

Exceptions for Limited-purpose Agencies and Special Circumstances

While the COE-developed organizational standards and related tools and materials are applicable to the vast majority of public and private CSBG eligible entities across the network, OCS recognizes that some States, according to their historical CSBG structure or other factors, may provide CSBG funds to certain entities for which the organizational standards may not be appropriate. These entities may include limited purpose agencies, State-funded tribal organizations, and migrant and seasonal farmworker organizations. In addition, organizational standards may not be applicable to entities with very small overall budgets (e.g., under \$50,000) or entities that receive very minor CSBG allocations (e.g., \$15,000).

In these special circumstances, States should assess both the applicability of the standards and the administrative burden for very small entities. States should also assess whether these agencies that are unable to meet the organizational standards are otherwise equipped to meet the purposes and goals of the CSBG Act, and whether alternative approaches, such as shared administrative supports or mergers, should be considered in order to assure appropriate capacity.

States may describe the rationale for not implementing the COE-developed or alternative organizational standards for these specific entities in their State plan, which will be subject to OCS review. However, as appropriate, States should describe other types of appropriate standards for excepted entities in order to ensure performance and accountability appropriate to the specific purpose and scope of the Federal support.

State Accountability Measures on Organizational Standards

States will report on organizational standards in part by using the new CSBG State Accountability Measures. These new accountability measures will require States to track data such as the percentage of eligible entities that met 100 percent of the organizational standards during the performance period and information on technical assistance plans and Quality Improvement Plans for eligible entities not meeting the standards during the performance period.

OCS is incorporating the State Accountability Measures into the CSBG Model State Plan and CSBG Annual Report forms and will clear them through the U.S. Office of Management and Budget (OMB). For more information on the CSBG State and Federal Accountability Measures, including the specific measures related to organizational standards, see the draft IM, *State and Federal Accountability Measures and Data Collection Modernization*.

CSBG Network Review and OMB Paperwork Reduction Act Clearance Process

As noted earlier, OCS is currently revising the Model State Plan and the CSBG Annual Report forms to incorporate performance management elements, as well as to create forms that are better integrated, web-based, and streamlined. OCS has and will continue to seek input from States and other CSBG Network stakeholders on the clarity, usability, and effectiveness of the revised documents.

As a part of this effort, OCS must clear the revised forms through OMB, as required under the Paperwork Reduction Act of 1995 (PRA). The PRA requires agencies and OMB to ensure that information collected from the public minimizes burden and maximizes practical utility. The OMB/PRA review and approval process includes a 60-day and a 30-day public comment period. For more information about the OMB/PRA clearance process, please see the [Frequently Asked Questions](#) on the U.S. Department of Health and Human Services website.

The COE-developed organizational standards themselves will not go through a formal OMB/PRA clearance process. Rather, OCS will clear elements related to the organizational standards (such as implementation plans, data collection for the accountability measures, etc.) that are incorporated in the CSBG Model State Plan and the CSBG Annual Report forms.

OCS expects to initiate the OMB/PRA clearance process for the CSBG Model State Plan in early 2015. Concurrently, we will begin automating the Model State Plan so that States can access it through the ACF Online Data Collection (OLDC) system. We anticipate States will use the online version of the revised Model State Plan for the FY 2016 application cycle (for applications due September 1, 2015).

Below is information on implementation timing and roll-out of the organizational standards for OCS, States, and eligible entities. If you have questions, please contact an OCS CSBG specialist. The list of OCS staff and contact information is posted on the OCS website at www.acf.hhs.gov/programs/ocs/resource/csbg-staff-assignments-by-region.

OCS Responsibilities

Responsibilities	Time Frame
<i>CSBG Model State Plan</i> : Complete the first revision with CSBG Network input	Fall 2014
<i>Final IM on Organizational Standards</i> : Publish	January 2015
<i>CSBG Model State Plan</i> : Program into the ACF Online Data Collection (OLDC) system	Approximately 6 months winter 2015 – spring 2015
<i>CSBG Model State Plan</i> : Request public comments; get HHS and OMB approval	Approximately 6 months winter 2015 – spring 2015
<i>CSBG Model State Plan</i> : Publish and provide training and technical assistance	Spring/summer 2015
<i>Annual Report</i> : Revise, automate, and get OMB approval; with the National Association for State Community Services Programs (NASCSPP)	2015 - 2016

Note: Dates above are contingent on the time frame for final OMB/PRA clearance.

State Responsibilities

Responsibilities	Time Frame
<i>Organizational Standards</i> : Establish, communicate, and implement	2015
<i>CSBG Model State Plan</i> : Include organizational standards (States will submit State Plans through the OLDC system)	Due by September 1, 2015
<i>Organizational Standards</i> : Assess through established oversight procedures	Starting Federal Fiscal Year 2016
<i>Annual Report</i> : Report performance on organizational standards (State accountability measures)	End of 2016 performance period, by March 2017, as appropriate

CSBG Eligible Entity Responsibilities

Responsibilities	Time Frame
<i>Organizational Standards</i> : Self-assessment and planning for adoption of standards	2015
<i>Organizational Standards</i> : Assess through established State oversight procedures; Address identified weaknesses and share exceptional practices, with State and technical assistance providers	Starting Federal Fiscal Year 2016

Conclusion

Together we must insist upon accountability and performance management across the CSBG Network. The COE-developed organizational standards have the potential to protect and enhance the structural integrity of this national network by assuring that all entities that annually receive CSBG funds have the capacity to organize and support a comprehensive community response to the complex social problems that contribute to poverty.

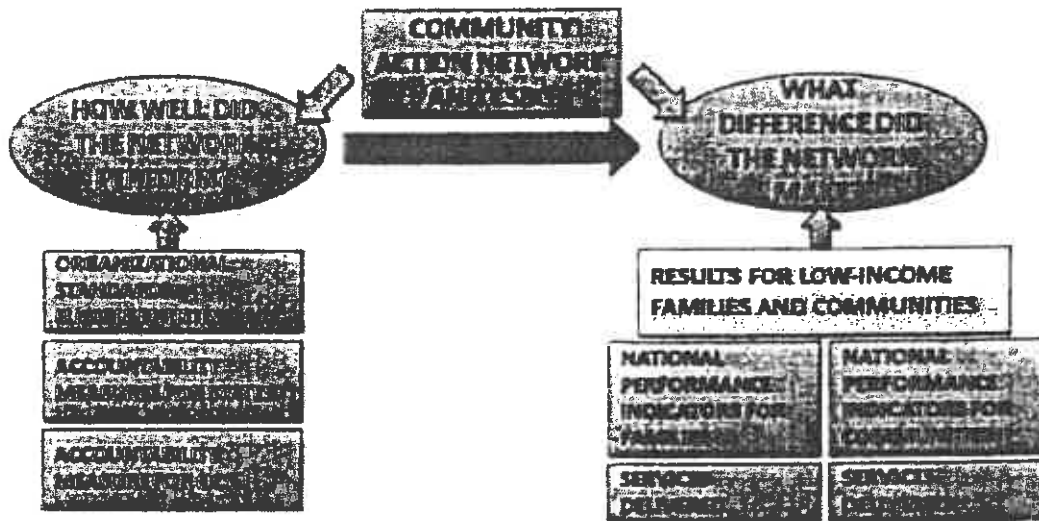
/s/
Jeannie L. Chaffin
Director
Office of Community Services

Appendices:

- Appendix 1:** Measuring the Success of Community Action and CSBG
- Appendix 2:** COE-developed Organizational Standards for Private, Nonprofit CSBG Eligible Entities
- Appendix 3:** COE-developed Organizational Standards for Public CSBG Eligible Entities
- Appendix 4:** State Implementation of Organizational Standards – Key Considerations

Appendix 1: Measuring the Success of Community Action and CSBG

MEASURING THE SUCCESS OF COMMUNITY ACTION AND CSBG



**COMMUNITY SERVICES
BLOCK GRANT**

U.S. Department of Health and Human Services
Administration for Children and Families
Office of Community Services
Division of State Assistance
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

Information Memorandum

Transmittal No. 144

Date: October 2, 2015

TO: State Community Services Block Grant (CSBG) Administrators, U. S. Territory CSBG Administrators, Eligible Entities, and State Community Action Associations

SUBJECT: State and Federal Accountability Measures and Data Collection Modernization

RELATED REFERENCES: Community Services Block Grant Act 42 U.S.C. § 9901 *et seq.*, hereafter referred to as "the CSBG Act."

