

Chapter Two: Community Services Block Grant

■ ■ ■ Table of Contents ■ ■ ■

| | | |
|----|---|----|
| A. | History | 32 |
| B. | Overview of Laws and Guidance | 34 |
| | Federal Block Grants | 34 |
| | Federal Block Grant Regulations | 34 |
| | Information Memorandum and Terms and Conditions | 35 |
| | Uniform Guidance | 35 |
| | State CSBG Laws and Regulations | 36 |
| | CSBG Organizational Standards | 36 |
| | Grant Agreement | 37 |
| C. | Allocation and Use of Funds | 37 |
| | A Unique Block Grant | 37 |
| | State Discretionary Funds | 37 |
| | Purposes and Goals of CSBG Act | 38 |
| D. | Income Eligibility | 38 |
| E. | Tripartite Boards | 39 |
| | Governing Law | 39 |
| | Powers | 40 |
| | Composition and Selection | 40 |
| | Board Size | 44 |
| | Terms | 45 |
| | Term Limits | 46 |
| | Board Responsibilities | 46 |

| | | |
|----|---|----|
| F. | State Plans | 47 |
| | Application and Plan | 47 |
| | Public Inspection and Hearings | 48 |
| | Elements | 48 |
| | Assurances | 48 |
| | Revisions | 49 |
| G. | Uses of CSBG Funds | 49 |
| | Buildings and Facilities | 49 |
| | Political Campaign Activity | 50 |
| | CSBG as Match | 51 |
| | Child Support and Drug Treatment Referrals | 51 |
| | Nondiscrimination and Charitable Choice | 51 |
| H. | State Allocation Formulas, Payment, and Carryover | 52 |
| | State Allocations | 52 |
| | Carryover | 52 |
| I. | Fiscal Controls and Monitoring | 53 |
| | Fiscal Controls | 53 |
| | Monitoring | 53 |
| J. | Funding Reduction and Termination | 53 |
| | Overview | 53 |
| | Procedures | 54 |
| K. | Designation of New Eligible Entities | 55 |
| | Overview | 55 |
| | Criteria | 55 |
| | New Nonprofit Entities | 56 |
| | New Public Entities | 56 |

| | | |
|----|-------------------|----|
| L. | Complaint Process | 56 |
| | Requirements | 56 |
| | Process | 57 |
| | Notes | 58 |

Chapter Two

Community Services Block Grant

A. History

“Because it is right, because it is wise, and because, for the first time in our history, it is possible to conquer poverty, I submit, for the consideration of the Congress and the country, the Economic Opportunity Act of 1964. The Act does not merely expand old programs or improve what is already being done. It charts a new course. It strikes at the causes, not just the consequences of poverty...”¹

With these words, President Lyndon B. Johnson submitted to Congress the centerpiece of his War on Poverty, the Economic Opportunity Act of 1964 (EOA). In his message to Congress, President Johnson described one of the central components of the Act:

[T]hrough a new Community Action program we intend to strike at poverty at its source – in the streets of our cities and on the farms of our countryside among the very young and the impoverished old. This program asks men and women throughout the country to prepare long-range plans for the attack on poverty in their own local communities.... The most enduring strength of our nation is the huge reservoir of talent, initiative and leadership which exists at every level of our society. Through the Community Action Program we call upon this, our greatest strength, to overcome our greatest weakness.²

The EOA was enacted on August 20, 1964. It authorized funding for community groups to be provided directly from the federal government, without involvement of state and local political forces. Over 1,000 of these community groups, which came to be known as Community Action Agencies (CAAs), were established and funded through the EOA. Many of these CAAs are still in existence today.

The EOA established a number of other programs aimed at improving the lives of low-income Americans, such as Job Corps and Volunteers in Service to America (VISTA). It also created the Office of Economic Opportunity (OEO) to lead the War on Poverty. President Johnson appointed Sargent Shriver as the first director of the OEO. Shriver, who had served under his brother-in-law, President John F. Kennedy, as the Peace Corps’s first director and then as a special assistant to President Johnson, was tasked with designing the President’s War on Poverty. In addition to overseeing the Economic Opportunity Act programs, OEO incubated other key anti-poverty initiatives—including Head Start, the Legal Services Program, and the Comprehensive Health Services Program—that Congress later separately authorized and funded.



Written into the EOA was the mandate that Community Action Programs at the local level be developed, conducted and administered with the “maximum feasible participation of residents of the areas served and members of the groups served.” In 1966, Congress passed the Quie Amendment, which required at least one-third of the members of CAA boards to be representatives of the poor.

In 1966, Congress passed the Quie Amendment, which required at least one-third of the members of CAA boards to be representatives of the poor.

However, big city mayors claimed that maximum feasible participation of the poor “undermin[ed] the integrity of local government” and they sought local government involvement in the CAA’s planning groups.³ In 1967, Congress responded by passing the Green Amendment, which created a three-part structure for CAA boards. One-third of the board was to be composed of public officials or their representatives; at least one-third of the board was to be composed of democratically selected representatives of the poor in the area served; and the remainder was to be composed of officials of business, industry, labor, religious, welfare, education or other major groups and interests in the community. During this time period, Congress also amended the EOA to include restrictions on political activities of CAAs and their employees. These amendments were passed in response to advocacy and voter registration efforts by CAAs, conducted in some cases as part of the civil rights movement.

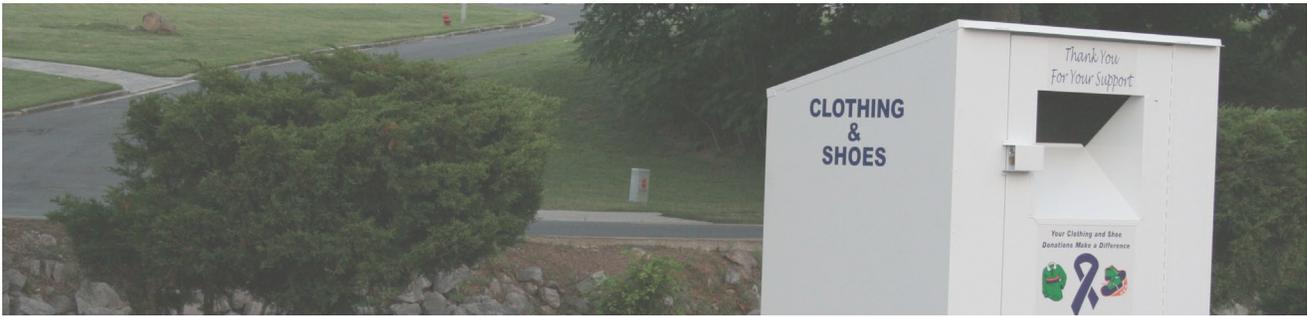
By 1969, OEO and CAAs had initiated many successful self-help programs. President Richard Nixon’s administration oversaw the transfer of several large programs from the OEO to the Department of Health, Education, and Welfare, and the Department of Labor. Along with the programs went administrative oversight responsibility for a substantial part of CAA funding.

At the start of his second term in 1973, President Nixon did not request any funds from Congress for OEO’s Community Action Program. Congress nevertheless provided the funds. Nixon appointed Howard Phillips as Director of OEO, told him to dismantle and close the agency, and to not spend the money Congress provided. After a series of lawsuits, the Federal District Court in Washington, D.C. ruled that the President could not refuse to spend funds that had been appropriated by Congress. Phillips resigned without being confirmed by the Senate. Throughout the 1970s, Congress continued to fund CAAs, which helped communities and neighborhoods initiate self-help projects such as gardening, solar greenhouses, and housing rehabilitation. Congress also initiated home weatherization and energy crisis programs in this era.

In 1981, President Ronald Reagan took office, having won the presidency in a landslide election on a platform of limiting federal government spending. Later that year, Congress repealed the EOA and passed legislation championed by the Reagan administration that combined 57 formerly discretionary grants into nine block grants and reduced funding for those programs. The idea behind changing these grants from discretionary grants to block grants was to reduce federal spending, limit the federal government’s role in social programs, and transfer responsibility and authority for those programs to state and local governments. The Community Action Program was one of the discretionary grant programs repealed in 1981 and replaced with a block grant program – the Community Service Block Grant (CSBG) program.

The Community Action movement today continues to change lives, improve communities, and make America a better place to live. Approximately 1,000 CAAs are fighting poverty and providing services to over 15 million people across the country.⁴ The majority of these CAAs are nonprofit organizations, and the remainder are local government entities.

While CSBG may not necessarily be a CAA’s largest source of funding, it is particularly important for two reasons: (i) CSBG funds may be used not just to provide anti-poverty services but also to support and enhance



a CAA’s various anti-poverty programs and link them with each other and other related programs in the community; and (ii) the CSBG Act specifies that each CAA must have a tripartite board.

Today, at the federal level, the CSBG program is administered by the Office of Community Services (OCS), which is situated within the Administration for Children and Families (ACF) of the U.S. Department of Health and Human Services (HHS). Each state has an office designated by the governor to oversee the CSBG program in that state.

B. Overview of Laws and Guidance

Federal Block Grants

Unlike with a discretionary grant, where the federal government is primarily responsible for grant administration, with a block grant, states are primarily responsible for grant administration and have more flexibility in their interpretation of the federal statute authorizing the program. Examples of block grants include CSBG, Low-Income Home Energy Assistance Program (LIHEAP), Temporary Assistance for Needy Families (TANF), the Social Services Block Grant (SSBG), and the Community Development Block Grant (CDBG). An example of a discretionary grant program is the Head Start program.

The federal government must award a block grant if the grantee—usually a state—meets the requirements of the authorizing statute and any implementing regulations. The amount of block grant funds awarded to a state is determined by a formula in the authorizing statute; the federal funding agency must award the amount Congress has allotted and no less. However, the federal funding agency can refuse to award grant funds if a grantee fails to meet the applicable statutory and regulatory requirements. Once a state chooses to participate in a mandatory grant program, it must also follow the program’s authorizing statute and regulations. To participate in a block grant program, a state usually must submit a state plan detailing how it will use the grant funds and assuring the federal agency administering the program that the state will comply with applicable statutory and regulatory requirements. Once the awarding agency approves a state plan, the state must follow that plan. However, states generally have significant leeway in interpreting the program requirements and their own state plans.

After receiving block grant funds, states often sub-grant or subcontract with other entities, such as CAAs, to operate programs or provide services with the funds. Because states typically pass block grant funding through to sub-grantees, block grants are sometimes referred to as “pass-through” grants.

Federal Block Grant Regulations

The main law governing the CSBG program today is the federal CSBG Act, which was originally passed in 1981 and has been revised a number of times since then, most recently in 1998.⁵ The CSBG program is also subject

to HHS’s block grant regulations, 42 C.F.R. Part 96. These regulations specify that the states are primarily responsible for interpreting the governing law of a block grant program and recognize that various states may reach different interpretations of the same statutory provisions. The CSBG Act, however, does give HHS the authority to issue rules and regulations to provide for enforcement of the Act’s political activity restrictions.

Information Memoranda and Terms and Conditions

At the federal level, OCS issues further guidance specific to the CSBG program in the form of Information Memoranda (IMs). Although IMs are non-binding guidance, they serve as a good indication of OCS’s interpretation of the federal CSBG Act and regulations.

Terms and conditions set forth the rules that a grantee agrees to comply with when it enters into a grant agreement with the awarding agency. When states accept CSBG funds, they become bound by terms and conditions of the CSBG grant from the federal government. Copies of the [IMs](#) and terms and conditions are available on OCS’s [website](#).

Uniform Guidance

The federal CSBG Act requires states to ensure that the “cost and accounting standards of the federal Office of Management and Budget” apply to recipients of CSBG funds.⁶ This language originally referred to circulars (e.g., OMB Circulars A-122, A-87, A-110, etc.) issued by the Office of Management and Budget (OMB) as general guidance to federal grantees (e.g., states, nonprofits, universities, etc.) regarding their use of federal funds. These circulars have been consolidated and replaced by federal regulations (2 Code of Federal Regulations (C.F.R.) Part 200) which are commonly referred to as the Uniform Guidance, Super Circular, or Omni Circular.

With respect to its CSBG funds, the Uniform Guidance specifies that a CAA must comply with the following provisions:

- The acronyms and definitions in Subpart A;
- The general provisions in Subpart B;
- Public notice of federal financial assistance programs requirement in Section 200.202 in Subpart C;
- The rules on distinguishing between subrecipients and contractors, pass-through entity/requirements, and fixed amount subawards in Sections 200.330 – 200.332 of Subpart D;⁷
- Cost principles in Subpart E (which OMB has interpreted as the OMB “cost and accounting standards” referred to in the CSBG Act); and
- Single audit requirements in Subpart F.



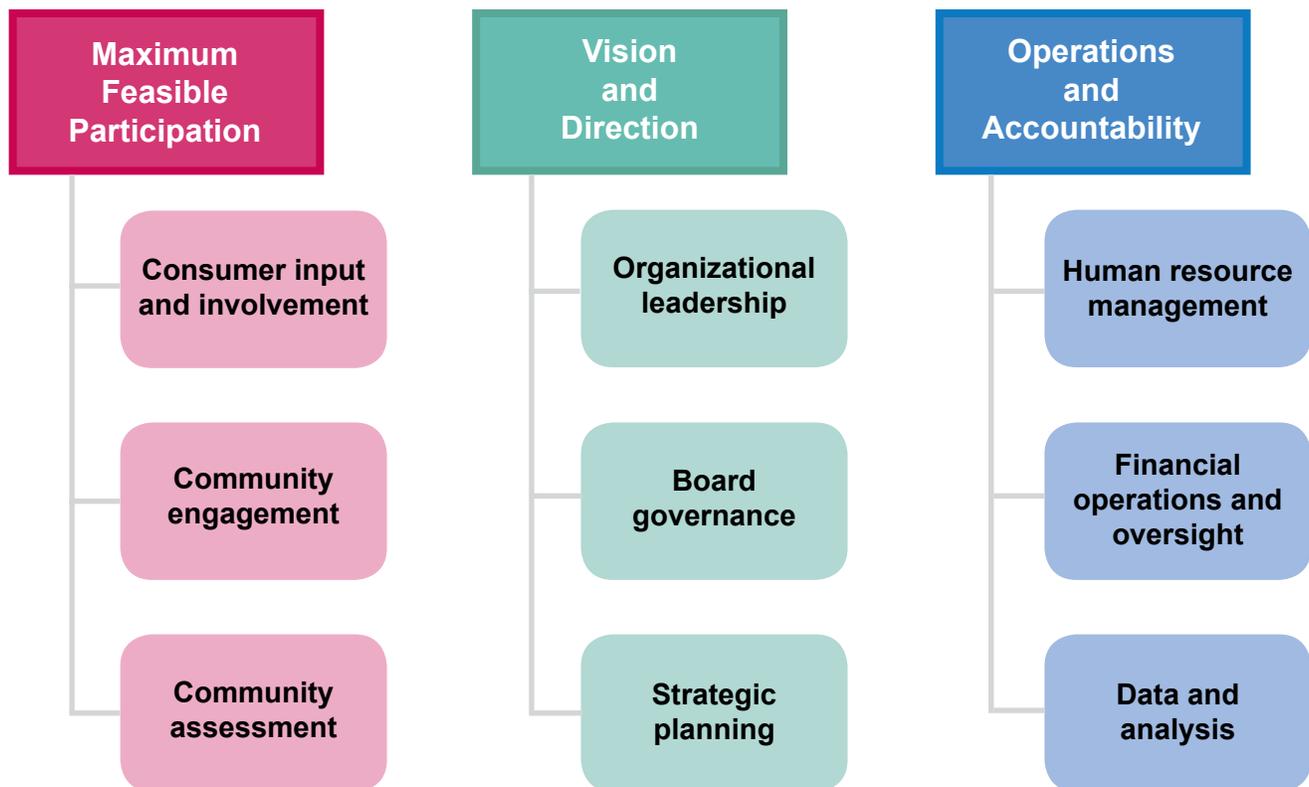
A state may require CAAs to comply with the remainder of the uniform administrative requirements in Subparts C and D of the Uniform Guidance with respect to CSBG funds by incorporating those standards by reference in the CSBG agreement with CAAs and/or in the state CSBG statute or regulations, if any exist.

State CSBG Laws and Regulations

A number of states have issued CSBG or Community Action laws and/or regulations that help facilitate and flesh out the federal CSBG Act. Many state CSBG offices also issue CSBG policies and procedures or similar guidance.

CSBG Organizational Standards

The CSBG Organizational Standards Center of Excellence (COE) developed a set of comprehensive organizational standards to ensure that all CSBG eligible entities have the capacity to provide high-quality services to low-income individuals and communities. OCS published the standards, which are organized into three thematic groups, in OCS [IM 138](#).



OCS expects states to adopt the proposed organizational standards. If a state chooses to adopt, or continue using, its own organization standards, those standards must be at least as rigorous and comprehensive as the COE-developed standards. Whether states use the COE standards or develop and implement their own, states are expected to use the standards to assess CAAs starting in FY 2016. This means that the standards must be in a state's FY 2016 plan, which was due on September 1, 2015.