In collaboration with the Community Services Block Grant (CSBG) Network, the Office of Community Services (OCS) developed State and Federal Accountability Measures to track organizational performance by State CSBG Lead Agencies and OCS. These measures are part of an enhanced framework for accountability and performance management across the CSBG Network.

OCS will require States, no later than FY 2016, to collect data and prepare to analyze and report on State CSBG Accountability Measures through their online State plan and annual reports. Concurrently, OCS will collect data and prepare to analyze and report on Federal CSBG Accountability Measures in FY 2016.

Performance Management for CSBG

Budget constraints, high poverty levels, changing demographics, and income inequality demand that the CSBG Network remains vigilant in our shared mission of creating opportunity and security for all Americans. We must look at all levels of the CSBG Network – local, State, and Federal – to assess and increase CSBG impacts. The CSBG Network is far-reaching and nationwide. Together, we have the potential to achieve even greater results, in every community, by improving our accountability to one another, our customers, and our communities.

In an effort to help the CSBG Network increase accountability and achieve results, OCS launched several initiatives in 2012. One focused on establishing organizational standards for eligible entities. Under this effort, CSBG Network leaders developed and recommended a set of organizational standards to strengthen the capacity of the more than 1,000 eligible entities providing services across the country. In FY 2016, States are implementing organizational standards across the Network. (See [Information Memorandum 138: "State Establishment of Organizational Standards for Eligible Entities."](#))

A second performance management initiative, currently underway, is focused on enhancing the

CSBG Network's performance and outcomes measurement system for local eligible entities – identified in the CSBG Act as Results Oriented Management and Accountability System (ROMA). Finally, a third initiative focused on creating State and Federal-level accountability measures to track, measure, and improve organizational performance by State CSBG Lead Agencies and OCS.

These three efforts are complementary and integrated; together they comprise a network-wide accountability and performance management system for CSBG. They will ensure eligible entities, States, and OCS operate within Federal law and regulation, and will build accountability and continuous management improvement into all three levels of the Network (local, State and Federal). As shown in Appendix 1, *Measuring the Success of Community Action and CSBG*, these efforts will help us answer the questions: How well did the Network perform? and What difference did it make? Ultimately, using these new and enhanced tools and information, the CSBG Network will make better program decisions and generate stronger results for low-income families and communities.

State and Federal Accountability Measures - Background

OCS developed the State and Federal accountability measures, with guidance and assistance from the Urban Institute and in consultation with the CSBG Network, in two phases. The initial development phase, starting in 2013, included multiple listening sessions (conducted online and in-person), three CSBG Performance Management Task Force meetings with representatives from all three levels of the Network, and two expert meetings. At the end of this process, OCS published a Dear Colleague Letter on February 28, 2014 to solicit comments on an initial list of proposed State and Federal accountability measures. In response, the Network – including States, State associations, national organizations, and eligible entities – submitted thirty eight sets of comments to OCS.

In the second phase, OCS worked with a small working group of States and eligible entities to rework the State accountability measures in response to the comments OCS received on the initial version of the State measures. On January 28, 2015, OCS published the revised State and Federal accountability measures in draft *Information Memorandum (IM), State and Federal Accountability Measures and Data Collection Modernization*, and requested a second round of feedback.

Concurrently, OCS published a draft revised CSBG Model State Plan and sought input from the CSBG Network through a 60-day Paperwork Reduction Act (PRA) comment period that ran from January 26 to March 27. (See Dear Colleague Letter: CSBG Model State Plan Revision: Open Comment Period, January 29, 2015.) The draft revised CSBG Model State Plan included information on State accountability measures using the version of the measures published in the January 28 draft IM.

In response to the draft IM and the PRA 60-day comment period on the Model State Plan, OCS received dozens of extensive comments from a broad group of States, eligible entities, State associations, and national CSBG partners. (See Dear Colleague Letter: CSBG Model State Plan Revision: OMB Clearance and 30-Day Comment Period.) OCS carefully considered all these

comments and consulted further with National and State partners before finalizing the State and Federal measures in this guidance.

State and Federal Accountability Measures

The final State and Federal accountability measures are designed to create transparency and accountability for performance at the State and Federal levels, and to help OCS and the States identify successful practices and areas for improvement.

The State accountability measures capture performance data about the critical activities and functions performed at the State level. They indicate *how efficiently and effectively* a State implements the activities described in their State plan, and *what impact* the State's efforts have on the performance of local eligible entities.

The State accountability measures address efficiency and effectiveness characteristics such as timeliness, accuracy, standards, and stakeholder satisfaction in the critical activities and functions listed below:

- Development of the State plan
- Implementation of the State plan, including:
 - Distribution of funds
 - Use of remainder/discretionary funds
 - Grantee monitoring and corrective action
 - Data collection, analysis, and reporting
 - Organizational standards for eligible entities
 - State linkages and communication

See Appendix 2 for the State accountability measures.

The Federal accountability measures are tied to the critical roles and responsibilities of OCS, and, where applicable, align with the State measures. The Federal accountability measures indicate OCS's effectiveness and efficiency as well as OCS's impact on improving the performance of State Lead CSBG Offices.

Like the State measures, the Federal measures address such efficiency and effectiveness characteristics as timeliness, accuracy, standards, and stakeholder satisfaction in the following critical activities:

- State plan review and acceptance
- Distribution of funds
- Grant monitoring and corrective action
- Data collection, analysis, and reporting
- Organizational standards
- Training and technical assistance
- Communications

See Appendix 3 for the Federal accountability measures.

These State and Federal accountability measures are implemented within current Federal and State administrative authorities. The CSBG Act requires States to report on performance, according to the annual reporting provision in Section 678E (42 U.S.C. § 9917), and allows OCS to request additional information through the State plan, as described in Section 676(b) (42 U.S.C. § 9908(b)).

State Accountability Measures - Data Collection

State accountability measures data will be collected using three mechanisms: 1) the CSBG Model State Plan, 2) the State CSBG Annual Report, and 3) a nationally administered survey. Generally, States will not need to collect accountability measures data outside of the State plan and annual report. Because OCS will manage the national survey, there will be no survey-related costs or burden for the States. States will collect data on the majority of measures on an annual basis, and, at some point in the future, more frequently on a very small number of measures, as noted in Appendix 2.

States will collect accountability data in a seamless, integrated fashion, through regular planning and reporting processes and through the national survey. For example, States will enter information in the State plan about planned performance in critical activity areas (e.g., development of the State plan, use of funds, grant monitoring, and training and technical assistance). In the annual report, States will enter information on the actual performance in these same areas, and strategies for improving performance as appropriate and necessary. Finally, the States will receive feedback on their performance in these activity areas from the national survey.

Revision of State Plan and Annual Report Forms, Including OMB/PRA Clearance

Over the past year, and with extensive input from the CSBG Network, OCS revised the Model State Plan for the FY 2016 application cycle (for applications due September 1, 2015) to streamline and automate content and to incorporate items related to State accountability measures. Similarly, OCS, through a cooperative agreement with our national partner the National Association for State Community Services Programs (NASCSPP), plans to revise the annual report forms in the coming year to include State accountability measures data, among other changes.

OCS is automating these revised forms through ACF's On-Line Data Collection (OLDC) system. The OLDC Model State Plan and annual report forms will include definitions and instructions and will apply data logic and validity checks to assure that data are reported accurately and consistently. Automation provides new opportunities for integration of data sources and for using data to make program and resource decisions by comparing results over time. While States may need additional time to complete the new automated Model State Plan and annual reports in the first year, they will save time significantly in subsequent years and benefit from the host of new automated performance management tools and resources.