Grant Agreement

All state CSBG offices enter into contracts or grant agreements with CAAs that spell out the responsibilities of the state and the CAA under the program. These agreements provide specific terms and conditions governing the performance of the grant by the CAA. They generally address topics such as: the amount of funds awarded; the scope of work; performance goals; monitoring and reporting; payment methods; access to records; and enforcement actions. When questions arise about a CAA's responsibilities under the CSBG program, it is often best to start by looking at the CSBG funding agreement with the state.

C. Allocation and Use of Funds

A Unique Block Grant

Although CSBG is a block grant, states have less leeway in administering it than they do with most other block grant programs. For example, states do not have much discretion to choose which local organizations receive CSBG funds; they must pass through 90% of the funds they receive to what the statute calls "eligible entities."⁸ (Throughout this Guide, we use the terms eligible entities and CAAs interchangeably.) In addition, a state cannot reduce or terminate a CAA's funding below the proportion the CAA received in the previous year without following procedures specified in the federal CSBG Act, including providing notice and an opportunity for a hearing.⁹ A CAA's programs and services are determined on the basis of a local community needs assessment, rather than by the state.¹⁰ CSBG funding may be used not only to provide direct services, but also, in the words of OCS [IM 37](#), "to undertake a very broad range of activities, including linking and strengthening other anti-poverty programs and services."

State Discretionary Funds

States may use the remaining 10% of their allotted CSBG funds for a variety of purposes, including expenses associated with administering the program. However, the maximum yearly amount a state may spend on administrative expenses, including monitoring, is 5% of its total CSBG allotment for that year. The CSBG Act specifies, however, that the cost of providing training and technical assistance will not be considered administrative expenses.¹¹

HHS also receives discretionary funds that it can use for a variety of CSBG-related purposes. Examples of these purposes include awarding funds to CSBG-network organizations to provide training and technical assistance to CAAs and awarding funds on a competitive basis to organizations conducting community economic development activities, rural community development activities, and neighborhood innovation

projects. Recipients of community economic development, rural community development, and neighborhood innovation funds may, but are not required to, be CAAs.¹²

Purposes and Goals of CSBG Act

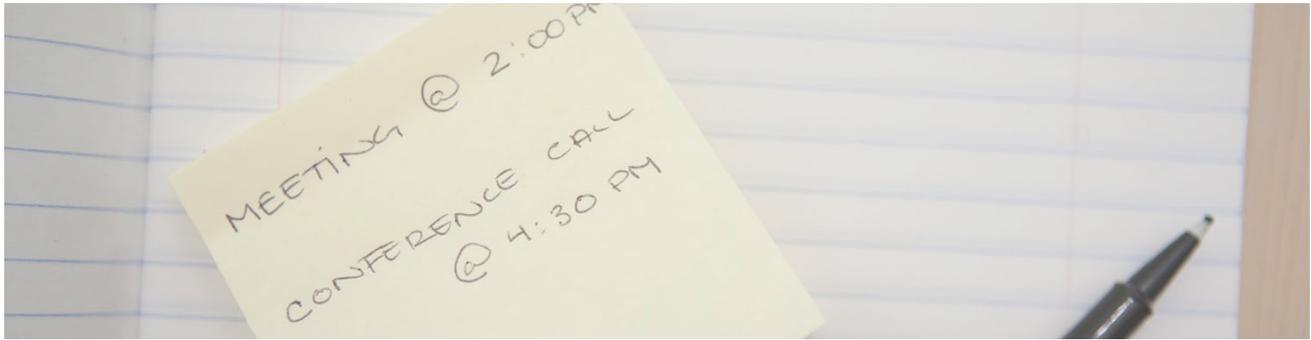
The purposes of the CSBG Act are “to provide assistance to States and local communities working through a network of Community Action Agencies and other neighborhood-based organizations, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient.” These three broad purposes are to be accomplished by the following means that emphasize the flexible and community-based nature of the CSBG program:¹³



D. Income Eligibility

To be eligible for CSBG services or benefits, clients must be at or below 100% of the federal poverty line as determined by OMB based on the most recent federal census data and as revised annually (or more frequently) by HHS. A state may permit eligible entities to provide CSBG services to clients at or below 125% of the federal poverty line whenever the state determines that doing so serves the objectives of the CSBG program.¹⁴ If the state has not specified how to calculate a client’s income for the purpose of determining client eligibility for CSBG services or benefits, a CAA may adopt its own written procedures for doing so. These procedures may, based on the CAA’s community needs assessment, give priority to certain client populations within the applicable income limit.

Where a CAA program serves clients who meet the CSBG income eligibility requirements as well as clients who do not (or from whom the CAA collects no income eligibility documentation), the CAA must be sure to use non-CSBG funds to cover the costs of providing services to clients who do not meet the CSBG income eligibility requirements. For more information on this topic, see CAPLAW’s [CSBG Q&A on Client Eligibility](#).



The CSBG Act does not restrict eligibility for CSBG programs and services based on immigration status and OCS [IM 30](#) states that, “Non citizens, regardless of their alien status, should not be banned from CSBG programs based solely on their alien status unless the exclusion is already authorized by another statute.”

E. Tripartite Boards

Governing Law

The tripartite board requirement remains a hallmark of Community Action. Like its predecessor, the EOA, the CSBG Act generally requires that each CAA have a tripartite board made up of three sectors – at least one-third of the board must be representatives of the low-income people being served, one-third must be public officials or their representatives, and the remainder must represent other major groups and interests in the community.¹⁵ The purpose of this requirement is to obtain input from each of the sectors on community needs, resources, and program effectiveness.

OCS [IM 82](#) provides further federal guidance on tripartite boards. Although neither states nor CAAs are bound by this guidance, they may find it helpful in understanding the composition, role, and responsibilities of the tripartite board. Tripartite boards are often also addressed in state CSBG or Community Action statutes or regulations, which must be consistent with the federal CSBG Act.

Other sources of law governing CAA tripartite boards vary depending on whether a CAA is a nonprofit corporation or a government entity. A nonprofit CAA’s board is governed by the nonprofit corporation law in its state, while a public CAA’s tripartite board is governed by whatever authority the local governing body (such as a city council or board of county commissioners) may have delegated to it through a local ordinance or other official act.

Examples:

Other Board Requirements

Boards of CAAs with Head Start programs are subject to the Head Start Act’s requirements on composition, responsibilities, and conflicts of interest.¹⁶

A board of a CAA that operates a federally qualified community health center or intends to qualify as a Community Housing Development Organization (CHDO) must meet additional composition requirements.¹⁷

A CAA's bylaws also govern a CAA's tripartite board. Generally, tripartite boards adopt bylaws to address their composition and specify how they will operate. Bylaws typically cover issues such as board size, composition and selection, board members' terms, board meeting procedures, officers, and committees. Because of the tripartite board structure required by the federal CSBG Act, CAAs must include a number of provisions in their bylaws not found in a typical nonprofit's bylaws. To assist CAAs in understanding and revising their bylaws, CAPLAW has developed a *Bylaws Toolkit* for CAAs. Information about the *Bylaws Toolkit*, including how to order it, can be found on CAPLAW's [website](#).

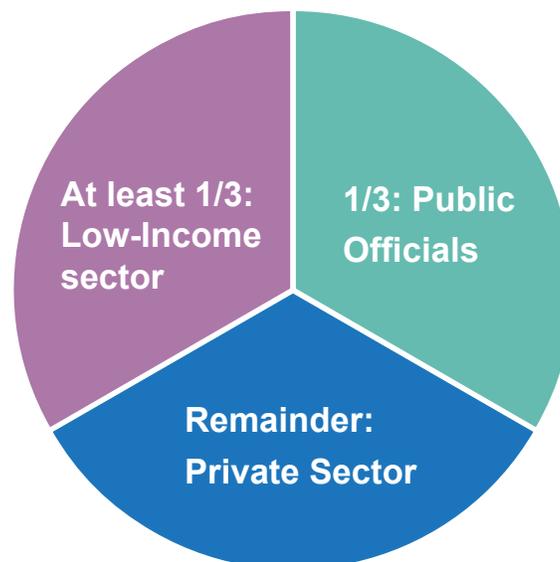
Powers

The powers of a CAA tripartite board depend on whether the CAA is a nonprofit corporation or a government entity. The powers of a nonprofit CAA's tripartite board are established by state nonprofit corporate law, which usually grants the board broad powers, through a statement such as, "All corporate powers shall be exercised by or under the authority of, and the affairs of the corporation managed under the direction of, its board of directors." As mentioned previously, the powers of a public CAA's tripartite board depend on the authority delegated to it by the local governing body.

Although many people think of a public CAA's tripartite board as an advisory board, the federal CSBG Act actually specifies a more active role. According to the CSBG Act, a public CAA "shall administer the community services block grant program through ... a tripartite board." Thus, the board is to be an administering board, not simply an advisory board. Moreover, it is clear from the CSBG Act that a public CAA's low-income board members (and, presumably, other board members as well) must make decisions about and participate actively in the development, planning, implementation, and evaluation of the CAA's CSBG program.¹⁸

Composition and Selection

The federal CSBG Act requires that the board be composed of three sectors; however, it does not require that the three sectors be equal in size. The CSBG Act specifies the following:¹⁹



Thus, according to the federal CSBG Act, a CAA tripartite board may comprise three sections of equal size or it may be composed of more than one-third low-income sector board members, fewer than one-third private

sector board members, and exactly one-third public sector board members. In some cases, however, state CSBG laws or regulations require that the three sectors be of equal size.

It is important to note that the federal CSBG Act requires that the eligible entity select the members of the tripartite board.²⁰ For a nonprofit CAA, this means that the CAA tripartite board selects board members. For a public CAA, this means the local governing body (e.g., city council or board of county commissioners) selects board members, unless that body has delegated the responsibility to the tripartite board itself. However, both nonprofit and public CAAs must use a democratic process to select low-income sector board members. This process is described in greater detail below.

PRACTICE TIPS

Board Composition and Selection Recommendations

Specify in bylaws that the board selects public and private sector board members, unless state CSBG law or regulations require the board to select its members in another manner that is consistent with federal CSBG Act.

Ask board candidates to complete an application to help ensure they meet the required qualifications for service on the board, including those of their particular board sector, and determine if their particular skills and backgrounds meet the board’s current needs.

For nonprofit CAAs, require a board vote to seat all board members and only permit a vote against a low-income sector candidate selected through a democratic process if the candidate does not meet the qualifications specified in applicable law or the CAA’s bylaws (e.g., for a Head Start grantee, individuals with financial conflicts of interest or who have relatives working for the CAA). Generally, having the board vote to seat all board members prevents the CAA from running afoul of certain state nonprofit corporation laws that only permit external third parties that appoint board members to remove those board members.

Establish a standing governance committee responsible for the ongoing needs of the board rather than using a nominating committee that meets only when there are board positions to fill.

Example:

Governance Committee Responsibilities

- (i) Oversee the low-income sector board member democratic selection process;
- (ii) recommend candidates for public and private sector board seats;
- (iii) work to fill board vacancies when they arise;
- (iv) develop written job descriptions/ expectations for board members;
- (v) assign existing board members to mentor new board members;
- (vi) coordinate orientation for new board members and training for all board members;
- (vii) coordinate the board’s periodic evaluation of itself and of individual board members; and
- (viii) coordinate periodic review of the CAA’s articles of incorporation and bylaws.

Low-Income Sector

At least one-third of the tripartite board members must be selected in accordance with democratic procedures adequate to ensure that they are representative of low-income individuals and families in the

community or area served by the CAA.²¹ The individuals selected to serve as low-income representatives do not necessarily need to be low-income themselves. However, because the CSBG Act specifies that its goals are to be achieved through maximum participation of low-income people, CAAs should ensure that some, if not all, of its low-income sector representatives are low-income themselves or have recently moved out of poverty.

The federal CSBG Act does not impose a residency requirement for low-income sector board members of a nonprofit CAA. Rather, the Act states that if a low-income sector board member is selected to represent a specific neighborhood within in its service area, he or she must live there.²² Thus, a residency requirement only exists if a CAA's bylaws require that a low-income sector board member represent a specific neighborhood in the CAA's service area. For example, assume that a CAA serves three counties and that its bylaws require the CAA to select one low-income sector board member to represent each county. The CAA holds an election in one of the counties to elect a low-income sector board member to represent that county. The person selected must live in that county. However, if the CAA's bylaws do not tie low-income sector board member selection to a particular county or other geographic area, its low-income sector board members need not live in any particular neighborhood.

For public CAAs, low-income sector board members must reside in the neighborhood served. Presumably, the neighborhood served would be the CAA's entire CSBG service area.

Democratic Selection

In general, the CAA's bylaws may, but do not need to, describe the procedure used to select low-income sector board members. However, some states' CSBG laws, regulations, or other guidance require CAA bylaws to include the details of the democratic selection procedure. Where state law does not require inclusion of the democratic selection procedure in the bylaws, a CAA can describe the democratic selection process generally in its bylaws and adopt more detailed procedures by means of a board resolution.

Examples:

Democratic Selection Procedures

Election by ballots cast by the CAA's clients and/or by other low-income people in the CAA's service area. Ballots could be cast, for example, at designated polling place(s) in the service area, at the CAA's offices, or via the internet.

A vote at a community meeting of low-income people. A CAA may get better turnout if the meeting serves not simply to select low-income sector directors but also to address a topic of interest to low-income people in the community.

Designation of community organizations composed predominantly of and representing low-income people in the service area, which in turn select a representative to serve on the CAA board. For example, a Head Start policy council, low-income housing tenant association, or the board of a Federally Qualified Community Health Center may designate a representative to serve on the CAA's board.

Low-income people in the community served by the CAA must have input at some point in the selection process. For this reason, the CAA's executive director or tripartite board should not simply select the low-income sector board members, nor should the executive director or board of another low-income service provider merely choose staff members of that organization to serve on the CAA's board (unless low-income people make up a majority of that service provider's board and that board votes to select a staff person to represent it on the CAA board). For more information about different democratic election procedures used by CAAs, see CAPLAW's [Raising the Low-Income Voice: Case Studies in Democratic Selection Procedures](#).

Public Sector

According to the federal CSBG Act, one-third of the tripartite board must be composed of elected public officials or their representatives. If not enough elected public officials are reasonably available and willing to serve on the CAA board, appointed public officials or their representatives may be selected.²³

The EOA briefly required that public sector board members be chief elected officials or their representatives, but that requirement was repealed in 1972 and was not included in the CSBG Act. Nevertheless, bylaws of many CAAs continue to require that public sector board members include or be chosen by the chief elected local officials. A CAA can choose to include chief elected officials on its board; however, a CAA may not want to require this in its bylaws. Instead, CAAs should consider drafting the bylaws to provide flexibility as to which public officials will serve on the board.

For public CAAs, the chief elected local officials usually have significant input or final say on many of the decisions affecting the CAA. Therefore, it may be redundant to include them on the tripartite board. Instead, a public CAA may want to consider including other public officials on the tripartite board.

PRACTICE TIPS

Public Sector Bylaws Provisions

Consider specifying that the board selects the public officials who will serve or appoint representatives to serve, rather than specifying in the bylaws the public officials entitled to serve or appoint representatives to serve.

Make the appointment of representatives of public officials subject to approval by the CAA's board.

Clarify that if a public official appoints a representative to serve, that person, and not the public official, is the board member and gets to vote at board meetings.

In some cases, conflict of interest rules make it preferable for public officials to designate representatives. For example, state or local ethics or conflict of interest rules or the U.S. Department of Housing and Urban Development (HUD) conflict of interest rules may affect whether public officials can serve on a CAA's board and what they can do as board members.

The federal CSBG Act requires that public officials hold public office on the date of selection to the tripartite board.²⁴ Some state CSBG laws/regulations further require that public officials be "currently holding office" while they are on the tripartite board. CAAs should consider requiring in the bylaws that public sector board members serve only while they (or, in the case of representatives, their appointing officials) hold public office, or no longer than some short period after they leave public office (e.g., one to three months).



Private Sector

The remainder of the board members must be officials or members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served.²⁵ This sector is sometimes called the “private sector,” but in fact, as indicated by the types of interests listed in the CSBG Act’s tripartite board provision, it may include both public and private sector groups and interests.

Unless state CSBG laws or regulations require otherwise, the grantee may choose either individuals or organizations that are asked to designate a representative to fill private sector board seats. CAAs may want to consider leaving the choice of all or some of the private sector board members up to the tripartite board (or local governing body, in the case of some public CAAs), rather than to other organizations, if this is permitted under the applicable state CSBG laws or regulations. Doing this allows the board to play a more active role in determining who the private sector board members will be.

PRACTICE TIPS

Private Sector Selection

Choose people who are involved with community groups and interests that will be good partners for the CAA and its programs.

Choose people who have the skills, experience, and resources that the CAA needs (e.g., people with financial expertise, fundraising skills and contacts, or with the various forms of expertise needed to fulfill the Head Start board composition requirements).