As part of the revision process, OCS obtained approval for the revised and automated Model

State Plan from OMB, as required under the Paperwork Reduction Act of 1995 (PRA), and will also seek PRA approval for the revised annual report form. The PRA requires Federal agencies and OMB to ensure that information collected from the public minimizes burden and maximizes practical utility. The OMB/PRA review and approval process includes a 60-day and a 30-day public comment period for each submission. For more information about the OMB/PRA clearance process, please see the [Frequently Asked Questions](#) on the U.S. Department of Health and Human Service's website.

During the PRA approval process for the Model State Plan, OCS collaborated closely with the CSBG Network. The Network's robust, thoughtful, and helpful participation in the PRA process directly contributed to the effectiveness and smooth implementation of the new Model State Plan. OCS looks forward to the continued engagement of the field in the development of the annual report.

The American Customer Satisfaction Index (ACSI)

In 2012, OCS used the American Customer Satisfaction Index (ACSI) as the methodology for surveying States' perceptions of OCS performance. OCS plans to use this same methodology for the nationally administered survey of CSBG eligible entities that will collect information on State and Federal accountability measures.

The ACSI provides an independent, cost-effective, highly valid and reliable measure of satisfaction. The ACSI methodology is the "gold standard," and allows for the collection of consistent, uniform information. It will provide OCS and the States with actionable insights to assure strong working relationships at all levels of the CSBG network and, ultimately, boost program results.

OCS engaged members of the CSBG Network in both the development of the survey and in discussions about how the results will be used to improve State and OCS performance. OCS is preparing to conduct the first survey of CSBG eligible entities in October, 2015. After the survey is completed, each State will receive a report detailing the results of the survey with recommendations for where to focus follow-up actions. OCS will not distribute data comparing States. For more information about OCS' use of the ACSI see Appendix 4.

Data Reporting and Analysis

Once States have collected data on accountability measures through the Model State Plans, annual reports, and nationally administered survey, States will 1) analyze the data, 2) identify performance strengths and weaknesses, 3) make performance management decisions (to improve the effectiveness and efficiency of their CSBG operations), 4) report on these efforts to OCS and their eligible entities, and 5) use the data as part of their ongoing strategic planning.

States and OCS can use State accountability measures data to identify areas for improvement and determine if program changes are appropriate. For example, a State's accountability measures might indicate the State is not meeting the timeframes for disseminating monitoring reports or distributing funds. The State could then take actions to improve performance in those areas. By

collecting consistent data over time, OCS and States will illuminate performance issues and encourage continuous improvement. In the short-term, States can aim for performance improvement over the previous year. In the longer term, consistent performance data across the entire CSBG Network can provide network-wide information about performance and best practices.

To assist with data analysis, OCS will provide each State with State-specific feedback on accountability measures after States have completed their annual reports. OCS expects States to communicate their performance data to their eligible entities, and to use the data as part of their ongoing strategic planning. We encourage States to do additional analysis to supplement the State-specific feedback. Under the new CSBG cooperative agreement mentioned earlier, NASCSP will help create web-based tools that in future years will make it easy for States and other CSBG Network partners to produce reports that compare the State's performance over time with national averages and with selected groups of similar States. OCS will engage States in discussions of data configurations and reporting that will guide decisions about State program performance.

OCS will use the State accountability data and analysis in its oversight of and guidance to States to encourage States to improve their performance. OCS will communicate progress on State accountability measures to CSBG stakeholders through the OCS website and other means, as appropriate.

Federal Accountability Measures - Data Collection and Analysis

For the Federal accountability measures, OCS will collect data on critical Federal activities from 1) a nationally administered survey, 2) automated State plans and reports, and 3) other Federal grants systems. OCS will begin to collect data on the Federal measures in FY 2016.

For example, in order to collect data for OCS performance in the State plan review process, OCS will use the Federal OLDC system to track timeframes for OCS review and acceptance of State plans. In addition, OCS will gather data on OCS's State plan review performance through the nationally administered survey.

As with the State measures, OCS will use the ACSI methodology as the nationally administered survey to collect information from States on Federal accountability measures. OCS plans to conduct the first national survey to States about Federal performance in the Fall of 2015.

OCS is committed to a system that focuses on improved Federal accountability as a part of the national performance management framework. Like the States, OCS will analyze and use the data on the Federal accountability measures to improve our performance. We will communicate progress on the measures to the States and other stakeholders through the OCS website and other methods.

Conclusion

We look forward to the Network's continued partnership in implementing the Federal and State accountability measures. OCS appreciates that the shared work of implementing accountability measures, and the new framework for accountability and performance management overall, can be challenging. To assist States in this change process, OCS and our national providers will provide training and technical assistance through webinars, presentations at conferences, and other communications to provide support on an on-going basis.

In the meantime, if you have questions, please contact an OCS CSBG program specialist. The list of OCS staff and contact information is posted on the OCS website at www.acf.hhs.gov/programs/ocs/resource/csbg-staff-assignments-by-region. Together we must insist upon accountability and performance management across the CSBG Network. The CSBG State and Federal Accountability Measures have the potential to protect and enhance the structural integrity of this national network by assuring that all States that receive CSBG funds, as well as the Federal office responsible for CSBG, are performing as efficiently and effectively as possible to support CSBG's response to the complex social problems that contribute to poverty. We look forward to working with the CSBG Network to successfully implement the State and Federal accountability measures and the performance management framework overall.

/s/

Jeannie L. Chaffin
Director
Office of Community Services

Appendices:

- Appendix 1:** Measuring the Success of Community Action and CSBG
- Appendix 2:** State Accountability Measures
- Appendix 3:** Federal Accountability Measures
- Appendix 4:** American Customer Satisfaction Index and the CSBG State and Federal Accountability Measures

**COMMUNITY SERVICES
BLOCK GRANT**

U.S. Department of Health and Human Services
Administration for Children and Families
Office of Community Services
Division of State Assistance
330 C Street, S.W.
Washington, D.C. 20201

Information Memorandum

Transmittal No. 149

Date: August 15, 2016

TITLE: Strengthening Community Services Block Grant (CSBG) Outcomes by Developing Two-Generation Services Approaches to Building Family Economic Security and Well-Being

TO: State, Territory, and Tribal CSBG Lead Agencies, State Community Action Agency Associations, Eligible Entities, and National Partner Associations.

SUBJECT: Using CSBG funds to support and implement two-generation approaches to increase family economic security and well-being.

RELATED REFERENCE: Community Services Block Grant Act 42 U.S.C. § 9901 et seq., hereafter referred to as 'the CSBG Act.'

PURPOSE:

The CSBG Act requires eligible entities to conduct local community assessments and prioritize the causes and conditions of poverty to be addressed by the entity. Eligible entities commonly identify both improving economic conditions for adults and preparing children and youth to reach their full potential as key conditions of poverty. Eligible entities have flexibility on the goals they establish to address these issues and approaches they take to achieve their goals.

This Information Memorandum encourages states, territories, tribes, state Community Action Agency Associations and eligible entities to implement two-generation approaches to serving children and parents together to increase family economic security and well-being.