Petitions for Representation

Under the federal CSBG Act, states must require CAAs to establish procedures for a low-income individual, community organization, religious organization, or representative of low-income individuals that considers its organization or low-income individuals to be inadequately represented on the board to petition the CAA for adequate representation.²⁶ If the state does not require specific procedures, each CAA can develop its own. It is best to include these procedures in the CAA’s bylaws.

Board Size

The federal CSBG Act does not include requirements about tripartite board size. However, some state CSBG laws, regulations, or contracts impose tripartite board size requirements. Many states allow the bylaws to

state the board size in terms of a range. Doing this offers the organization more flexibility than specifying an exact number of board members. Typical bylaws language in such a case might say that the size of the board will be “no less than 15 nor more than 24 members as set forth by resolution of the board.”

PRACTICE TIPS

Board Size Bylaws Provision

Specify a range of directors rather than a specific number to provide the board with the flexibility to add directors as additional skills, experience, or qualifications are needed, rather than to fill an arbitrary number of positions.

State a fairly generous range of directors to preclude repeated amendments to the bylaws every time the board is expanded.

The appropriate size of a CAA tripartite board will depend on the CAA’s circumstances, such as the geographic area it serves, its budget and staff size, and the number of programs it runs. On the one hand, the larger the board, the more difficult, expensive, and time consuming it can be to give board members notice of board meetings. Similarly, with a very large board, it can also be more difficult to obtain a quorum of board members at board meetings so that business may be conducted. Having a large board can also increase the board’s reliance on the organization’s management staff and lessen management’s accountability to the board. On the other hand, the smaller the board, the more difficult it may be to obtain community participation and input and to get committee work done. Small boards can also lessen accountability if only a few people are making decisions.

PRACTICE TIPS

Advisory Boards

One alternative to having a large board is to create an advisory body, honorary council, or similar group consisting of prominent individuals or experts on technical issues. This group can have non-voting advisory status and provide information and advice to the board of directors to consider in making its decisions. It can also help the organization in its fundraising campaigns. Because the individuals who are members of these advisory bodies are not voting board members, they do not count towards determining whether a quorum is present and are not expected to attend board meetings. However, they can be called upon as needed by the board for advice and assistance.

Terms

The federal CSBG Act is silent as to terms for board members. CAAs should consult their states’ CSBG laws to determine whether they contain any term length requirements. The CAA’s bylaws should specify the term for which board members serve before they must be re-elected or re-appointed to the board. Each of the three sectors should have a specific term length. Generally, a CAA can choose whether to make the terms for each sector the same length (e.g., three-year terms for each sector) or to vary terms by sector (e.g., three-year terms for the low-income and private sectors and one-year terms for the public sector).

CAAs should consider not permitting public officials (or their representatives) to serve automatically on the tripartite board for as long as they (or their appointing officials) hold public office, unless this is required by state CSBG law. Instead, CAAs could give public sector board members a specific term length.

Many CAAs also use staggered terms for their directors. With staggered terms a certain portion of the board will be up for election in any given year. Using staggered terms ensures that there is never a board composed entirely of new members. Staggered terms are especially beneficial for CAAs because of the important information existing board members can share with new board members about the requirements of the CSBG Act and other unique legal and practical issues that CAAs face.

Term Limits

The federal CSBG Act is silent as to term limits for board members. CAAs should check whether their state CSBG laws require term limits for board members. Nonprofit CAAs should also check their state nonprofit corporate laws for any required term limits.

If term limits are not required by law, a CAA can decide whether to adopt them.

| Advantages of Term Limits: | |
|----------------------------|---|
| + | Ensures a variety of perspectives on the board. |
| + | Helps an organization expand its base of contacts for fundraising and other purposes. |
| + | Educates a larger sector of the community about the organization and its programs. |
| + | Prevents a concentration of power among a small group of long-time leaders. |
| + | Provides a diplomatic way for board members to exit the board. |

| Disadvantages of Term Limits: | |
|-------------------------------|---|
| - | Loss of board members with specific expertise regarding the organization's programs. |
| - | Loss of institutional memory. |
| - | Lack of qualified board members who are true supporters of the organization and its programs. |

Even with those organizations that do impose term limits, many allow board members who have completed the maximum number of terms to return to the board after a one-year sabbatical if re-elected.

Board Responsibilities

The role and core responsibilities of nonprofit boards and board members are similar for all types of organizations regardless of mission, budget size, funding source, or the organization's unique history and culture. Like all nonprofit boards, a nonprofit CAA's tripartite board is charged with oversight of the CAA mission and overall management of the CAA's assets. At a minimum, a nonprofit CAA board's oversight role vests the board with five core responsibilities:

Five Core Board Responsibilities

| | |
|---|---|
| ✓ | Defining mission and programs and monitoring activities to ensure that they are furthering that mission; |
| ✓ | Setting organization-wide policy; |
| ✓ | Monitoring finances to ensure the CAA has adequate resources and is managing them appropriately and in compliance with legal and funder requirements; |
| ✓ | Managing risk and safeguarding assets; and |
| ✓ | Selecting, determining compensation, and evaluating performance of the chief executive. |

In addition to these core responsibilities, nonprofit CAA boards have other unique responsibilities based on the federal CSBG Act, state nonprofit and CSBG laws and regulations, and the CAA's own articles of incorporation, bylaws, and resolutions. The federal CSBG Act requires all CAA boards (nonprofit and public) to administer the CSBG program and to "fully participate in the development, planning, implementation, and evaluation of the [CSBG] program." The board will also likely incorporate in some way the purposes of the CSBG Act, as well as the historical mission of the CSBG program (i.e. reducing poverty, revitalizing low-income communities, and empowering low-income families and individuals) in defining the mission of the CAA and its own role in ensuring that the CAA's activities focus on furthering that mission. Finally, each board will determine for itself other responsibilities that it will take on, such as fundraising and advocacy.

The role, responsibilities, and authority of public CAA tripartite boards are usually narrower than those of nonprofit CAAs. Although, like all CAAs, public CAAs are required by the federal CSBG Act to administer the CSBG program and to participate in the development, planning, implementation, and evaluation of the CSBG program, their specific duties and powers are determined by the governing body of the public entity, such as the county board of commissioners. For example, many public CAA tripartite boards may not be as involved as nonprofit CAAs are in setting agency-wide policy or in managing risks and safeguarding assets. For a fuller explanation of the role of boards in public CAAs, please refer to CAPLAW's [Purely for Public CAAs Training Module](#).

F. State Plans

Application and Plan

To receive CSBG funds, each state submits an application to OCS. In the application, the governor designates a state agency to administer the CSBG program at the state level. The application must also include a state plan detailing how the state will run the CSBG program during the period covered by the plan, which may be either one or two fiscal years. The state must submit the application and plan to OCS at least 30 days before the first fiscal year covered by the plan. OCS then reviews each state plan and either notifies the state that the



idea → plan → action

state plan is approved or requires the state to make changes to the plan and re-submit the plan to OCS.²⁷ Once OCS has approved the state plan, the state must follow the plan. However, it can revise the plan, as discussed below.

Public Inspection and Hearings

Before the state submits the plan to OCS, it must make the plan available for public inspection in a way that will facilitate the public's review of and comment on the plan. In addition, the state must also hold a public hearing on the plan. The hearing must be held with sufficient time and statewide distribution of notice to provide the public an opportunity to comment on the proposed use and distribution of funds for the period covered by the state plan.²⁸ In addition, the state must hold at least one legislative hearing every 3 years in conjunction with development of the state plan.²⁹

Elements

The state plan must include information required by OCS, as well as certain other information spelled out in the federal CSBG Act.³⁰ In particular, the plan must contain information provided by the state's eligible entities about their use of funds from the 90% pass-through, including descriptions of the following:

- Service delivery system for services targeted to low-income people that are provided or coordinated with CSBG funds;
- How CAAs will develop linkages to fill identified gaps in services by providing information, referrals, case management, and follow-up consultations;
- How CAAs will coordinate the CSBG funds they received from the 90% pass-through with other public and private resources; and
- How CAAs will use CSBG funds to support innovative community and neighborhood-based initiatives related to the anti-poverty purposes of the CSBG Act.

The plan must also describe how the state will use its 10% discretionary funds, including how it will support innovative community and neighborhood-based initiatives related to CSBG Act purposes.

Assurances

In addition, the federal CSBG Act requires the state plan to include a number of assurances by the state that it will take certain actions or require eligible entities to take certain actions in implementing the CSBG program.³¹

Such assurances include:

- Supporting activities designed to assist low-income people, homeless people, and migrant or seasonal farm-workers, and include a description of how those activities will meet seven specified anti-poverty goals;
- Assuring that CSBG funds will be used to address the needs of youth in low-income communities and that emergency services to prevent hunger among low-income people will be provided;
- Coordinating anti-poverty programs in each community in the state;
- Establishing linkages between governmental and other social services programs to assure that those services are delivered effectively and without duplication;
- Coordinating emergency energy crisis intervention administered as part of LIHEAP;
- Coordinating employment and training provided under the Workforce Investment Act, now known as the Workforce Innovation and Opportunity Act (WIOA);
- Obtaining from each eligible entity in the state a community action plan that includes a community needs assessment;
- Ensuring participation by the state and eligible entities in the Results Oriented Management and Accountability (ROMA) system (or an alternative system for measuring performance and results); and
- Not terminating or reducing the CSBG funding of any eligible entity below the proportional share it received the previous year without following certain procedures.³²

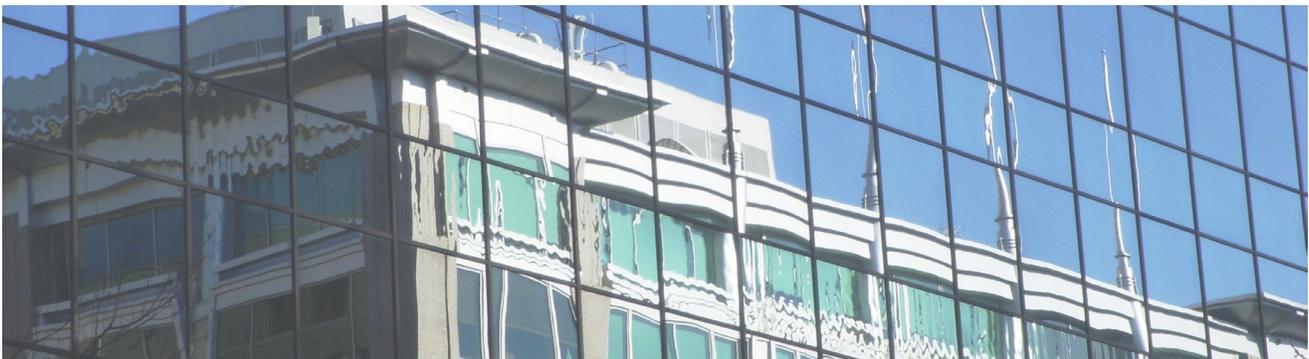
Revisions

A state can revise its state plan. Before doing so, however, it must make the revised plan available for public inspection in such a manner as will facilitate review of, and comment on, the plan. It must also submit the revised plan to OCS for its review and approval.³³

G. Uses of CSBG Funds

Buildings and Facilities

The federal CSBG Act generally prohibits the use of CSBG funds for both the purchase and improvement of land and the purchase, construction, or permanent improvement of any building or other facility. However,



there is an exception for low-cost residential weatherization or other energy-related home repairs.³⁴ HHS may waive this prohibition upon a request from a state if HHS finds that the request describes extraordinary circumstances to justify use of the funds for these purposes and that permitting the waiver will contribute to the state's ability to carry out the purposes of the federal CSBG Act.³⁵ OCS [IM 60](#) includes guidance on this prohibition and on the questions to be answered when submitting a request for a waiver. CAAs seeking to use CSBG funds for the purchase of real estate or the construction or permanent improvement of buildings or other facilities should discuss the matter with their state CSBG office before committing CSBG funds to those purposes and, in appropriate cases, work with the state to submit a waiver request to OCS.

CAAs and states should keep in mind that not all building-related expenses are necessarily prohibited under the CSBG Act

CAAs and states should keep in mind that not all building-related expenses are necessarily prohibited under the CSBG Act and that, under the HHS block grant regulations, states have the discretion to decide in the first instance whether an expense is or is not prohibited.³⁶ A waiver is required only if the state decides an expense

is prohibited. For example, a state could reasonably conclude that the CSBG Act does not prohibit the use of CSBG funds for work that can be categorized as allowable maintenance or repair cost under the Uniform Guidance. HHS block grant regulations provide that HHS will defer to a state's interpretation of the federal CSBG act unless that interpretation is clearly erroneous.³⁷ For more information about this prohibition, see CAPLAW's [CSBG Q&A on Property Issues](#).

Political Campaign Activity

The federal CSBG Act contains significant restrictions on involvement by CAAs and their employees in political campaign activity. The Act prohibits a CAA from conducting its programs, using its program funds, providing services, or employing or assigning personnel in a manner that supports or identifies the CAA's CSBG program(s) with:

- 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;
- Any activity to provide voters with transportation to the polls or similar assistance; or
- Any voter registration activity.³⁸

The Hatch Act automatically applies to employees of public CAAs who work in connection with federally financed activities. The CSBG Act also triggers application of the Hatch Act to certain employees of nonprofit CAAs. For more detailed information about the CSBG political campaign activity and Hatch Act restrictions, see *Section G. Political Campaign Activities in Chapter One: General Overview of Federal Grant Law*.





CSBG as Match

The federal CSBG Act is silent regarding the use of CSBG funds as a required match for another federal program. The Uniform Guidance only permits the use of federal funds as a match in certain circumstances. CAA's should use CSBG funds as a match only in accordance with written guidance issued by OCS. OCS IMs [135](#) and [139](#) allow CAAs to use CSBG funds to meet the matching requirements of HUD's McKinney-Vento Homeless Assistance programs and the corporation for National and Community Services' AmeriCorps program, respectively.

Child Support and Drug Treatment Referrals

An often overlooked provision of the federal CSBG Act requires CAAs to inform custodial parents in single-parent families who participate in CSBG programs, activities, or services about the availability of child support services and to refer eligible parents to state and local government child support offices.³⁹ Therefore, a CAA should check that it has procedures in place to make these referrals and, if not, it should implement such a policy. For more information, see CAPLAW's [Q&A on Child Support Referrals](#).

The federal CSBG Act also provides that states may test participants in CSBG-funded programs, activities, or services for controlled substances. States that do this must inform participants who test positive about the availability of treatment or rehabilitation services and refer those participants for appropriate treatment or rehabilitation services. Expenses spent on testing are considered state administrative expenses and are subject to the 5% limit on administrative expenses.⁴⁰

Nondiscrimination and Charitable Choice

The CSBG Act prohibits discrimination in CSBG-funded programs or activities on the basis of race, color, national origin, sex, age, or disability.⁴¹ The CSBG Act's so-called "Charitable Choice" provision specifies that federal, state, and local governments and CAAs must consider religious organizations on the same basis as other nongovernmental organizations when providing CSBG assistance, so long as the program is implemented in a manner consistent with the Establishment Clause of the First Amendment to the United States Constitution. The Establishment Clause generally prohibits the federal government from preferring any one religion over another. Anywhere the term "private, nonprofit organization" is used in the CSBG statute, it includes religious organizations.

A CSBG-funded religious organization is permitted to:

| | |
|---|--|
| ✓ | Retain its religious character and control over the definition, development, practice, and expression of its religious beliefs. |
| ✓ | Maintain its form of internal governance; except that if it is designated by the state as a CSBG eligible entity, it must conform to the CSBG Act's tripartite board requirements. |
| ✓ | Display religious art, icons, scripture, or other symbols. |
| ✓ | Make employment decisions on the basis of religion as part of its employment practices. |

No CSBG funds provided directly to a religious organization may be used for sectarian worship, instruction, or proselytization and such use must: (i) comply with the same fiscal accountability regulations as other non-profits for the use of the CSBG funds; and (ii) ensure that CSBG funds are placed in a separate account and only those funds are subject to audit by the government. CAAs and other CSBG eligible entities must follow these rules when entering into subcontracts for CSBG programs.⁴²

H. State Allocation Formulas, Payment, and Carryover

State Allocations

Each state allocates its CSBG funding to CAAs through a formula. These formulas vary from state to state and, in some cases, are specified in the state's CSBG laws or regulations. A state can change its formula due to any one of the following:

- the results of the most recently available census or other appropriate data;
- the designation of a new eligible entity; or
- a severe economic dislocation.

However, before it changes its formula, the state must provide CAAs with notice of the proposed change and an opportunity for a hearing on the record concerning the change.⁴³

Carryover

Since federal fiscal year 2002, the federal laws appropriating funds for the CSBG program have contained language providing that:

[T]o the extent [CSBG] funds are distributed ... by a State to an eligible entity ..., and have not been expended by [that] entity, they shall remain with such entity for carryover into the next fiscal year for expenditure by such entity consistent with program purposes.

OCS has interpreted this language to mean that CAAs may carry over CSBG funds from one federal fiscal year (e.g., FY 2015) into the next federal fiscal year (e.g., FY 2016) but must fully expend those funds by September 30 of the second fiscal year (e.g., FY 2016).