BACKGROUND:

Families Facing the Challenges of Poverty

In 2014, approximately seven million families with children under age 18 had incomes below the Federal Poverty Level (FPL)¹ and another seven million had incomes between 100 and 200 percent of FPL.²

¹ U.S. Census Bureau, POV04. Families by Age of Householder, Number of Children, and Family Structure. http://www.census.gov/hhes/www/cpstables/032015/pov/pov04_000.htm. The Federal Poverty Level for a family of

The lack of adequate income presents challenges for the child, the parent, and the child-parent interaction. Poverty can be a developmental risk for young children that affects their school readiness and development in multiple domains, including physical, emotional, mental, cognitive, and linguistic.³ Poverty can also present challenges to child development due to its potential negative effects on parental well-being.⁴ As the primary source of safety, security, and nurturance for young children, parents play a critical role in creating environments that promote healthy developmental outcomes and school readiness. However, poverty may be accompanied by limited education, unemployment, food and housing insecurity, poor health, mental health difficulties such as maternal depression, teen parenthood, and community violence. While many families provide strong and nurturing parenting to their children amidst these adversities, these stressors (especially when families are experiencing many at once) can compromise family well-being and affect parents' overall ability to provide the necessary supports that help children thrive.⁵

Parents with low incomes often have limited access to resources such as education and training opportunities linked to economic security, reliable housing, transportation, and quality full-day child care that will allow parents to pursue job opportunities. Further, the stress of living in poverty without access to adequate mental and physical health services, and social and peer supports, can lessen parental sensitivity and emotional support for children.⁶ And, in turn, when child development is not fully supported, children may be less well-prepared for school, more likely to drop out, and bound for their own adult life in poverty.⁷

The Uses of CSBG Funding

Families facing the challenges of poverty while trying to help their children develop and succeed are precisely the families Community Service Block Grant (CSBG) was intended to serve. The National Community Action Network Theory of Change, which is built on the CSBG Act purpose, seeks stability and economic security for individuals and families with low incomes and for their communities to be healthy and offer economic opportunity. The outcomes established

⁴ in 2014 was \$24,230 (POV35: Poverty Thresholds by Size of Family and Number of Related Children Under 18 Years: 2014).

² U.S. Census Bureau, POV04, http://www.census.gov/hhes/www/censtables/032015/pov/pov04_200.htm.

³ McLoyd, V. C. (1998). Socioeconomic disadvantage and child development. *American Psychologist*, 53, 185-204.
Raver, C. C. (2004). Placing emotional self-regulation in sociocultural and socioeconomic contexts. *Child Development*, 75, 346-353.

⁴ Yoshikawa, H., Aber, J. L., & Beardslee, W. R. (2012). The effects of poverty on the mental, emotional, and behavioral health of children and youth: Implications for prevention. *American Psychologist*, 67, 272-284.

⁵ Vernon-Feagans, L., & Cox, M. (2012). I. Poverty, rurality, parenting, and risk: An introduction. *Monographs of the Society for Research in Child Development*, 78(5), 1-23; Brooks-Gunn, J., Duncan, G. J., & Maritato, N. (1999). Poor families, poor outcomes: The well-being of children and youth. In G. J. Duncan & J. Brooks-Gunn (Eds.), *Consequences of growing up poor* (pp. 1-17). New York: Russell Sage Foundation.

⁶ Yoshikawa, Aber, & Beardslee (2012).

⁷ Reardon, S.F. (2011). The widening academic achievement gap between the rich and the poor: New evidence and possible explanations. In R. Murnane & G. Duncan (Eds.), *Whither Opportunity? Rising Inequality and the Uncertain Life Chances of Low-Income Children*. New York: Russell Sage Foundation Press; Duncan, G. J., Brooks-Gunn, J., & Klebanov, P. (1994). Economic deprivation and early childhood development. *Child Development*, 65(2), 296-318.

and services provided by eligible entities promote whole-family security and well-being. Nationally, eligible entities already spend nearly half of their CSBG funds on services related to economic security (employment: 12 percent; education: 12 percent; income management: 6 percent; self-sufficiency: 17 percent). CSBG funds also provide for services that support family well-being (housing: 8 percent; nutrition: 6 percent; health: 4 percent) and help families in crisis (emergency services: 19 percent). Recognizing that no single agency can do it all, eligible entities use CSBG funds to link services, programs, and community members to meet local needs and solve local problems (linkages: 13 percent).⁸ **In many ways, then, CSBG is already providing many of the pieces that matter most to whole family security and well-being. The challenge then becomes how states, tribes, and eligible entities use CSBG to intentionally link and align services in a way that promotes better outcomes for children, parents, and families.**

Two-Generation Approaches and the Administration for Children and Families

Two-generation, or whole family, approaches meet the needs of children and their parents (or caregivers) together. Two-generation approaches can also accommodate families comprised of multiple generations. Serving the whole family is important because the income, educational attainment, and well-being of parents play a crucial role in children's outcomes.⁹ Moreover, services for children such as high-quality childcare also help parents balance the demands of work and parenting by lessening their stress and supporting child and family well-being.¹⁰ Acknowledging the importance of the two-generation dynamic, the Administration for Children and Families (ACF) included in its strategic plan a goal to "promote collaboration on two-generation approaches among state and tribal human services agencies, workforce agencies, educational institutions, and local organizations that achieve positive outcomes for both parents and their children."¹¹ The Office of Community Services (OCS), which administers CSBG within ACF, is strongly committed to this goal and believes that adoption of two-generation approaches could foster more strategic use of CSBG and other leveraged funds while improving family economic security and well-being. The Office of Family Assistance (OFA) within ACF has taken a similar approach and in March 2016 released an Information Memorandum encouraging state Temporary Assistance to Needy Families (TANF) officials to consider

⁸ *Community Services Block Grant Annual CSBG Report: Analysis and State-Level Data 2014*. National Association for State Community Services Programs. Available at: <http://www.nascsp.org/CSBG-News.aspx?id=179>.

⁹ Duncan, G.J. and Magnuson, K. (2011). "The Long Reach of Childhood Poverty," *Pathways*, Winter 2011, pp. 22-27; Magnuson, K. (2003). *The Effect of Increases in Welfare Mothers' Education on their Young Children's Academic and Behavioral Outcomes*. University of Wisconsin, Institute for Research on Poverty Discussion Paper, 1274-03; Mulligan, G.M., Hastedt, S., and McCarroll, J.C. (2012). *First-Time Kindergartners in 2010-11: First Findings from the Kindergarten Rounds of the Early Childhood Longitudinal Study, Kindergarten Class of 2010-11 (ECLS-L:2011)* (NCES 2012-049); U.S. Department of Education. (2013). Washington, DC: National Center for Education Statistics. Available at: <http://nces.ed.gov/pubsearch>; Child Trends, *Parental Depression*. Available at: <http://www.childtrends.org/?indicators=parental-depression>.

¹⁰ Council of Economic Advisors (2014), Executive Office of the President of the United States, *The Economics of Early Childhood Investments*.

¹¹ *2015-2016 ACF Strategic Plan*. <http://www.acf.hhs.gov/about/acf-strategic-plan-2015-2016>.

supporting two-generation approaches.¹² OCS encourages state and local coordination between CSBG and TANF agencies in the development of two-generation approaches.

ACF brings a two-generation philosophy to its efforts, and works to support and advance two-generation approaches through its research, technical assistance, and program and policy guidance. ACF encourages grantees, including CSBG lead agencies and eligible entities, to promote and support:

- linkages between high quality educational services for children and workforce development services for their parents;
- programmatic efforts to help parents gain the skills, knowledge, and resources to support their child's development;
- ensuring that families have access to the economic and social supports needed for stability and resilience and healthy child development; and
- helping families build social capital that can support both resilience and upward mobility.

ACF is committed to:

- identifying ways in which the above principles can apply in programs it administers;
- identifying ways in which it can better support the adoption of these principles in state and local efforts; and
- advancing a research agenda that will enhance its understanding of effective two-generation approaches and their impacts for children, parents, and families.

With its comprehensive anti-poverty mission, CSBG is well positioned to support two-generation approaches. Its flexibility allows states, territories, tribes, and eligible entities the ability to develop or participate in whole family approaches that address the needs of parents and children simultaneously.

Research and Evaluation

The logic of two-generation approaches posits that linking and aligning services for children and parents will bring greater and more sustainable outcomes for children, parents, and families than either approach would on its own. Through the Office of Planning and Research Evaluation (OPRE), ACF has developed a substantial two-generation research agenda that seeks to build the evidence base and understand whether these approaches achieve their goals. Projects include:

- the Buffering Toxic Stress Consortium, launched six projects in 2011 to evaluate promising parenting interventions in Early Head Start settings;
- Head Start-University Partnerships, launched in 2013 with four projects that are rigorously testing two-generation approaches to promoting family well-being and children's school readiness within the context of Head Start;

¹² The Office of Family Assistance; TANF-ACF-IM-2016-03, available at <http://www.acf.hhs.gov/programs/ofa/resource/tanf-acf-im-2016-03>.

- the Goal-Oriented Adult Learning in Self-Sufficiency (GOALS) project, launched in 2014 to explore how emerging insights from psychology can be integrated into programs aimed at helping parents strengthen the skills that will foster economic security and enhance family well-being; and
- Two-Generation Approaches to Improving Family Self-Sufficiency, launched in 2015 to examine evidence and provide options for how two-generation models might be evaluated.

More information about each of these projects is available via the [OPRE website](#).

POTENTIAL TWO-GENERATION ACTIVITIES:

Taking a two-generation approach does not have to mean the development of new programs and services. Indeed, with its focus on addressing employment, education, income management, health, housing, emergency services and nutrition, CSBG already contributes to and leverages funds for virtually any program that could be reimagined from a two-generation lens. Moreover, CSBG explicitly calls for strengthening community planning and coordinating efforts, organizing services to help families achieve economic security, and developing innovative approaches to attacking the causes and effects of poverty. Each of these activities can serve as a cornerstone of an effective two-generation approach.

State Lead Agencies, territories and tribes, state Community Action Agency Associations (CAAs), and CSBG eligible entities can use existing funds in a number of ways to promote two-generation approaches. The following sections discuss opportunities and authorities CSBG stakeholders have in their current planning and coordination, economic security promotion, and innovation efforts related to CSBG.

State CSBG Lead Agencies

Planning and Coordination

CSBG requires the development of State Plans and local Community Action Plans.¹³ The State Plan must describe how CSBG will support activities to assist low-income families and individuals in achieving a variety of goals such as employment, education, and housing, all of which can be approached from a two-generation perspective. For example, a state might include in the State Plan the use of CSBG state administrative or discretionary funds to provide two-generation training to eligible entities, building their capacity to intentionally coordinate services for children and families.

States may also use their discretionary funds to coordinate State-operated programs and services; at the option of the State, they may use these funds to coordinate programs operated by local eligible entities.¹⁴ Coordination could be done through a two-generation lens, focusing on aligning parent-centered services and child-centered services to create a model that makes it easier for families to access everything they need.

¹³ Section 676 (a)(2)(A) and Section 676(b)(11) of the CSBG Act.

¹⁴ Section 675C(b)(1)(B) of the CSBG Act.

State Plans must also address how local eligible entities will develop linkages to fill service gaps in communities, coordinate between governmental and other social service providers, and form partnerships with other organizations serving low-income residents.¹⁵ All this coordination can be done with the two-generation framework in mind, without expending additional resources.

Furthering Innovation and Economic Security

CSBG is unique in that it specifically calls for “the greater use of innovative and effective community-based approaches to attacking the causes and effects of poverty” as one way to achieve its goals.¹⁶ As the two-generation field is currently experiencing a period of renewed inquiry and development, there are many opportunities for states to test innovative policy approaches and for CAAs to test innovative ways to engage and serve families. For example, states could use discretionary funds to support pilot projects in local communities that intentionally link employment services for parents with education and development services for children.

State Lead Agencies and tribes have a history of using discretionary funds to support any number of innovative approaches. A review of Fiscal Year (FY) 2016 State Plans revealed that over half of the states already use or plan to use a portion of their discretionary funds for innovative purposes. Minnesota, for example, plans to use discretionary funds as seed money for pilot programs and to incentivize cross-agency programming. Oklahoma’s Plan calls for eligible entities to submit requests for pilot programs; past projects include setting up a community garden and supporting a distance learning center. California already uses discretionary funds to support agencies approaching service delivery from a two-generation framework and there is no reason other states could not do the same.

State Community Action Agency Association

Furthering Innovation and Economic Security

State CAA Associations can play a large role in building capacity for State Lead Agencies and local eligible entities to undertake innovative two-generation approaches. They could host two-generation learning communities, bringing together interested stakeholders to put together two-generation action plans and learn from each other. There are a number of existing resources that State Associations can draw on to support such an effort (see resource attachment). State Associations should consider consulting with State Lead Agencies about the use of State CSBG discretionary funds and the Regional Performance and Innovation Consortium (RPIC) lead agency about funding resources available for two-generation training and technical assistance.

State CAA Associations can also support two-generation coordination efforts through technical assistance such as webinar trainings and conference workshops. Using these platforms, state associations can help CAAs and eligible entities develop plans to link services such as early education and care programs with employment, financial coaching, and housing services; share

¹⁵ Section 676(b)(5) of the CSBG Act.

¹⁶ Section 672(2)(C) of the CSBG Act.

best practices in workforce development, such as the use of sector-based strategies, career pathways, and career coaching; and promote the incorporation of parenting tips or financial capability tips into existing employment services. State associations can also work together and with two-generation practitioners, policymakers, and researchers to share tools that help eligible entities implement two-generation approaches on the ground.

Eligible Entities

Planning and Coordination

The CSBG Act requires each eligible entity to conduct a local needs assessment and develop a Community Action Plan that outlines how CSBG funds and perhaps other funding will be used to address the needs and achieve results.¹⁷ Center of Excellence Standard 4.2 requires the Community Action plan to be outcome-based, anti-poverty focused, and tie directly to the community assessment.¹⁸ The community assessment and planning process provides an excellent opportunity for promoting two-generation coordination at the local level. During the assessment and planning process eligible entities should be seeking to identify innovative, promising and evidence based practices that will achieve robust results.

Many community assessments identify the need for employment or better employment among individuals with low incomes as a persistent and wide spread need. Many eligible entities already use CSBG funds to provide services related to securing and retaining employment and addressing other activities aimed at removing obstacles to economic security for parents and children. To do this from a two-generation perspective, an employment and/or financial coaching program would be designed from the starting point of “how can we most successfully build the economic security of *parents*, who worry about the safety and development of their *children*?” Such a program might wrap early childhood education or child health and nutrition services into the employment program itself, or it might include discussions on how to handle the stresses of being a working parent into the curriculum. Ideally the strategies would be designed in a way that recognizes the challenges workers face as parents and that getting good outcomes for children is not possible without recognizing children grow up in families.

As stated earlier, the community assessment and Community Action Plan must provide the foundation for specific service offerings, but as another example, an eligible entity could work towards using a universal intake form and family-based assessment tool to streamline enrollment among its own programs. An eligible entity that operates Head Start but not employment services could partner with the local workforce board to develop a “no wrong door” strategy so families with young children seeking services at one or the other would seamlessly have access to both. Systems could be developed to share data across programs so staff can create a full picture of family progress that could be shared with the family during coaching or case management sessions.

¹⁷ Section 676(b)(11) of the CSBG Act.

¹⁸ The Office of Community Services, CSBG IM #138, January 26, 2015, available at http://www.acf.hhs.gov/sites/default/files/ocs/im_138_csbg_organizational_standards_fv_2015.pdf.

In the Community Action Plan, eligible entities are required to outline a plan for integration of services and systems, which could be done with an eye towards integrating parent-centered and child-centered services and developing two-generation strategies and outcomes in particular.

The coordination of services, a key CSBG function, is also critical to the development of an effective two-generation approach. What makes the two-generation approach different is that coordination is more intentional than referral; it is not left to the parent to knit together the various services he or she needs.

Furthering Innovation and Economic Security

Eligible entities have the ability to bring creative solutions to promoting family economic security. Eligible entities could, for example, lead a community-based co-design process in which the child-centered service providers and parent-centered service providers work as a team to develop a bundle of services centered on the *family*. As important, eligible entities have the ability to bring families who access services into the conversation to shape service delivery design.

Through such a process, an occupational training program at a community college and a Head Start program could create a Certified Nursing Assistant course schedule that coincides with the Head Start schedule. Parents would be able to drop off their children, get to class, and be ready to pick up the child at the end of the day without missing class or having to pick up the child early. An eligible entity that already provides each service would simply have to become intentional about considering things like class scheduling, streamlining the family goal-setting process, tracking data for the parent and the child, and so forth. Eligible entities that provide one service but not the other could establish formal processes for partnering with other service providers to achieve the same ends.