Guidance from OCS confirms that this federal appropriations act language supersedes carryover language in the CSBG Act, which authorizes states to recapture and redistribute CSBG funds that a CAA has not obligated at the end of a fiscal year, to the extent that those funds exceed 20% of the funds distributed by the state to the CAA for that year. For more information, see CAPLAW's CSBG [Q&A on Carryover](#).

I. Fiscal Controls and Monitoring

Fiscal Controls

The CSBG Act requires states to establish controls and procedures to assure the proper disbursement of and accounting for CSBG funds, including procedures for monitoring those funds. The CSBG Act also requires states to ensure that OMB's cost and accounting standards apply to recipients of CSBG funds.⁴⁴ For more information about OMB's cost and accounting standards, see the discussion of the Uniform Guidance in *Section B. Overview of Laws and Guidance in Chapter Two: Community Services Block Grant*. In addition, the CSBG Act requires each state to obtain an independent audit of its CSBG funds at least annually.⁴⁵

Monitoring

States are required to conduct a full onsite review of each eligible entity at least once during each three-year period to determine whether it meets the performance goals, administrative standards, financial management requirements, and other requirements of that state. A state must also conduct an on-site review of each newly designated entity immediately after completion of the first year in which the entity receives CSBG funds. It must also conduct follow-up reviews, including prompt return visits, to those entities that fail to meet the goals, standards, and requirements established by the state, as well as other reviews as appropriate, including reviews of entities with programs that have had other federal, state, or local grants terminated for cause.⁴⁶ For more information about the CSBG monitoring processing, see CAPLAW's and the National Community Action Partnership's [Monitoring Map for CAAs: A Guide for Navigating the Monitoring Review Process](#).

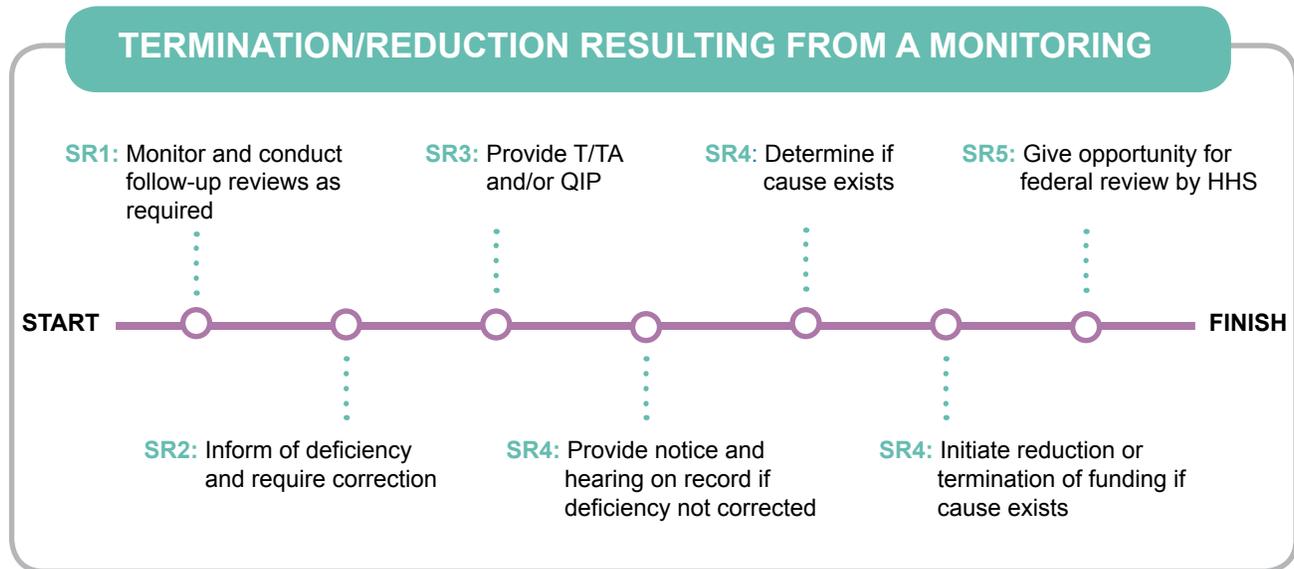
J. Funding Reduction and Termination

Overview

The federal CSBG Act provides CAAs with procedural protections that are somewhat unusual for subrecipients of block grant funds. In particular, a state cannot terminate or reduce a CAA's CSBG funding below the proportional share the CAA received in the previous year without following certain procedures. Until the termination procedures are complete, the state must continue to provide funding to the CAA.⁴⁷ If the state terminates or reduces a CAA's funding without following these procedures, a CAA can request direct funding from OCS.⁴⁸ Thus, a CAA retains its status as an eligible entity until it voluntarily gives up that status or until the state terminates that status by following the required termination procedures. Both OCS [IM 116](#) and CAPLAW's and the National Community Action Partnership's [Monitoring Map for CAAs: A Guide for Navigating the Monitoring Review Process](#) provide information on the procedures for funding terminations or reductions.

Procedures

A funding termination or reduction generally results from either a monitoring or a statewide redistribution of funds. The procedures for a termination or reduction resulting from a monitoring are detailed below.



| | |
|-------------------------------------|---|
| State Responsibility (SR) 1: | The state monitors a CAA and conducts follow-up reviews as required. |
| SR 2: | The state notifies an eligible entity of specific deficiencies and corrective action requirements. |
| SR 3: | The state offers training and technical assistance (T&TA), if appropriate and submits a report to OCS describing the T&TA provided. If the state determines that T&TA is not appropriate, it submits a report to OCS explaining its position. OSC IM 116 provides examples of situations when T&TA may not be appropriate. The state may, at its discretion, provide the eligible entity with an opportunity to correct its deficiencies and implement a quality improvement plan (QIP) to correct them, within 60 days of being informed of the deficiency. Within 30 days of receiving the proposed QIP, the state must approve the QIP or specify reasons why it is not approving the QIP. OCS IM 116 provides examples of situations when a QIP may not be appropriate. |
| SR 4: | If the eligible entity does not correct the deficiency, the state notifies the eligible entity of the opportunity to request a hearing on the record to determine if cause for termination or a funding reduction exists. OCS IM 116 notes that this requirement may not be waived. Further, according to OCS IM 116 , the hearing procedures must be consistent with any applicable state laws, rules, or policies. If, after the hearing, the state finds cause exists, it initiates proceedings to terminate or reduce CSBG funding. |

SR 5:

The state notifies the eligible entity and OCS that it has found cause and that it intends to terminate or reduce the CAA's funding. The state must also notify the eligible entity that the CAA may seek OCS's review of the state's determination by writing to OCS within 30 days of notification of the state's decision. If the eligible entity does not seek OCS review, the state may terminate or reduce the eligible entity's funding. Otherwise, the state must continue both current and future funding of the entity until the later of (i) approval from OCS of the termination or reduction decision, or (ii) passage of 90 days from the date the state provided complete documentation of its decision to OCS. If OCS denies approval of the state's decision, the state must continue funding the eligible entity.

If a state discontinues or reduces funding pursuant to a monitoring without following these steps, the eligible entity may request direct funding from OCS. In that case, the state's block grant would be reduced by the amount of the direct funding.⁴⁹

If a state reduces the proportional share of CAA's funding as a result of a statewide redistribution of CSBG funds, it must show that cause exists to do so. The CSBG Act explains that a statewide redistribution of funds may be needed to respond to (i) the results of the most recently available census or other appropriate data; (ii) the designation of a new CAA; or (iii) severe economic dislocation. The state is required to follow the same procedures it follows for terminating or reducing a CAA's funding pursuant to a monitoring (i.e., provide the CAA with notice, a hearing, and an opportunity for federal review).

According to OCS IM 116, if a state terminates the designation of an organization as an eligible entity or otherwise reduces an eligible entity's CSBG funds, any resulting funding may be awarded only to an organization that is a CSBG eligible entity.

K. Designation of New Eligible Entities

Overview

A state may designate a new eligible entity if an area of the state is not served or ceases to be served by an eligible entity. This includes situations where an existing eligible entity goes out of business, is terminated, or relinquishes its designation as an eligible entity.⁵⁰ OCS [IM 116](#) clarifies that, where a state has made a decision to terminate an eligible entity's CSBG funding and the entity has appealed that decision to OCS, the state can solicit applications for new eligible entities, but cannot award funds to a new entity until OCS confirms the state's decision to terminate or the review period ends.

A state may designate a new eligible entity if an area of the state is not served, or ceases to be served, by an eligible entity.