Family and community engagement are at the heart of CSBG's principles and values. Since 1964, eligible entities have been committed to not only listening to the voices of individuals with low incomes, but supporting them in efforts to build connections and advocate for themselves in their communities. Bringing parents into the two-generation design process will increase the likelihood that services will meet families' actual needs.

Another way eligible entities can promote family and community engagement is by helping families build connections or social capital. Social capital is defined by the Organization for Economic Cooperation and Development (OECD) as "networks together with shared norms, values, and understandings that facilitate cooperation within or among groups."¹⁹ Within the context of families served by CSBG, social capital can be thought of as the network of people and institutions upon which a family can rely for support and assistance. Research shows that when mothers have emotional support, their children have been found to have better outcomes.²⁰

¹⁹ Organization for Economic Cooperation and Development, *What is Social Capital?* Available at: <http://www.oecd.org/insights/37966934.pdf>.

²⁰ Bandy, T., Andrews, K.M., and Anderson Moore, K. (February 2012). *Disadvantaged Families and Child Outcomes: The Importance of Emotional Support for Mothers*, Child Trends.

Social capital also appears to be a key success factor in producing positive outcomes for programs that serve low-income families, particularly with regard to mental health.²¹

Local eligible entities can provide opportunities for families to build social capital by building peer support and cohort models, career coaches, connections with potential employers and industry contacts, and networking opportunities into their two-generation approaches. Eligible entities can provide opportunities for families to build social capital by promoting the development of both bonding and bridging ties.²²

Bonding ties are formed among like individuals. For example, an asset building program could utilize a cohort model, where participants share common characteristics such as being parents with young children, or parents of young children enrolled in Head Start. Sharing such a characteristic brings individuals together such that they begin to encourage each other and help each other out in times of need. More than just enrolling similar people in a particular program, a cohort model provides a structure in which the participants engage with each other, sharing their successes and challenges consistently and frequently. It can facilitate the development of long-lasting, supportive relationships.

Bridging ties connect individuals to others who have access to different resources. For example, if supported by the community assessment, a job search program could use CSBG funds to hire job developers to build relationships with employers. The job developers would then help bridge connections between individuals with low-income seeking employment and employers with available jobs for whom the recipients' skills are a match.

CSBG AND TWO-GENERATION APPROACHES IN CURRENT PRACTICE

Garrett County, Maryland

In 2009, Garrett County Community Action Committee (GCCAC) began moving towards a two-generation approach. Today, the model provides tightly woven center-based or home-based early childhood and family support services with financial management and career advancement services. GCCAC can also bring their housing, transportation, and energy assistance services to families who need them. The approach required new systems and processes, staff training and support, an on-going focus on families and the staff's relationship with families, and a consistent monitoring of outcomes and services along the way. Building the data systems and workflows to measure the impact of the two-generation approach also has been a significant part of the work.

²¹ Rosenheck, R., Morrissey J., Lam J., Calloway M., Stolar M., Johnsen M., Randolph F., Blasinsky M., Goldman H. (2001). "Service delivery and community: social capital, service systems integration, and outcomes among homeless persons with severe mental illness," *Health Service Research*; Cutrona, C.E., Russell, D.W., Hessling, R.M., Brown, P.A., Murry, V. (2000). "Direct and moderating effects of community context on the psychological well-being of African American women," *Journal of Personality and Social Psychology*, Dec;79(6):1088-1101; Wells, K.B. (2013). "Community-Partnered Cluster-Randomized Comparative Effectiveness Trial of Community Engagement and Planning or Resources for Services to Address Depression Disparities," *Journal of General Intern Medicine*, Oct; 28(10): 1268-1278.

²² Jordan, A. (2006). *Tapping the Power of Social Networks: Understanding the Role of Social Networks in Strengthening Families and Transforming Communities*. Annie E. Casey Foundation.

To embed the two-generation approach, GCCAC undertook major organizational changes. Departments were reorganized so that, for example, rather than having an energy assistance and housing department, the agency now has a service coordination department focused on stabilizing clients and an asset development department focused on financial capacity and assets. Front-line staff members are called “Coordinators” and have all received training to approach clients as coaches rather than case managers. Coordinators work with families to develop a “Pathway Plan,” which serves as a coordination tool across the programs that families access. It also serves as the Family Partnership Agreement for Head Start requirements.

As a CSBG eligible entity, GCCAC has a long history of working with community partners. Those relationships provided the foundation necessary for serving families in a holistic way. Beyond that, GCCAC has used CSBG funds to support the capacity-building required to implement their high-quality two-generation approach. CSBG funds are used to pay for staff who are responsible for designing and monitoring the two-generation approach. The flexibility of CSBG also allows GCCAC to cover costs that other funding streams will not, thereby maximizing the resources available to provide services to families. CSBG is the added value distinguished by its focus on mission and outcomes for families and communities with which GCCAC is engaged.

Tulsa County, Oklahoma

In 2007, Community Action Partnership Tulsa (CAP Tulsa) made its strategic shift to a two-generation approach. The Tulsa model combines center-based or home-based early childhood services with comprehensive education and workforce services to prepare parents for good-paying jobs in the healthcare sector. Called *CareerAdvance*,[®] the workforce development program provides full support for the parent’s education and job training, peer support through cohort enrollment and weekly cohort meetings, and a career coach. Participants also have access to a financial coach. Participation in *CareerAdvance*[®] has been limited to parents with children enrolled in CAP Tulsa’s early childhood programs.²³ Early childhood staff and *CareerAdvance*[®] staff meet regularly to look for ways to reinforce each other’s efforts. For example, during weekly cohort meetings the career coach delivers parenting tips and exercises for participants to use at home with their children.

CAP Tulsa also undertook major organizational restructuring. Programs that were not serving families with children enrolled in Head Start or Early Head Start, such as the first-time homebuyer program, were moved out of the agency and into other community service providers. An entire department was restructured and is now called Family Advancement, to signal the agency’s commitment to the advancement of the whole family. Data systems were redesigned. The family assessment was overhauled to promote conversations with families about *family* goal setting.

Like GCCAC, CAP Tulsa has relied on CSBG funds to support the staff time that was necessary to design the program and work with partners such as the local community college and vocational training school to link child and parent services. CSBG funds continue to help provide

²³ The program began recruiting from beyond CAP Tulsa’s early childhood program in 2016.

for this kind of “two-generation management” function. Head Start dollars, Health Profession Opportunity Grant dollars (HPOG, a program of OFA within ACF that supports parents in earning credentials in healthcare) and other funding sources cover direct service costs.

Santa Cruz County, California

In early 2016 the Community Action Board of Santa Cruz County, Inc. submitted a proposal to the state to access discretionary funds to operate *Proyecto Conexión Familiar* (PCF, Family Connection Project). PCF offers additional services to day laborers and their families, who are mostly immigrants, seeking services at the Day Worker Center. PCF is a response to the 2014 Community Assessment Project, which documented lower rates of social support among Latino families than among non-Latino families. Day workers were found to be even more susceptible to social isolation. Recognizing that the Day Worker Center already served as a place where workers make friends, use resources, volunteer, and bring their families to social events, PCF builds upon this natural platform to add cultural gatherings, civic engagement opportunities, and parenting classes as opportunities for families to form bonds with one another. In addition, parent-child groups are held in a child-centered space where families can mingle with each other.

The program is just beginning, but families have already enjoyed a rock climbing activity, a roller skating outing, and an outdoor camping trip. Working parents are learning how to manage their stress through yoga and mindfulness activities offered in Spanish.

CONCLUSION

Eligible entities, with their flexibility, mandate to address local needs, diverse funding, and considerable experience in serving parents and children are uniquely positioned to pursue the development of robust two-generation approaches. Current two-generation approaches require meeting the needs of children and their parents (or caregivers) together, linking high quality services in an intentional manner. Eligible entities have considerable experience furthering promising practices and pursuing innovative, breakthrough approaches. State CSBG Lead Offices and State Community Action Associations can help eligible entities learn and build capacity to implement two-generation approaches. OCS and ACF will continue to advance two-generation approaches through its research, technical assistance, and program and policy guidance.

/s/
Jeannie L. Chaffin
Director
Office of Community Services

Attachment A – Resource List

**Community Services
Block Grant**

Information Memorandum

U.S. Department of Health and Human Services
Administration for Children and Families
Office of Community Services
Division of Community Assistance
330 C Street, Southwest, 5th Floor
Mail Room 5425
Washington, DC 20201

Transmittal No. 152

Date: January 19, 2017

TO: State, Territory, and Tribal CSBG Lead Agencies, State Community Action Agency Associations, Eligible Entities, and National Partner Associations

SUBJECT: Community Services Block Grant Annual Report

PURPOSE: To provide guidance on the implementation and timelines for online submission of the CSBG Annual Report. The guidance in this IM applies to State and Territory CSBG Lead Agencies, State Community Action Agency Associations, Eligible Entities, and National Partner Associations that support CSBG eligible entities

RELATED REFERENCES: Community Services Block Grant Act, Title VI, Subtitle B, of the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, as amended; Human Services Amendments of 1994, P.L.103-252; the FY 1996 CSBG Appropriation Legislation, P.L.104-134; CFR Title 45, Part 96; Coats Human Services Reauthorization Act of 1998, P. L. 105-285, Department of Health and Human Services Block Grant Regulations and Current Poverty Income Guidelines

BACKGROUND:

The Office of Community Services (OCS) received OMB approval for a new CSBG Annual Report on January 12, 2017. The new CSBG Annual Report marks the largest overhaul of CSBG data collection and reporting since the first comprehensive CSBG Information Survey (CSBG-IS) was developed in 1983. OCS and the CSBG Network – composed of CSBG eligible entities, State CSBG Lead Agencies, State Community Action Associations, national partners, and others – have participated in a multi-year effort to update the CSBG Annual Report that was designed to complement ROMA Next Generation and support and complete the CSBG Performance Management Framework. The information in the new CSBG Annual Report will be used at local, State, and national levels to improve performance, track results from year to year and assure accountability for critical activities and outcomes at each level of the CSBG network.

The new CSBG Annual Report builds upon Community Action's 50 year history of serving individuals, families, and communities across the United States. Analysis of current CSBG data collection and reporting, consultation from multiple working groups, three public comment

periods, and countless listening sessions and interaction with the CSBG Network have led us to the final, approved CSBG Annual Report that will replace the CSBG-IS.

In 1993, the Government Performance and Results Act (GPRA) was enacted to improve performance management across all Federal government agencies. GPRA requires Federal agencies to engage in performance management activities such as setting performance goals, measuring results, and reporting their progress. The CSBG Network responded by creating Results Oriented Management and Accountability (ROMA), a comprehensive performance-based management system adopted across the entire CSBG Network.

In 2011, the GPRA Modernization Act of 2010 (GPRAMA) was implemented setting new expectations for Federal agencies and leaders to set clear and ambitious goals for a limited number of outcome-focused and management priorities; measure, analyze and communicate performance information to identify successful practices to spread and problematic practices to prevent or correct; and frequently conduct in-depth performance reviews to drive progress on the agencies priorities.

In light of these changing performance management expectations in the public and private sectors, OCS has moved forward with the implementation of a comprehensive CSBG Performance Management Framework focused on a model of continuous improvement. Implementing a comprehensive CSBG Performance Management Framework not only strengthens the CSBG Network to meet today's challenges, but positions the Network for future growth and increased capabilities to achieve breakthrough outcomes.

Performance Management for CSBG

The Performance Management Framework includes 1) organizational standards for local CSBG eligible entities, 2) accountability measures for states and OCS, 3) Results Oriented Management and Accountability (ROMA) Next Generation, and 4) the CSBG Annual Report which includes an updated and refined set of CSBG outcome measures. These elements are designed to increase accountability across all three levels of the network (Federal, State and local) and to enable program administrators at all levels to make better program decisions based on data.

The CSBG Performance Management Framework is based on the National Community Action Theory of Change. A copy of the Theory of Change is attached to this IM. While the final content of the Theory of Change has been approved, OCS and its national partners will be producing a graphically enhanced version of this document for release as a follow-up to this information memorandum. It is expected that the enhanced version of the Theory of Change will be available by March, 2017 for use in training and public communication.

Ultimately, it is expected that this framework will help OCS and the CSBG Network to generate stronger results for people with low-incomes and communities served by the national network of states and eligible entities.

As the next step in the full implementation of the new CSBG Performance Management Framework, OCS developed and received OMB approval for the CSBG Annual Report. This new Annual Report will replace the CSBG-IS where data is currently collected via an Access database. The Access database was developed as a technical assistance tool for States and administered by an OCS grantee to help States provide necessary information for an Annual Report. OCS will phase-out the use of the Access database to collect CSBG-IS data and will collect data for the new Annual Report in ACF's existing Online Data Collection System (OLDC).¹

CSBG Annual Report – Background

Section 678E of the CSBG Act requires States, including the District of Columbia, the Commonwealth of Puerto Rico, and U.S. Territories, to annually prepare and submit a report on the measured performance of the State and the eligible entities in the States. To meet the CSBG annual reporting requirement, States collect information from eligible entities and report to OCS before March 30 each year on the demographics of clients served, uses and results of CSBG for the prior reporting period.

In 2012, OCS awarded a cooperative agreement to the National Association for State Community Services Programs (NASCS) to assist OCS in developing the CSBG Annual Report. This work involved significant interaction with the CSBG Network, including 30 listening sessions held across the country, and numerous presentations and webinars to engage States and local entities on the development. Expert workgroups with representatives from the State, local, national, and Federal levels were convened to provide direction.

From March 3, 2016 – April 13, 2016, NASCS invited the CSBG Network to provide feedback on content and format of a draft of the Annual Report forms. In response, over half of the CSBG network provided thoughtful responses, comments, and letters. In addition, OCS worked with NASCS and a small workgroup of States to obtain input on Module 1 of the Annual Report. OCS and NASCS analyzed all the responses and suggestions and used the feedback to prepare the forms reviewed during the first Federal Register Notice review in June 2016.

In a notice in the *Federal Register* posted on June 16, 2016 (Volume 81, Number 16, Pages 39267-39268), ACF solicited public comment on the proposed Annual Report.

In response to the 60-day notice, OCS received 134 sets of comments from organizations across the CSBG Network, including national organizations, State CSBG Lead Agencies, State Community Action associations, and local eligible entities. In addition, OCS received dozens of informal questions and comments during webinars and training events.

¹ ACF is currently in the process of updating online systems. The OLDC system will, in the future, be known as the "inForm" system. However, this guidance uses the term "OLDC" pending the formal rebranding process through the ACF Grants Center of Excellence.

OCS systematically organized all the comments and deliberated on each one. During this review process, OCS consulted with national CSBG technical assistance partners and practitioners to discuss the major areas of concern and allow the partners to suggest solutions. The CSBG Annual Report was revised and submitted to OMB for the second and final comment period on November 1, 2016. OMB granted approval for the CSBG Annual Report on January 12, 2017.

The CSBG Annual Report

The CSBG Annual Report is organized in four modules.

- **Module 1: State Administration** (completed by State CSBG Administrators) includes information on State administration of CSBG funding, including information on distribution of funds to eligible entities, use of State administrative funds and discretionary funds for training and technical assistance, as well as information on eligible entity organizational standards progress, and the State's progress meeting accountability measures related to State monitoring, training and technical assistance and other critical areas.
- **Module 2: Agency Expenditures, Capacity, and Resources** (completed by eligible entities; reviewed, evaluated, and analyzed by State CSBG Lead Agencies) includes information on funds spent by eligible entities on the direct delivery of local services and strategies and capacity development as well as information on funding devoted to administrative costs by the eligible entities.
- **Module 3: Community Level** (completed by eligible entities; reviewed, evaluated, and analyzed by State CSBG Lead Agencies) includes information on the implementation and results achieved for community-level strategies.
- **Module 4: Individual and Family Level** (completed by eligible entities; reviewed, evaluated; analyzed by State CSBG Lead Agencies) includes information on services provided to individuals and families, demographic characteristics of people served by eligible entities, and the results of these services.