Criteria

In designating a new eligible entity, a state must choose an organization that has demonstrated effectiveness in meeting the goals and purposes of the CSBG Act. In the designation process, states may give priority to existing eligible entities providing related services in the unserved area, consistent with needs identified by a community needs assessment. In choosing a new eligible entity, a state must first look to nonprofit organizations, as opposed to government entities.⁵¹

New Nonprofit Entities

A state may choose from among two types of nonprofit organizations. It may choose either:

| A nonprofit organization... | A nonprofit CAA... |
|---|---|
| geographically located in the unserved area; | geographically located in an area contiguous to or within reasonable proximity of the unserved area; |
| + | + |
| capable of providing a broad range of services designed to eliminate poverty and foster self-sufficiency; and | already providing related services in the unserved area; and |
| + | + |
| meeting the requirements of the CSBG Act (including the tripartite board requirement). ⁵² | that will agree to add board members to ensure compliance with the CSBG Act’s tripartite board requirement. ⁵³ |

New Public Entities

Only if the state concludes that no such nonprofit organizations are qualified may the state consider designating a local government entity.⁵⁴ This local governmental entity must have a tripartite board or other mechanism specified by the state to assure decision-making and participation by low-income people in the development, planning, implementation, and evaluation of the entity’s CSBG programs.⁵⁵

L. Complaint Process

Requirements

The federal CSBG Act requires HHS to respond in an “expeditious and speedy” manner to complaints of a serious nature that a state has failed to use funds in accordance with the CSBG Act, including the required assurances the state has made in its state plan.⁵⁶

HHS block grant regulations provide that in resolving any issue raised by a complaint or a federal audit, HHS will defer to a state’s interpretation of its assurances and of the provisions of the block grant statute unless the state’s interpretation is clearly erroneous. The regulations require that HHS provide copies of complaints

about a state to the state’s independent auditor. They also explain that any determination by HHS that a state’s interpretation is not clearly erroneous is not meant to prevent the auditor from, or influence the auditor in, considering the issue.⁵⁷

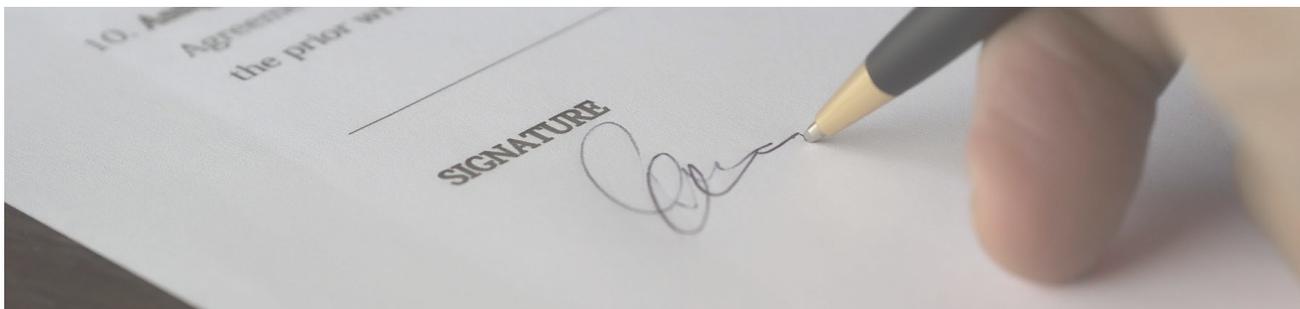
Whenever HHS determines that, for a particular fiscal year, there is a pattern of complaints of a state’s failure to use funds in accordance with the CSBG Act or comply with the state’s assurances, the CSBG Act requires that HHS conduct an investigation as to the state’s use of its CSBG funds.⁵⁸

Process

HHS block grant regulations specify that OCS must process complaints according to the following procedures:

| Complaint Process | |
|-------------------|---|
| ✓ | First, complaints must be in writing and sent to the director of OCS. |
| ✓ | Second, OCS must promptly furnish a copy of any complaint to the affected state. |
| ✓ | Third, the state has an opportunity to respond to the complaint. The regulations specify that OCS will consider any comments received from the state within 60 days (or a longer period as agreed to by the state and OCS). |
| ✓ | Fourth, OCS will conduct an investigation of complaints where appropriate. |
| ✓ | Fifth, OCS will provide a written response to complaints within 180 days of receipt. If a final resolution cannot be provided at that time, the response will state the reasons why additional time is necessary. ⁵⁹ |

If HHS determines that a state has not used CSBG funds in accordance with the federal CSBG Act or with the assurances made in the state plan, it may withhold funds from the state. However, HHS must first provide adequate notice and an opportunity for a hearing conducted in the state in question. Where amounts are found not to have been spent in accordance with the CSBG Act, the state must repay the funds or HHS may offset the funds against other CSBG funds it pays to the state.⁶⁰



Notes

¹ President Lyndon B. Johnson Special Message to Congress Proposing a Nationwide War on the Sources of Poverty, March 16, 1964

² *Id*

³ See Robert F. Clark, *Maximum Feasible Success: A History of the Community Action Program*, (National Association of Community Action Agencies, 2000), 104 (stating that San Francisco’s mayor John F. Shelley charged that the OEO was “undermining the integrity of local government” and that New York mayor Robert Wagner testified before Congress that local governments should have “power over the ... planning group,” citing J.C. Donovan, *The Politics of Poverty*, 55 (New York: Pegasus, 1967).

⁴ National Association for State Community Services Programs, *CSBG Annual Report 2014*

⁵ 42 U.S.C. § 9901, et seq.

⁶ 42 U.S.C. § 9916(a)(1)(B)

⁷ 2 C.F.R. § 200.101(d)

⁸ 42 U.S.C. § 9907(a)(1)

⁹ 42 U.S.C. § 9915

¹⁰ 42 U.S.C. § 9908

¹¹ 42 U.S.C. § 9907(b)

¹² 42 U.S.C. § 9921

¹³ 42 U.S.C. § 9901

¹⁴ 42 U.S.C. § 9902(2)

¹⁵ 42 U.S.C. § 9910

¹⁶ 42 U.S.C. § 9837(c)

¹⁷ 24 C.F.R. § 92.2

¹⁸ 42 U.S.C. § 9910(a)(1)

¹⁹ 42 U.S.C. § 9910(a)(2)

²⁰ 42 U.S.C. § 9910(a)(2)

²¹ 42 U.S.C. § 9910(a)(2)(A)

²² 42 U.S.C. § 9910(a)(2)(B)(ii)

²³ 42 U.S.C. § 9910(a)(2)(A)

²⁴ 42 U.S.C. § 9910(a)(2)(A)

²⁵ 42 U.S.C. § 9908(a)(2)(C)

²⁶ 42 U.S.C. § 9908(b)(10)

²⁷ 42 U.S.C. § 9908

²⁸ 42 U.S.C. § 9908(a)(2)

²⁹ 42 U.S.C. § 9908(a)(3)

³⁰ 42 U.S.C. § 9908(b)

³¹ 42 U.S.C. § 9908(b)

³² 42 U.S.C. § 9908(b)

³³ 42 U.S.C. § 9908(e)

³⁴ 42 U.S.C. § 9918(a)(1)

³⁵ 42 U.S.C. § 9918(a)(2)

³⁶ 45 C.F.R. § 96.30

³⁷ 45 C.F.R. § 96.50(e)

³⁸ 42 U.S.C. § 9918(b)

³⁹ 42 U.S.C. § 9919(b)

⁴⁰ 42 U.S.C. § 9919(a)

⁴¹ 42 U.S.C. § 9918(c)

⁴² 42 U.S.C. § 9920

⁴³ 42 U.S.C. § 9909(c)

⁴⁴ 42 U.S.C. § 9916(a)(1)

⁴⁵ 42 U.S.C. § 9916(a)(2)

⁴⁶ 42 U.S.C. § 9914

⁴⁷ 42 U.S.C. § 9908(b)(8)

⁴⁸ 42 U.S.C. § 9915(c)

⁴⁹ 42 U.S.C. § 9915(c)

⁵⁰ 42 U.S.C. § 9909

⁵¹ 42 U.S.C. § 9909

⁵² 42 U.S.C. § 9909(a)(1)(A)

⁵³ 42 U.S.C. § 9909(a)(1)(B)

⁵⁴ 42 U.S.C. § 9909(c)

⁵⁵ 42 U.S.C. § 9910(b)

⁵⁶ 42 U.S.C. § 9916(b)(2)

⁵⁷ 45 C.F.R. § 96.50

⁵⁸ 42 U.S.C. § 9916(b)(3)

⁵⁹ 45 C.F.R. § 96.50

⁶⁰ 45 C.F.R. § 96.51