Key Changes from the CSBG Information Survey (CSBG-IS) Reporting

Section 678E of the CSBG Act requires States, including the District of Columbia, the Commonwealth of Puerto Rico, and U.S. Territories, to annually prepare and submit a report on the measured performance of the State and the eligible entities within the States. To meet the CSBG annual reporting requirement, States collect information from the eligible entities and report to OCS before March 31 each year on the uses of CSBG and outcomes obtained for the prior reporting period. Since FY2005, OCS has accepted the CSBG-IS as the information necessary to meet the CSBG Act requirement for States to provide an annual report.

The most significant changes from the CSBG-IS to the CSBG Annual Report are 1) inclusion of a report on services and strategies, 2) Increased emphasis on community level efforts and

outcomes, 3) results of State and Federal Accountability measures, Organizational Standards, and activities recorded in CSBG State Plans. Additionally, the CSBG Annual Report received OMB approval, allowing data to now be reported into the OLDC System.

State and Eligible Entity Authority and Responsibility to Participate in Performance Measurement

Under Section 678E(a)(1)(A) of the CSBG Act, States that receive CSBG are required to participate in a performance measurement system and must ensure that all eligible entities in the State also participate in a performance measurement system. The Act specified that this may be a performance measurement system for which the OCS facilitated development or an alternative system that the Secretary of HHS is satisfied meets the requirements of Section 678E(b), which outlines accountability and reporting requirements, including the establishment of a performance measurement system through which States and eligible entities measure their performance in achieving the goals of their community action plans.

Section 678E(a)(2) of the CSBG Act, as amended, requires that each State shall annually prepare and submit to the Secretary a report on the measured performance of the State and the eligible entities in the State. Each State is required to include in the report an accounting of the expenditure of funds received by the State through the Community Services Block Grant, including an accounting of funds spent on administrative costs by the State and the eligible entities, and funds spent by eligible entities on the direct delivery of local services in specific domains. In addition, each State is required to include information on the number of and characteristics of clients served in the State based on data collected from the eligible entities. Each State is also required to include a summary describing the training and technical assistance offered by the State to correct deficiencies noted during the year covered by the report.

At the State level, the CSBG Annual Report will support oversight and technical assistance and promote accountability for critical State functions such as State Plan development, monitoring, grant administration, training and technical assistance, and State-level communications and linkages. At the local eligible entity level, the information in the CSBG Annual Report will support agency efforts to set and measure progress on targets for individual, family, and community outcomes resulting from locally-determined services and strategies to address locally-identified community needs.

Federal Authority and Responsibility to Participate in Performance Measurement

From the information provided by States and eligible entities, OCS must annually prepare a report² on the planned and actual uses of CSBG funds by States, as well as information on delivery of services, number of eligible entities, demographics of clients, performance results, and other information considered appropriate by the Secretary of HHS.³

² The CSBG FY 2014 report is in clearance at ACF and the FY 2015 report is under development. States submitted data for the FY2015 report by March 31, 2016.

³ CSBG Act Sec. 678E(b)(2)

At the Federal level, receipt and review of CSBG Annual Reports will permit necessary oversight and accountability for CSBG grant funds and provide necessary information for the Secretary's Accountability and Performance Requirements as outlined in Section 678E(b) of the CSBG Act.

Implementation of the CSBG Annual Report

Implementation Timeline

The new CSBG Annual Report will be implemented through a phased-in approach over two years. The first submission date of the CSBG Annual Report will be March 31, 2017 for Module 1 only.

March 31, 2017 Submission Date: States are required to submit Module 1 of the new CSBG Annual Report in OLDC and complete Sections E-G and the NPIs in the CSBG IS.

March 31, 2018 Submission Date: States are required to submit Module 1 of the new CSBG Annual Report in OLDC and complete Sections E-G and the NPIs in the CSBG IS.

March 31, 2019 Submission Date: States are required to submit Module 1-4 of the new CSBG Annual Report in OLDC and will no longer report in the CSBG IS.

In the first phase, States will complete Module 1 for the FY 2016 and FY 2017 Annual Reports while continuing to provide information on individual, family, and community indicators through the existing CSBG IS process. The submission date for the FY 2016 Annual Report is March 31, 2017. The submission date for the FY 2017 Annual Report is March 31, 2018. This administrative module builds directly upon the information provided in the FY 2016 State CSBG Plan and the information required for completion of this section will be available in State records and information systems. States will use the ACF OLDC system to submit Module 1. Information will be auto-populated from the corresponding CSBG State Plan into Module 1 to reduce State burden.

In the second phase, States will submit a complete CSBG Annual Report (Modules 1-4) for the FY 2018 Annual Report, with a submission date of March 31, 2019. Completion of these sections will require adaptation of information collection at the eligible entity level, and therefore, OCS plans to provide additional time for these activities.

Improved Information Technology

While States and eligible entities will spend additional time in the first year using the new report, learning the new system and entering data, this burden will drop substantially in subsequent years due to automation. OLDC is the central, web-based reporting tool that ACF uses for programs and will use for CSBG data collection. The OLDC system will include many similar data elements that were found in the CSBG IS Access database and will also allow OCS to link information from the CSBG State Plans directly to the Administrative Module of the Annual

Report. States will have the option to select pre-formatted responses with check-boxes, for example, and to pre-populate data from the CSBG State Plan for the reporting year covered by the Annual Report.

Use of OLDC, will allow OCS and its grantees to create new tools for analysis and sharing of information between States and with the general public. By using technology to create an automated, web-based form for this information collection, OCS will create new efficiencies and capabilities for program planning, oversight, and accountability. In this system both Federal and State staff will have the ability to access data easily and track the submission, review, and acceptance of CSBG Annual Reports increasing the transparency and accountability of the submission and review process.

OCS Responsibilities

Responsibilities	Time Frame
Conduct beta testing of Module 1 in OLDC	January 2017
Complete Module 1 Automation in OLDC	February 2017
Provide Module 1 Instructions	February 2017
Provide Module 2-4 Instructions	May 2017
Conduct beta testing of Module 2-4 in OLDC	September 2017
Complete Module 2-4 Automation in OLDC	November 2017

State Responsibilities

Responsibilities	Time Frame
States complete Module 1 in OLDC	March 31, 2017 March 31, 2018 March 31, 2019
States complete Sections E-G and the NPIs in the CSBG IS Access Database	March 31, 2017 March 31, 2018
States Plan for Module 2-4 submission	2016-2017
States begin data collection of Module 2-4	2017-2018
States complete first submission of Modules 1-4 in OLDC	March 31, 2019

CSBG Eligible Entity Responsibilities

Responsibilities	Time Frame
Submit Sections E-G and the NPIs to the State	FY16 and FY17 Data Submissions
Plan for Module 2-4 submission	2016-2017
CSBG Eligible Entities begin data collection of Module 2-4	2017-2018
CSBG Eligible Entities complete Modules 2-4 of the CSBG Annual Report to the State or enter data directly in OLDC	FY18 Data Submission

Training and Technical Assistance

OCS, along with national and State partners, will be planning and providing technical assistance and training for the network to facilitate the transition to the new reporting formats. In the coming months, OCS will be working with the CSBG Network to identify and prioritize the training needs of States, eligible entities and State CAA Associations.

Conclusion

We truly appreciate the partnership and commitment from the CSBG network and administration during this time of transition. Together, this network is ushering in a new era of accountability and effectiveness, ultimately strengthening results for people with low incomes and the communities in which they live.

/s/

 Jeannie L. Chaffin
 Director
 Office of Community Services

Appendices:

Appendix 1: CSBG Annual Report

Appendix 2: CSBG Theory of Change

Community Services
Block Grant Policy and
Procedures Manual